

# **GLOBAL INDUSTRIAL COMPONENTS, INC-PURCHASE ORDER TERMS AND CONDITIONS**

The following Terms and Conditions will govern all transactions with Global Industrial Components Inc ("Buyer"), unless expressly agreed by the parties to the contrary.

These Terms and Conditions are incorporated into all information systems generated Purchase Orders and electronic orders as is expressly set forth therein.

**1. ACCEPTANCE OF ORDER.** This Order constitutes an offer from the Buyer and is expressly limited to the Terms and Conditions contained herein.

Any additional or different terms and conditions proposed by the Vendor are rejected unless expressly agreed to by Buyer in writing. If Vendor commences shipment pursuant to this Order, then Vendor shall be deemed to have agreed to and accepted this Order in its entirety, including its terms and conditions as set forth herein.

**2. DELIVERY OF PRODUCTS/SERVICES-MUST BE DELIVERED BY DATE SPECIFIED.** Time is of the essence for this Purchase Order regarding delivery of all products and/or services listed in the Purchase Order. Please advise immediately if any products and/or services cannot be delivered as ordered by the stated date on the Order.

A. Late Shipment. If the Vendor cannot deliver the items in this Order in the time specified, the Vendor shall notify the Buyer prior to the requested delivery date. Failure to meet delivery dates shall, at the option of the Buyer, without liability, in addition to other rights and remedies of the Buyer, relieve the Buyer of any obligation to accept and pay for any such items. In addition, if this Order or any part thereof is not delivered by the time specified on the face hereof, Buyer may cancel this Order in full, including any part of the undelivered part of this Order.

B. Early Shipment. Products delivered prior to date specified, at Buyer's option, may be subject to anticipation and warehouse charges or, may be returned at the Vendor's expense to be held until proper shipping date.

C. Failure to Deliver. If Vendor fails to deliver products and/or service of the quality or quantity in the manner or within the time called for by this Purchase Order, such products and/or services may be purchased from another source, and if purchased at a price greater than the original Purchase Order price, the excess price will be charged back to and collected from Vendor. Time being of the essence of this Order, Buyer reserves the right to cancel this Order or any portion of this Order, if delivery is not made when and as specified, and is permitted to charge Vendor back for any loss sustained as a result of Vendor's failure to deliver including, but not limited to, shipping charges and handling charges. The Vendor shall be responsible for all other direct, consequential, and incidental damages incurred by Buyer as a result of Vendor's failure to meet the delivery dates or times including the cost of any line shutdown. Buyer's actions in obtaining substitute or replacement products shall not limit the rights and remedies available hereunder or at law.

## **3. CHANGES/AMENDMENTS.**

(a) Seller shall not, without Buyer's prior written authorization, make changes of any type to this Order including, but not limited to, changes in quantity, designs, materials, part numbers (or other types of identification), any major changes in processes or procedures, specifications, delivery, price, any changes in location of the facilities used by Seller or any other provision of this Order without the Buyer's express written approval.

(b) Buyer reserves the right to make changes, or to cause the Seller to make changes, to the drawings, specifications, sub-suppliers, sub-contractors and other provisions of the Orders. If any such changes results in an increase or a decrease in the cost of, or the time required for, manufacturing or delivering the Goods or performing the Services, an equitable adjustment may be made in the price or delivery schedule, or both, and the Order shall, subject to the agreement of the Buyer and Seller, be modified in writing accordingly. No claim under this paragraph shall be asserted by Seller after fourteen (14) days following the notification of the change by Buyer.

**4. PRODUCTS/SERVICES NOT ORDERED-** If the products do not in every respect correspond with the description set forth on the Purchase Order, Buyer may at any time return all or part of such products at the Vendor's expense. Products received as overshipment, not ordered, substitution and deviation from the Purchase Order, will be subject to a handling charge, and are subject to all other rights and remedies available to the Buyer.

**5. EXCESS CHARGES-** In no instance shall Buyer be liable to Vendor in excess of the actual Purchase Order cost, less applicable discounts and/or other deductions, and no interest or other charge shall be recognized or paid by Buyer upon any such Purchase Order or resulting invoice, whether claimed by reason of late payment or otherwise.

