

# Specialized Manufacturing, Inc.

## Terms and Conditions

Last update to Rev D on 3/20/2015

1. **ACCEPTANCE AND AMENDMENTS:** This purchase order constitutes an offer by Specialized Manufacturing, Inc. ("Buyer") to purchase from Seller the goods and/or services referenced in this purchase order exclusively under these terms and conditions.
2. **PRICES INCLUDE TAXES AND PACKAGING:** Unless otherwise indicated, the prices stated in the purchase order include (i) all applicable federal, state and local taxes, and duties; and (ii) the cost of packaging the goods purchased in a manner suitable for shipment by the method specified by Buyer.
3. **CHANGES:** Buyer reserves the right at any time prior to the delivery date of this order by written notice to Seller to make changes to the drawings, designs or specifications of the goods ordered, the method of packing and shipping, the time, place or method of delivery, the quantity of goods ordered or the work covered hereby. If any such changes affect Seller's cost and/or delivery schedule, Seller shall notify Buyer immediately, and, in the case of an increase in Seller's cost, within twenty (20) days of such notice Seller shall submit a detailed cost break-down comparing original requirements and costs to the changed requirements and costs. The parties will then discuss an equitable adjustment in purchase order price, delivery schedule or both; however, no adjustment will be binding on Buyer unless evidenced by a purchase order, change notice or revision to this purchase order signed by an authorized representative of Buyer's Purchasing Staff. Nothing in this clause shall excuse Seller from proceeding with this purchase order as changed.
4. **PACKING, MARKING AND SHIPPING, PACKING SLIPS:** Seller shall pack, mark and ship all goods in accordance with the requirements of this purchase order. Shelf Life sensitive materials are required to be shipped to Buyer with at least 75% of shelf life remaining. For these products, all packing documentation must include shelf life of material. Seller shall adhere to good commercial practices in a manner that will permit the securing of the best transportation rates. Damage to any article resulting from improper packaging will be charged to the Seller. No additional charges will be allowed for containers, crating, boxing, bundling, dunnage, drayage, storage or transportation thereof, unless stated in this purchase order. Packing slips must accompany all shipments. The Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips. The Buyer's purchase order number and Seller's packing slip number, description and count must appear on all invoices, packages, and bills of lading.
5. **DELIVERY:** The delivery dates indicated on this purchase order must be adhered to. If the Seller is not able to meet specified delivery date, the Seller must contact the Buyer immediately.
6. **SELLER'S WARRANTIES:** Seller warrants that all goods and services provided hereunder will conform to Buyer's instructions, specifications, drawings and data current as of date of this

purchase order (unless otherwise specified in writing by Buyer), will be merchantable, free from defective materials or workmanship and will be fit for Buyer's purposes.

