

**TERMS AND CONDITIONS
FOR PURCHASES BY ZATKOFF SEALS & PACKINGS**

1. **ACCEPTANCE.** This contract shall be deemed accepted by Seller's signature on the Acceptance copy attached hereto or by Seller's commencement of performance and shall thereby form a binding contract between Seller and Buyer. No terms or conditions other than those set forth in this contract, whether inconsistent with or in addition to the terms and conditions set forth herein, shall bind Buyer unless expressly accepted in writing even though such other terms or conditions do not materially alter this contract.
2. **SELLER'S WARRANTIES AND RECALL.** Seller hereby warrants that all goods and services covered by this contract (a) will be delivered free from any claim of any third party by way of infringement or the like; (b) will conform with Buyer's instruction, specifications, drawings and data; (c) will be merchantable; (d) will be free from defective material or workmanship; and (e) will be fit for Buyer's purposes. Seller further warrants that the goods and services furnished under this contract shall conform to all representations, affirmations, promises, descriptions, samples or models forming the basis of this contract. Seller agrees that these warranties shall survive acceptance of the goods and services. Seller further warrants that all services performed for or on behalf of Buyer will be performed in a competent workmanlike manner and shall not be deemed disclaimed or excluded unless evidenced by a purchase order change notice or revision issued and signed by Buyer. No warranty hereunder may be waived, excluded or modified by course of dealing, course of performance or usage of trade. The warranties hereunder shall inure to the benefit of Buyer, its successor and assigns, customers, and users of its products. Seller will indemnify and hold Buyer harmless in respect of the cost of recall campaigns and other corrective service actions that, in Buyer's reasonable judgment, are required to rectify nonconformities in the goods covered by this contract that are the result of a breach of the foregoing warranties, whether such recall campaigns are mandated by any governmental entity or by the Buyer. Seller shall immediately notify Zatkoff of any known nonconforming process, material, article, or service.
3. **CHANGES.** Buyer shall have the right to make changes in this contract, but no additional charge will be allowed unless authorized in writing by Buyer. If such changes affect Seller's cost of performance, Seller shall notify Buyer immediately and within 30 days submit a detailed cost breakdown comparing original drawings or conditions and costs. The parties will then agree upon a reasonable adjustment in price. If any such change affects delivery, Seller will so advise Buyer immediately, outlining in detail reasons for changes in the established schedule. However, nothing in this clause shall excuse Seller from proceeding with this contract as changed. Seller shall not make any changes to the materials, articles, or services ordered (including, but not limited to, a change in formula, specification, process, or location of manufacture) without Zatkoff's prior approval.
4. **TERMINATION.**
 - (a) Non-Government Contract. Buyer may at any time terminate this contract by providing written notice to Seller. If the Contract is terminated for the convenience of Buyer, any claims of Seller shall be settled on the basis of the reasonable incidental costs (excluding anticipated profits) Seller has incurred in performance of the contract. If termination is occasioned by Seller's breach of any condition of this contract, Seller shall not be entitled to any costs, and Buyer shall have against Seller all remedies provided by law and equity. Termination payments by Buyer, if any, shall not be in duplication of prior payments, nor shall the sum of all such payments exceed the total contract price. All products for which reimbursement is sought shall be the property of Buyer. After receipt of termination, Seller must submit any claim with respect to work performed prior to termination within ninety (90) days of the date of termination. Buyer may terminate immediately without further obligation if: (a) Seller becomes insolvent; (b) a receiver is appointed for Seller; (c) Seller makes an assignment for the benefit of creditors or a similar transfer of assets; or (d) a bankruptcy petition is filed by or against Seller.