**6. PRICE WARRANTIES -** The Vendor warrants that the prices for the product and services are and shall remain not less favorable to the Buyer than the prices currently extended to any other customer of Vendor for the same or substantially similar goods or services in the same or substantially similar quantities and delivery requirements. If the Vendor reduces the prices of such during the term of this Order, then Vendor shall correspondingly reduce the product cost on Buyer's purchase order. Prices in this Order shall be complete and no surcharges, premiums,

or other additional charges of any type shall be added, without Buyer's prior written consent. Upon Order acknowledgement, Vendor expressly assumes the risk of any event or cause affecting such prices, including any foreign exchange rate changes, increases in raw materials cost, inflation, labor increases, and other manufacturing costs.

**7. INSPECTION AND APPROVAL-**All products/services furnished must be as specified and will be subject to Quality inspection and approval of Buyer after delivery. The right is reserved to reject and return at the risk and expense of the Vendor such portion of any shipment which may be defective or fail to comply with specifications without invalidating the remainder of the Order. Vendor also warrants all delivered items to be free from material or manufacturing defects. In addition, all products must comply with relevant drawings, samples, or specifications. Any certifications pertaining to material utilized in the manufacture of product on this Order must be provided to the Buyer during the performance of this Order and for such longer periods as specified by the Buyer. If any products covered by this Order are defective or otherwise not conforming to the requirements of this Order, the Buyer may, by written notice to the Vendor: (a) Rescind this Order as to such non-conforming product; (b) Accept such products at an equitable reduction in price; (c) Reject such non-conforming product and require the delivery of suitable replacements. If Vendor fails to deliver suitable replacements promptly, the Buyer, with notice of five business days to Vendor, may replace or correct the product and charge back to the Vendor the additional costs incurred including but not limited to: premium freight charges, machining, plating, sorting, line down time, or other processes necessary to fill in the product gap left by Vendor. No inspection (including source inspection) test, approval (including design approval) or acceptance of material shall relieve the Vendor from responsibility for defects or other failures to meet the requirements of this Order.

**8. PURCHASER'S PROPERTY IN VENDOR'S POSSESSION-** All tools, special dies, molds, patterns, jigs, gauges and any other property furnished to the Vendor by the Buyer or specifically paid for by the Buyer for use in the performance of this Order shall be and remain the property of the Buyer; shall be subject to removal at any time upon Buyer's demand; shall be used only in filling Orders for the Buyer; shall be maintained in good order and condition and shall be clearly identified as the property of the Buyer. Vendor shall retain, and maintain, the purchaser's property in working order until given written approval from the purchaser to dispose of or return such property. Vendor assumes all liability for loss or damage to such property while in the Vendor's possession, or during shipment to the Buyer's designated shipping point.

**9. WARRANTIES REGARDING THE GOODS AND SERVICES-** Vendor expressly warrants that the goods and the services, including any special tools, dies, jigs, fixtures, patterns, machinery and equipment, that are obtained at the Buyer's expense for the performance of this Order and are or are to become the property of the Buyer shall: (a) conform to all drawings, specifications, samples and other descriptions furnished, specified or adopted by Buyer; (b) comply with all applicable laws, regulations, rules, codes and standards of the jurisdictions in which the goods or the services and the products containing the goods and services are to be sold; (c) be merchantable; (d) be free from any defects in design, to the extent furnished by Vendor or any of its subcontractors or suppliers, even if the design has been approved by Buyer; (e) be free from any defects in materials and workmanship; (f) be fit, sufficient and suitable for the particular purpose for which Buyer intends to use the goods or the services, including the specified performance in the component, system, subsystem and vehicle location and the environment in which they are or may reasonably be expected to perform; and (g) be free of all liens, claims and encumbrances whatsoever. For the purposes of clause (f) above, Vendor acknowledges that Vendor knows the particular purpose for which Buyer intends to use the goods or the services. Vendor further expressly warrants that, unless otherwise expressly stated in this Order, the goods are manufactured entirely with new materials and none of the goods is, in whole or any part, governmental or commercial surplus or used, remanufactured, reconditioned or of such age or conditions so as to impair its fitness, usefulness, or safety. The warranties in this paragraph are referred to in this Order as the "Vendor's Warranties".