- 7. ACCESS TO FACILITIES, AUDIT AND INSPECTION:** If this purchase order (a) includes specifications, or (b) is for the procurement of either (i) goods to be incorporated into Buyer's products or (ii) services to be used in the production of Buyer's products, then Seller's (and Seller's subtier suppliers who provide goods or services) plant, books and records pertinent to this or any related order (to the extent consistent with applicable laws and regulations) shall at all practical times be subject to review, inspection and audit by Buyer, its authorized representative and any authorized representative of Buyer's customer to the extent necessary to verify compliance with Buyer's specifications or to enable Buyer to comply with its obligations to its customer(s).
- 8. PROPRIETARY RIGHTS:** All information (including materials that contain information) relating to this purchase order or to the goods or services to be provided hereunder which has been disclosed to Seller by or on behalf of Buyer (whether such information is owned by Buyer or by any other entity with whom Buyer is doing business) or which will be developed in the course of Seller's performance under this purchase order specifically for Buyer (collectively referred to as "Information"), has been and will be received and held by Seller in confidence. Such Information includes, but is not limited to, trade secrets, drawings, plans, designs, specifications, manufacturing, research and development data, inventions, know-how, processes, procedures, costs, suppliers, methods, sales, customer information and lists, financial data and business plans. Seller will not disclose the Information to others and will not use the Information for any purpose other than for the direct benefit of Buyer. Seller will acquire no right in or to such Information, and Seller will promptly return the Information to Buyer and discontinue all use of the Information upon expiration or termination of this purchase order or at Buyer's written request. Seller will not disclose to Buyer or use in the course and scope of Seller's performance hereunder any information of other entities that Seller does not have a lawful right to use or disclose. Seller will limit access to the Information to only those employees of Seller having a need to know such Information, and all such employees of Seller having access to Information shall be made aware of and agree to the obligations under this Section.
- 9. TERMINATION FOR CONVENIENCE:** In addition to any other rights, Buyer further reserves the right to terminate Seller's performance under this purchase order in whole or in part at any time without cause by giving written notice of termination, whereupon Seller will cease performance on the date and to the extent specified in the notice and will take such actions as are reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposition instructions from Buyer have been received. Seller will promptly advise Buyer of any items acquired in anticipation of completion of its performance and the most favorable disposition that Seller can make thereof. Seller will comply with Buyer's instructions regarding the disposition of such items. Seller will submit all claims resulting from such termination within twenty (20) days of its receipt of such notice. Buyer shall have the right to inspect Seller's records, facilities, work and materials relating to its performance or anticipated performance of the purchase order for the purpose of establishing the value of Seller's claims upon reasonable advance notice. Buyer will pay Seller, without duplication, the purchase order price for finished work accepted by Buyer and the cost to Seller of work in progress and raw materials allocable to the terminated work based on Buyer's audit of Seller's records, using generally accepted accounting principles; however, the amount due Seller shall be reduced by the following:

- a. The market value or cost (whichever is higher) of any items used or disposed of by Seller without Buyer's consent;
- b. The agreed value of any items used or disposed of by Seller with the Buyer's consent; and
- c. The cost of any defective or destroyed materials.

Notwithstanding the foregoing, payments under this Section shall not exceed the price for the entire performance specified in this purchase order less payments that would otherwise be made to complete performance hereunder. Payment under this Section will constitute Buyer's sole and exclusive liability in the event Buyer elects to terminate this purchase order without cause by notice. This Section shall not apply to cancellation by Buyer hereunder.

10. **CANCELLATION:** Buyer may cancel this purchase order upon thirty days written notice to Seller in the event of Seller's breach of contract or failure to perform.
11. **COMPLIANCE WITH LAWS, EXECUTIVE ORDERS, AND REGULATIONS:** Seller warrants that the goods and services supplied hereunder will have been produced or provided in compliance with, and Seller will comply with, all applicable laws, orders, rules, regulations, ordinances and conventions, including without limitation, those that relate to equal employment opportunity, wages, hours and conditions of employment, discrimination, occupational health/safety motor vehicle safety, environmental matters, and anti-bribery, including without limitation, the US Foreign Corrupt Practices Act, US Anti-Kickback Act, and the UK Bribery Act. At Buyer's request, Seller shall certify in writing its compliance with the applicable local, state or federal laws. Seller shall indemnify and hold Buyer harmless from and against any loss, cost, damage, expense or liability claim arising from or relating to Seller's violation of this Section.

No good supplied hereunder shall contain any mineral that directly or indirectly finances any armed group that has been identified as a perpetrator of human rights abuses, including without limitation those defined as conflict minerals in the rules issued under Section 13(p) of the Securities Exchange Act of 1934.

