



Standard Terms and Conditions of Exxelia DeYoung Inc.

(Exxelia DeYoung Inc. herein is referred to as "Buyer" Ver. 23/Nov/2017)

This document applies to all Purchase Orders.

A separate document, Quality Assurance Terms and Conditions, also applies when Q Note Q1X or Q2X is noted on the Purchase Order.

S1. ACCEPTANCE: The terms and conditions hereof become the exclusive and binding agreement between the parties, covering the purchase of the products or services ordered herein when this order is accepted by acknowledgement and/or commencement of performance. The goods and/or services set forth on the face hereof must be supplied only on these terms and conditions. Additional or different terms proposed by Seller by acknowledgement hereof will not be applicable unless accepted in writing by Buyer. Acceptance of the products or services delivered under this order shall not constitute acceptance of Seller's terms and conditions. No change, modification or revision of this order shall be effective unless in writing and signed by Buyer.

S2. PRICES: Seller warrants that the prices to be charged for products or services identified on the face hereof are not in excess of prices charged to other customers for similar quantities and delivery requirements. Any price decrease applicable to the products or services, which are similar to the products or services ordered herein, shall automatically reduce the unit price of the unshipped products or services not yet rendered by comparable percentage, at the time of the price decrease.

S3. TIMELY PERFORMANCE:

- a. Seller's timely performance is a critical element of this Purchase Order.
- b. Unless advance shipment has been authorized in writing by Buyer, Buyer may store at Seller's expense, or return, shipping charges collect, all material received in advance of the scheduled delivery date.
- c. If Seller becomes aware of difficulty in performance of this Purchase Order, Seller shall timely notify Buyer, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- d. In the event of a termination or change, no claim will be allowed for any manufacture or procurement in advance of Seller's normal flow time unless there has been prior written consent by Buyer.

S4. INSPECTION:

- a. All products purchased hereunder shall be subject to inspection and test by Buyer to the extent practicable at all times and places during and after the period of manufacture and in any event, prior to final acceptance. If inspection or test is made by Buyer on Seller's premises, Seller without additional charge shall provide all reasonable facilities for the safety and convenience of Buyer's inspectors. No inspection or test made prior to final acceptance shall relieve the Seller from responsibility for defects or other failure to meet the requirements of this Purchase Order.
- b. In case any product is defective in material or workmanship, or otherwise not in conformity with the requirements of this order, Buyer shall have the right either to reject it, require its correction, or conditionally accept it. Buyer reserves the right to return such conditionally accepted products for credit, within a reasonable period of time after receipt in the event that Buyer determines that such products are unsuitable for its purposes. Any product that has been rejected or required to be corrected shall be replaced or corrected by and at the expense of the Seller promptly after notice. If, after being requested by Buyer, the Seller fails to promptly replace or correct any defective product within the delivery schedule, Buyer (i) may contract to replace or correct such product and charge to the Seller the cost occasioned thereby, or (ii) may without further notice, terminate this Purchase Order for default in accordance with the clause entitled "Termination For Default," or (iii) may utilize the deficient product and require an appropriate reduction in price.
- c. Notwithstanding any prior inspection or payments hereunder, all products shall also be subject to final inspection and acceptance at Buyer's plant within a reasonable time after delivery. The Seller shall provide and maintain an inspection system that is acceptable to Buyer. Records of all inspection work shall be kept complete and available to Buyer during the performance of this Purchase Order and for such further period as the Buyer may determine.
- d. Buyer may accept or reject shipments in accordance with its established lot inspection procedures. Where rejection of a shipment is appropriately based on Buyer's normal inspection level, then (i) upon Seller's request and at Seller's cost, Buyer may elect at their option to conduct 100% testing of such shipment or (ii) where such rejection endangers Buyer's production schedules by reason of the fact that at least some of the products are necessary to meet such production schedules, then Buyer at its option may charge Seller for the reasonable costs of an above normal level of inspection up to and including 100% inspection of such shipment.

S5. NOTIFICATION OF PRODUCT ESCAPE: Seller shall notify the Buyer within 24 hours of discovery if there is a potential quality, reliability, or safety problem with material that has already been delivered to the Buyer.

S6. CHANGES: The Buyer may at any time, by written order and without notice to sureties or assignees, suspend performance hereunder, increase or decrease the ordered quantities, or make changes in any one or more of the following:

- a. applicable drawing, designs or specifications
- b. method of shipment or packing
- c. place of delivery

If any such change causes an increase or decrease in the cost of, or the time required for performance of this Purchase Order an equitable adjustment shall be made in the order price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly.