The Vendor's Warranties are available to, and for the benefit of, Buyer, its subsidiaries and affiliates, their respective successors and assigns, the OEM Customer and users of products containing the goods or the services. The warranty period shall be that provided by applicable law, except that if Buyer is obligated to provide a longer warranty period to the OEM Customer pursuant to the OEM Terms, such longer period shall apply. The Vendor's Warranties shall be in addition to all other warranties available under applicable law.

Vendor shall indemnify and hold Buyer, its subsidiaries and affiliates, and their respective successors, assigns, representatives, employees and agents, and the OEM Customer harmless from and against all liabilities, claims, demands, losses, costs, damages and expenses of any nature or kind (including consequential and special damages, personal injury, property damages, lost profits, recall or other customer field service action costs, production interruption costs, inspection, handling and reworking charges, professional and other legal fees, and other costs associated with Buyer's administrative time, labor and materials) arising from or as a result of (a) any breach of the Vendor's Warranties and (b) any other acts, omissions or negligence of Vendor or of any of its subcontractors or suppliers in connection with Vendor's performance of its obligations under this Order. No limitations on Buyer's rights or remedies in any of the Vendor's documents shall operate to reduce or exclude such indemnification.

**10. INVOICES, PACKAGING & LABELING-** Vendor shall, if applicable to the Purchase Order:

A. Vendor shall mark on all containers, handling & loading instructions, shipping information, part number, Purchase Order number and item number, quantity in box, shipment date, names & addresses of the Vendor and Buyer. Each packing list shall include this Order Number, quantity, item description, Order date, ship date and delivery address. Vendor shall maintain shipping insurance in minimum amounts to cover the items on this Order.

B. More specifically, CARTONS must contain the following in clear, conspicuous characters, using an AIAG 4 x 6.5 Label format, or other format approved by Buyer.

1. Buyer's Purchase Order Number      2. Item number      3. Quantity (measured in pcs)      4. Shipment date      5. Carton number

6. Vendor name/address and Buyer's name/address

7. Lot Numbers (Lots not to exceed 150,000 pc)

8. Carton Weight

C. Any overages in quantities shall become the property of the Buyer at no additional cost if the Vendor does not request the overage returned. The Buyer may notify the Vendor of any overages in quantities received. If the Vendor requests the overages be returned, these overages shall be returned at the Vendor's expense via Vendor arranged transportation. Under no circumstance shall the Buyer be responsible for any costs associated with Vendor caused overages.

**11. PAYMENT**— Unless otherwise expressly stated in this Order, Buyer shall pay net invoices (subject to applicable withholding taxes, if any) by the later of (a) sixty (60) days after the end of the month during which the products were delivered and/or the services performed, as the case may be; or (b) sixty (60) days after the invoice date.

**12. CERTIFICATES OF ORIGIN**— Upon request, the Vendor shall furnish to Buyer certificates of origin or domestic value-added and all other information relating to the costs and places of origin of the product or the services and materials contained therein or used in the performance thereof, as may be required by Buyer to comply fully with all customs, tariffs, and other applicable governmental regulations. Vendor shall comply with all such regulations. Vendor shall indemnify and hold Buyer, its subsidiaries and affiliates, their respective successors, assigns, representatives, employees and agents, and the OEM Customer harmless from and against all liabilities, demands, claims, losses, costs, damages and expenses of any nature or kind (including fines and penalties) arising from or as a result of (a) Vendor's delay in furnishing such certificates or other information to Buyer (b) any errors or omissions contained in such certificates and (c) any non-compliance by Vendor with such regulations.

**13. SHIPPING AND ROUTING**- Vendor shall, if applicable to this Purchase Order, follow shipping instructions shown on this Order or previous routing letter, or shipments will be considered F.O.B. Buyer destination. Bill of lading must indicate Buyer's Order number, number of pallets and cartons, weight, shipment date, shipper name & address, consignee name & address, name of carrier(s) and full routing to destination. Items must be packed, marked and described as to obtain lowest rate possible consistent with the applicable freight classification, unless otherwise specified by Buyer. Penalties or increased charges due to Vendor's failure to comply with this section shall be payable by Vendor.