12. **ANTI-CORRUPTION COMPLIANCE:** Seller warrants that:
  - (a) Seller has not paid, offered, promised to pay, or authorized, and will not pay, offer, promise to pay, or authorize the payment directly or indirectly of any monies or anything of value (services, gifts, gratuities, kickbacks, or otherwise) for the purpose of obtaining or rewarding favorable treatment as a supplier to Buyer.
  - (b) Seller has not paid, offered, promised to pay, or authorized and will not pay, offer, promise to pay, or authorize the payment, directly or indirectly of any monies or anything of value to (1) any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, or (2) any government official or employee or any political party or candidate for political office or a political party official, for the purpose of influencing any act or decision or inducing or rewarding any action in order to secure any improper advantage in the conduct of business.
  - (c) Seller has not made, and will not make, any improper payments, directly or indirectly, including without limitation facilitation payments, bribes or kickbacks.
  - (d) Seller has established and will maintain an effective business ethics and compliance program and procedures to prevent corruption and insure compliance with all applicable laws and regulations pertaining to corruption and bribery.

(e) Seller will promptly disclose to Buyer in writing all pertinent facts regarding any violation, or alleged violation, of the US Foreign Corrupt Practices Act, US Anti-Kickback Act, and UK Bribery Act.

(f) If this order is for goods or services for a US Government contract or subcontract thereunder, Seller further warrants that no monies or anything of value (services, gifts, gratuities, kickbacks, or otherwise) has been provided to any person or firm in connection therewith, directly or indirectly, whether or not for the purpose of obtaining or retaining business, or to secure an advantage in the conduct of business.

(g) Seller shall include this Section, or provisions of equivalent effect, in any lower tier subcontracts under this purchase order.

13. **ASSIGNMENT AND SUBCONTRACTING:** The obligations of Seller under this purchase order may not be assigned or subcontracted in whole or in part nor may any assignment of any money due or to become due hereunder be made by Seller without the prior written consent of Buyer and any prohibited assignment shall be null and void for all purposes.
14. **INDEPENDENT CONTRACTING PARTIES:** The relationship between Buyer and Seller shall be that of independent contracting parties. Nothing contained in this purchase order shall be construed as providing for the sharing of any costs, expenses, risks, or liabilities arising out of the other party's activities related to this purchase order. Seller shall not in any manner represent that it or its employees or agents are employees or agents of Buyer, and nothing contained in this purchase order shall be construed as authorizing Seller to create or assume any obligation or liability in the name of Buyer or subject Buyer to any obligation or liability. This purchase order shall not constitute, create, give effect to or otherwise imply a joint venture, pooling arrangement, partnership or formal business organization of any kind. Nothing herein shall be construed as providing for the sharing of profit or losses arising out of the efforts of either or both parties.
15. **GOVERNING LAW/JURISDICTION/ARBITRATION:** This purchase order shall be governed and construed in accordance with the laws of the State of Utah without regard to provisions concerning conflict of laws.
16. **WAIVER/SEVERABILITY:** Buyer's failure to insist upon the performance of any term or condition of this purchase order or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of Buyer's right to demand future performance of such term or condition or to exercise such right in the future. If any term or portion of this purchase order is held to be invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term or portion shall be deemed reformed or deleted as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule and the remaining provisions of this purchase order shall remain in full force and effect.
17. **REQUIREMENTS:** Buyer reserves the right of final approval of product, procedures, processes and equipment. All special processes must be performed by qualified personnel. Buyer reserves the right to review the Seller's quality management system. Seller shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data. Buyer reserves the right to approve or specify any designs, tests, inspection plans, verifications, use of statistical techniques for product acceptance, and any applicable critical items including key characteristics. Buyer reserves the right to designate requirements for test specimens for design approval, inspection/verification, investigation or auditing. Seller shall notify Buyer of nonconforming product; obtain approval from Buyer for nonconforming product disposition; notify Buyer of

changes in product and/or process, changes of suppliers, changes of manufacturing facility location; and flow down to the supply chain the applicable requirements.

18. **RECORD RETENTION:** Seller shall maintain records of traceability for 15 years or as required by contract.
19. **RIGHT OF ACCESS:** Right of access is reserved for Buyer, Buyer's customer, and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.