S7. PACKAGING AND SHIPPING: No charge shall be made by the Seller for packing, packaging, wrapping, bags, containers, reels, or drayage, unless agreed upon. Declared value shipment insurance must be authorized by Buyer prior to shipment.

S8. RISK OF LOSS: Notwithstanding any terms of this order, or any inference therefrom, the risk for any loss of or damage to or destruction of goods described in this Purchase Order shall be borne by the Seller at all times until the goods are received and accepted by the Buyer. Title to the goods passes to Buyer upon final acceptance after inspection.

S9. INVOICES: Invoice shall include the following information: purchase order number, product number, description of products, sizes, quantities, unit prices and extended totals in addition to any other information specified elsewhere herein. Bill of Lading and/or tracking number shall accompany each invoice. Payment of invoice shall not constitute acceptance of products and shall be subject to adjustment for errors, shortages, defects in the products or other failure of Seller to meet the requirements of the Purchase Order. Buyer may at any time offset any amount owed by Buyer to Seller against any amount owed by Seller or any of its affiliated companies to Buyer. Regarding freight charges: see notes on the Purchase Order.

S10. PAYMENT:

- a. Payment terms are Net 30 from received date unless otherwise agreed and noted on the Purchase Order.
- b. In connection with the discount, if any offered by Seller for prompt payment, time will be computed from the latest of (i) the scheduled delivery date, (ii) the date of actual delivery, or (iii) the date an acceptable invoice is received. Payment is deemed to be made, for the purpose of earning the discount, on the date of mailing of Buyer's check.

S11. TAXES: Unless prohibited by law or otherwise agreed and listed on the Purchase Order, Seller shall pay and has included in the price or the order any federal, state or local tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder, or by reason of their sale or delivery.

S12. WARRANTY:

- a. Seller warrants that all products delivered hereunder, including all components and raw materials incorporated herein, as well as products corrected under this warranty, shall be free from defects in workmanship, materials and manufacture shall comply with the requirements of this contract including compliance with any drawings or specifications incorporated herein or to any samples furnished by Seller, and where design is Seller's responsibility, be free from defects in design. Seller further warrants all products purchased hereunder shall be merchantable quality and shall be fit and suitable for the purposes intended by Buyer. The foregoing warranties are in addition to all other warranties, whether expressed or implied, and shall survive any delivery, inspection, acceptance, or payment by Buyer.
- b. If any products delivered hereunder do not meet the warranties specified herein or otherwise applicable, Buyer may, at its election (i) require the Seller to promptly correct, at no cost to Buyer, any defective or non-conforming products by repair or replacement, at the location as specified by Buyer, or (ii) return such defective or non-conforming products at Seller's expense to the Seller, and recover from the Seller, the order price thereof. The foregoing remedies are in addition to all other remedies at law or in equity or under the Purchase Order, for damages or otherwise, and shall not be deemed to be exclusive. All warranties shall run to the Buyer and to its customers.
- c. Buyer's approval of the Seller's product or design shall not relieve Seller of warranties set forth in this clause, nor shall waiver by Buyer of any drawing or specification requirement for one or more of the products constitute a waiver of such requirements for the remaining products to be delivered hereunder unless so stated by Buyer in writing. The provisions of this clause shall not limit or affect the rights of Buyer under the clause hereof entitled "Inspection."
- d. Claims by Buyer under this warranty may be exercised anytime within a minimum period of one year after final acceptance, unless specifically agreed otherwise in writing.

S13. TERMINATION:

DEFAULT

- a. It is understood and agreed that time is of the essence under this Purchase Order or any extension thereof affected by any change order. Buyer may, by written notice, terminate this order in whole or in part, if the Seller fails (i) to make delivery of the products or to perform the services within the time specified herein or any extension thereof by written change order or amendment, or (ii) to replace or correct defective products in accordance with the provision of those clauses hereof entitled "Warranty" and "Inspection", or (iii) to perform

any of the other provisions of this Purchase Order or to fail to make progress so as to endanger performance in accordance with the terms hereof, including delivery schedules, or (iv) if Seller becomes insolvent, admits in writing its inability to pay its debts as they mature, files a voluntary petition in bankruptcy, makes an assignment for the benefits of creditors or if a petition under any bankruptcy laws is filed against it.