To the extent that any Goods covered by this Order are to be imported into the United States of America, Seller shall, upon Buyers request, comply with all applicable recommendations or requirements of the United States Bureau of Customs and Border Protection's Customs-Trade Against Terrorism initiative or any successor or replacement initiative or program. To the extent that any Goods covered by this Order are to be imported into Mexico or Canada, Seller shall comply with each of those countries Terrorism initiative or any successor or replacement initiative or program. Upon request, Seller shall certify in writing its compliance with the foregoing. Seller shall indemnify and hold Buyer harmless from and against all liabilities, demands, claims, losses, cost, damages and expenses of any nature or kind (including legal and other professional fees) arising from or relating to Sellers's non-compliance with the foregoing.

**14. CANCELLATION AND TERMINATION FOR DEFAULT**- Buyer reserves the right to terminate the Purchase Order or delay delivery or acceptance of any of the products and/or services ordered for its convenience prior to delivery. In such event, Vendor shall immediately stop all work and observe any instruction from Buyer as to work in progress. Buyer may terminate this Order, or any part hereof, for cause in the event of any default by the Vendor, or if Vendor fails to comply with any Order terms and conditions, or fails to provide Buyer, upon request, with adequate assurances of future performance, by giving Vendor written notice of Buyer's intent to terminate at least ten (10) calendar days prior to such termination. In the event of a Termination for Default, Buyer shall not be liable to the Vendor for any amount of products or services not accepted, and the Vendor shall be liable to the Buyer for any and all rights and remedies provided by law. If it is determined that Buyer improperly terminated this Purchase Order for default, such termination shall then be deemed a termination for convenience.

**15. CONFIDENTIALITY AND NON-DISCLOSURE**- Vendor shall consider and treat all Information as confidential and shall not disclose any Information to any other person, or use any Information itself for any purpose other than pursuant to and as required by this Order without Buyer's prior written consent. Buyer retains all rights with respect to the Information, and Vendor shall not acquire, nor attempt, to obtain any patent, trademark, copyright, license or other rights in respect to the Information. Vendor shall not allow any Information to be reproduced, communicated, or in any way used, in whole or in part, in connection with services or goods furnished to others without Buyer's prior written consent. For the purposes of this Order, "Information" means all drawings, reproductions, specifications, designs, engineering instructions, photographs, reproducible copy, parts lists, plans, reports, working papers, computations, and other information furnished by Buyer and shall include any information relating to this Order. Vendor shall not advertise or otherwise disclose the fact that the Buyer has contracted to purchase the Goods or the Services from the Vendor without Buyer's prior written consent.

**16. COMPLIANCE WITH LAWS**- Vendor's performance of its obligations under this Order shall be in compliance with all international, federal, provincial, state, and local laws, ordinances, rules, codes, standards, and regulations that are applicable to this Order. Vendor shall furnish Buyer with certificates of compliance, where required under such applicable Laws or when requested by Buyer. Each invoice rendered by Vendor to Buyer under this Order shall constitute written assurance that the Vendor has fully complied with all applicable laws. Vendor shall package, label and transport the product and their containers, in particular those which constitute a health, poison, fire, explosion, environmental, transportation, or other hazard, in compliance with all applicable laws in effect in the place to which the product is shipped or as otherwise specified by Buyer. Upon request, Vendor shall furnish Buyer with information regarding the ingredients of the product. Vendor represents that neither it nor any of its subcontractors or suppliers will utilize slave, prisoner, or any other form of forced or involuntary labor in the supply of products or services under this Order. Vendor shall indemnify and hold Buyer, its subsidiaries and affiliates, their respective successors, assigns, representatives, employees and agents, and the OEM Customer harmless from and against all liabilities, claims demands, losses, costs, damages and expenses of any kind and nature (including personal injury, property damage consequential and special damages) arising from or as a result of Vendor's failure to comply with this paragraph.

**17. INSURANCE**- Vendor shall maintain and carry property and general liability insurance, including public liability, property damage liability, product liability, and contractual liability coverages, and workers' compensation and employers' liability insurance covering all employees engaged in the performance of this Order; in each case in such amounts and with such limits and with such insurers that are reasonably acceptable to the Buyer. Vendor shall furnish Buyer with certificates or other satisfactory proof of insurance confirming the foregoing insurance coverages within ten (10) days of Buyer's request.

**18. TERMINATION UPON INSOLVENCY, BANKRUPTCY, ETC.**- (A) Either party may terminate this Order, without liability to the other party (a) in the event of the insolvency, bankruptcy, reorganization, arrangement, receivership, or liquidation by or against the other party; (b) in the event that the other party makes an assignment for the benefit of its creditors or ceases to carry on business in the ordinary course; or (c) if a receiver is appointed in respect of the other party or all or part of its property. In the event of such termination, the other party shall be liable for all costs, damages, and expenses suffered by the party that terminates this Order. Any such termination shall not affect the entitlement of Buyer with respect to the Buyer's Property, including pursuant to the following subparagraph 18(B).

(B) In the event that the Buyer does not terminate this Order upon the occurrence of an event in above subparagraph 18(A) in respect of Vendor, Buyer may make such equitable adjustments in the price and/or delivery requirements under this Order as Buyer deems appropriate to address the change in Vendor's circumstances, including Vendor's ongoing liability to perform its obligations regarding warranty, defective products or services or other requirements under this Order.

**19. TRANSITION OF SUPPLY**. In connection with Buyer's termination or non-renewal of this Order, or Buyer's other decision to source the Goods and/or Service from any alternate supplier(s), Seller will cooperate with Buyer in the transition of supply of Goods and/or Services, including the following: (i) Seller will continue production and delivery of all goods and/or Services as ordered by Buyer, at the prices and other terms stated in this Order, without premium or other conditions, during the entire period reasonably needed by Buyer to complete the transition to the alternate supplier(s). (ii) At no cost to Buyer, Seller will promptly provide all requested information and documentation regarding and access to Seller's manufacturing process, including on-site inspections, bill-of-materials data, tooling and process detail and samples of the goods and/or Services and components. (iii) Subject to Seller's reasonable capacity constraints, Seller shall provide special overtime production, storage and/or management of extra inventory of the Goods, extraordinary packaging and transportation and other special services (collectively, "Transition Support") as expressly requested by Buyer in writing.

**20. ENTIRE AGREEMENT**- By acknowledging receipt of this Order or by delivery of the products and/or services or any portion thereof, Vendor agrees to the terms and conditions set forth in this policy. The terms hereof shall constitute a complete agreement, understanding of conditions whether in your acceptance or otherwise, are hereby rejected. The terms hereof can be added to or modified only by writing signed by an officer of Global Industrial Components, Inc. (Buyer) Terms different from or additional to the terms hereof which are communicated orally or contained in an Acknowledgement of Order or similar instrument which precedes or accompanies a shipment hereunder shall not be deemed accepted by Buyer notwithstanding Buyer's acceptance of such shipment.

**21. GOVERNING LAW; JURISDICTION; VENUE:**

Each Order shall be governed by the internal laws of the State of Tennessee without regard to any applicable conflict of law's provisions. The United Nations Convention on the International Sale of Goods is expressly excluded. Seller consents to the exclusive jurisdiction of the appropriate Federal Court in the U.S. District Court for the Middle District of Tennessee or of the state courts in Cannon County Tennessee for any legal or equitable action or proceeding arising out of, or in connection with each Order. Seller specifically waives any and all objections to venue in such courts. The jurisdiction for this Agreement is global and worldwide.

**22. ADDITIONAL REQUIREMENTS ON BUYER'S WEBSITE**- Buyer's internet website, as specified on the face of the purchase order, may contain specific additional requirements for certain items covered by this Order, including labeling, packaging, shipping, delivery and quality specifications, procedures, directions and/or instructions. Any such requirements shall be deemed to form part of this Order and are binding on Vendor and Buyer. Buyer may periodically update such requirements by posting revision thereto on its internet website and, in such event; Buyer may notify Vendor of such updates and revisions.