- b. In the event of termination pursuant to this clause, Buyer may procure upon such terms and in such manner as Buyer may deem appropriate, products or services similar or substantially similar to those so terminated and Seller shall be liable to Buyer for any excess costs occasioned Buyer thereby, provided that in event Buyer elects to terminate only a portion of this Purchase Order, then in such event Seller shall continue the performance of this Purchase Order to the extent not terminated.
- c. If this Purchase Order is terminated pursuant to paragraph (a), Buyer, in addition to any other rights provided therein, may require the Seller to transfer title and deliver to Buyer, in the manner, time and to the extent directed by Buyer, (i) any completed products and (ii) such partially completed products and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights as the Seller has produced or acquired for the performance of the terminated part and (iii) Seller shall grant Buyer a royalty-free assignable, non-exclusive license to use and license others to use, Seller's designs, processes, drawings and technical data substantially relating to the quantity of the products terminated hereunder. Seller shall, upon direction of Buyer, protect and preserve property as encompassed in this paragraph in the possession of Seller. Payment for completed products delivered to and accepted by Buyer shall be in an amount agreed upon by the Seller and Buyer, however such amount shall not exceed the Purchase Order price per unit and Seller's obligation hereunder to carry out Buyer's direction as to delivery protection and preservation shall not be contingent upon prior agreement as to such amount.
- d. If Buyer issues a notice of termination for default and it is subsequently determined that Buyer's termination under this clause is inappropriate, the termination shall be deemed by Buyer and Seller to have been originally issued under Termination for Convenience clause (a) and the rights and liabilities of the parties hereto shall, in such event, be governed by such clause.

Failure of Buyer to enforce any right under this clause shall not be deemed a waiver of any other right hereunder. The rights and remedies of the buyer under this clause shall not be exclusive and are in addition to any other rights or remedies provided by law or this agreement.

CONVENIENCE

- a. Buyer may terminate work under this purchase order in whole or from time to time in part, by giving of written notice to Seller specifying the extent to which performance or work is terminated and the time at which such termination becomes effective.
- b. After receipt of such notice and except as otherwise directed by Buyer, the Seller shall stop work under this Purchase Order to the extent specified in the notice of termination.
- c. Within thirty (30) days after receipt of the notice of termination the Seller shall submit to Buyer its written termination claim. Failure of the Seller to submit its termination claim as provided herein shall constitute an unconditional and absolute waiver by the Seller of any claim arising from the Buyer's notice of termination.
- d. Seller shall reasonably assess costs for raw materials, work in process and subassemblies as may be included within its termination claim, to determine whether or not such items may be used by Seller for the manufacture of associated products or diverted for any other purpose and to correspondingly reduce its termination claim by the value of such items. When settlement has been made, title to any of such items determined not usable by Seller and charged to Buyer in the termination claim shall vest in Buyer upon payment of the claim and shall forthwith be delivered to Buyer.
- e. Seller's termination claim shall consist solely of the following:
 - i. Completed products accepted by Buyer and not theretofore paid for – the sum determined by multiplying the number of such products by the unit price therefore as specified in this Purchase Order, and
 - ii. The total of (1) the cost of work in process not to exceed the average unit cost multiplied by the units in process, provided, however, that such number of units in process shall not exceed that amount which has been previously placed on firm release by Buyer. Such amounts shall not include any costs attributable to Seller's products paid or to be paid under sub-paragraph (e) (i) above and (2) a sum, as profit on paragraph (e) (ii) at a rate not to exceed the rate used in establishing the original purchase price, provided however, if it appears that Seller would have sustained a loss on the entire Purchase Order had it been completed, no profit shall be included or allowed, and an appropriate adjustment shall be made reducing the amount of settlement to reflect the indicated rate of loss. The total sum to be paid to the Seller under subparagraph (e) (i) and (ii) above shall not exceed the total Purchase Order price reduced by the amount of payments otherwise made and as further reduced by the price of work not terminated under this Purchase Order.
- f. In no event shall Seller be entitled to incidental or consequential damages, anticipated or projected profits, costs of preparing claims, attorney's fees, costs of tooling or equipment or sales or agents' commissions on the terminated quantity.

- g. Buyer reserves the right to verify claims hereunder and Seller shall make available to Buyer upon request, all relevant books, records, inventories and facilities for inspection and audit. In the event Seller fails to reasonably afford Buyer its rights hereunder, then Seller shall be deemed to have relinquished its claim asserted under the provisions of this clause.

S14. BUYER'S PROTECTION IN CONNECTION WITH WORK DONE AT ITS PLANT: The Seller shall take such steps as may be reasonably necessary to prevent personal injury or property damage during any work that may be performed by any employee, agent or subcontractor of the Seller at the Buyer's plant, and the Seller shall indemnify and hold harmless the Buyer from and against all loss, liability and damages arising from or caused directly or indirectly by any act of omission of such agent, employee or subcontractor of the Seller. The Seller shall maintain such insurance against liability and property damage and such Employee's Liability and Compensation Insurance as will protect the Buyer against the aforementioned risks and against any claims under any Washington State Industrial Safety and Health, Labor and Industries, and Wage and Hour Acts.

S15. NOTICE OF LABOR DISPUTES: Seller shall immediately notify Buyer of any actual or potential labor dispute that may disrupt the timely performance of a Purchase Order.

S16. BASIC WORKING CONDITIONS AND HUMAN RIGHTS: Seller commits that any material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, applicable to Seller's performance under this Purchase Order may be considered a material breach of this Purchase Order for which Buyer may elect to cancel any open Purchase Orders between Buyer and Seller for cause, in accordance with the provisions of this Purchase Order, or exercise any other right of Buyer for an event of termination under this Purchase Order. Seller shall include the substance of this clause, including this flow down requirement, in all subcontracts awarded by Seller for build to print work performed under this Purchase Order.

S17. WAIVER: The failure of Buyer to insist upon performance of any provision of this order or to exercise any right or privilege granted to Buyer under this Purchase Order shall not be construed as waiving such provision and the same shall continue in effect.

S18. NON-DISCLOSURE OF CONFIDENTIAL MATTER AND PUBLICITY: Products purchased pursuant to Buyer's specifications or drawings shall not be quoted for sale to others without the Buyer's prior written authorization. Such specifications, drawings, samples, or other data furnished by the Buyer shall be treated as confidential information by the Seller, shall remain Buyer's property and shall be promptly returned to Buyer upon request. Any publicity regarding this Purchase Order (pictures, descriptions or samples thereof) is prohibited except with Buyer's prior written approval.

S19. COMPLIANCE WITH LAWS:

- a. The Seller warrants that no law, rule or ordinance of the United States, a state or any other governmental agency including the provisions of the Fair Labor Standards Act of 1938, as amended, has been violated in the manufacture or sale of the products or in the performance of services covered by this Purchase Order and will defend and hold Buyer harmless from loss, cost or damage as a result of any such actual or alleged violation. Upon written request by Buyer, Seller agrees to execute and furnish a certification of compliance which may be on Buyer's form and which shall certify compliance with any applicable Federal, State or Local Laws or Regulations, including but not limited to FLSA, EEOC, OSHA, and any Economic Control Statutes or Regulations.
- b. The validity, performance and construction of this Purchase Order shall be governed by the laws of the State of Washington.

S19.1 Conflict Minerals:

- a. Products delivered to the Buyer shall be free of any known Conflict Minerals which are: columbite-tantalite (coltan), cassiterite, wolframite, gold, and to include derivatives tantalum, tin, and tungsten, (which are known as the "3Ts") which are used to finance conflict in the Democratic Republic of Congo or adjoining country.
- b. In compliance with Securities and Exchange Commission, 17 CFR Parts 240 and 249b [Release No. 34-67716; File No. S7-40-10] RIN 3235-AK84:Conflict Minerals (Dodd-Frank Act Section 1502); Seller agrees to:
 - 1) Disclose if any of the minerals listed in (a) above are necessary to the functionality or production of the product(s) delivered under the Buyer's contract, 2) identify if such conflict minerals did not originate in the Covered Countries or did come from recycled or scrap sources, or 3) identify if such minerals did originate in the Democratic Republic of Congo or adjoining country. For products manufactured in calendar years 2013 and 2014, if the origins of such minerals cannot be determined by reasonable means the Seller may report the origins as undeterminable. Seller will include in the disclosure a description of the measures it took to exercise due diligence on the conflict mineral's source and chain of custody.

S20. PATENTS AND COPYRIGHTS: Seller will defend, at its own expense, any suit or claim that may be instituted against the Buyer or any customer of this order, except for any such infringement resulting from detailed designs provided by Buyer and its customers and all costs and damages arising out of such alleged infringement.

S19. SEVERABILITY: The invalidity in whole or in part of any provision shall not affect the validity of any other provision.

NOTE: Buyer may revise these Terms and Conditions and/or any of the Buyer documents referenced herein from time to time by written notice to Seller. If any such revision causes an increase or decrease in the cost of, or time required for performance of any part of Seller's work, Buyer and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease in accordance with the provision of clause hereof entitled "Changes".