(b) Government Contract. If an order is placed under Government contract or subcontract, Buyer may terminate this contract in accordance with the termination clause in FAR 52.249-2 or 52.249-1 (Short Form) or DFARS 8-706 which is incorporated by reference. References to the Government do not apply if this contract is not placed under Government contract.
5. **PACKING.** All articles shipped under this contract are to be packaged in a manner that will provide for efficient handling and will preclude damage to the articles during shipping and/or storage. Damage to any article resulting from improper packaging will be charged to the Seller. No additional charges will be allowed for boxing, packing, returnable containers, or transportation thereof, unless stated on the face of this contract.
6. **PACKING SLIPS.** Packing slips must accompany all shipments. Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips. Buyer's order number and Seller's packing slip number, description and count must appear on all invoices, packages, and bills of lading.
7. **INTELLECTUAL PROPERTY INDEMNIFICATION.** Seller agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Zatkoff Seals & Packings or any of its subsidiaries or affiliates, agents, vendors or customers, hereinafter for the purposes of this clause collectively referred to as "Buyer" for alleged infringement of any proprietary right (including any patent, trademark, copyright, industrial design right or misuse or misappropriation of trade secret) as well as for the alleged unfair competition resulting from similarity in design, trademark or appearance of goods, by reason of the use or sale of any goods furnished under this contract, except for goods manufactured entirely to Buyer's specifications, and Seller further agrees to indemnify Buyer against any and all expense, loss, royalties, profits and damages, including court costs and attorneys' fees, resulting from the bringing of such suit or proceedings, including any settlement or decree or judgment, and Buyer may actively participate through its own counsel in any such suit or proceeding if it so desires. Seller's obligations hereunder shall survive the acceptance of the goods and services and payment therefor by Buyer.
8. **INDEMNIFICATION.** Seller shall indemnify, defend and hold Buyer, and its officers, directors, members, shareholders, representatives and agents, harmless from and against any and all claims, suits, demands, actions, costs, liabilities, losses and expenses of any kind whatsoever, including reasonable attorney fees, arising out of, resulting from, or otherwise connected with (1) any goods and services purchased hereunder which fail to meet required specifications, (2) any negligent act or omission of Seller, or its employees, agents, representatives or other persons directly or indirectly employed by or associated with Seller, (3) a breach of any representation or warranty of Seller contained herein, or (4) the failure of Seller to comply with any of the other terms and conditions stated herein.
9. **INSURANCE.** Seller shall continuously maintain insurance coverage for protection against the claims of all persons or entities as follows: (1) General Liability in the minimum amount of Two Million Dollars (\$2,000,000) per occurrence, which shall include coverage for property damage and injury to or death of one or more persons; (2) Workers' Compensation Insurance in an amount equal to the applicable statutory limit for the state or states in which services are to be performed; and (3) Automobile Liability Insurance, if warranted, in the minimum amount of One Million Dollars (\$1,000,000) per occurrence, covering bodily injury and property damage. The minimum limits set forth herein shall not be construed to limit Seller's liability. All policies required by Buyer shall name Roger Zatkoff Company Inc. as an additional insured (per ISO Endorsement CG2015 or its equivalent) and waive subrogation rights in favor of Buyer. All policies shall contain provisions that provide at least sixty (60) days prior written notice (or as otherwise required by law) of any cancellation, non-renewal, or material change in coverage to Buyer. Buyer shall deliver certificates of insurance satisfying the requirements herein prior to commencing any work or providing any goods or services hereunder, and shall provide such certificates annually for engagements with Buyer involving a term greater than one year.
10. **INSPECTION.** All materials or articles ordered may be subject to (i) inspection during the period of manufacture (ii) inspection prior to shipment and (iii) final inspection and acceptance at destination, notwithstanding any prior payment or inspection and acceptance. Buyer may reject and hold at Seller's expense, subject to Seller's disposal, all materials or articles not conforming to applicable drawings, specifications and/or samples. Seller agrees to replace at its expense or, at Buyer's option, to refund the price of any article which fails to meet the requirements of applicable drawings, specifications and/or samples. Materials or articles rejected and returned to Seller shall not be retendered by Seller to Buyer unless notification of that fact is submitted with the retender and Buyer specifically agrees to acceptance thereof. During performance of this contract, Seller shall maintain a Quality Control/Inspection system acceptable to Buyer. The system is subject to review, verification and analysis by authorized Buyer and/or Government representatives. All process work must be performed by sources approved by Buyer, Buyer's customer or by the cognizant military service, as applicable.
11. **BUYER MARKS.** Seller shall not use in advertising, publicity, promotion, marketing, or other activity, any name, trade name, trademark, service mark or other designation of, or owned by, Buyer without the express written consent of Buyer.
12. **COMPLIANCE WITH LAW.** Seller warrants compliance with all federal, state and local laws, executive orders, rules and regulations (including without limitation the Walsh-Healey Act, Fair Labor Standards Act of 1938 as amended, Consumer Product Safety Act, the National Highway Safety Act and regulations issued pursuant thereto), which may be applicable to the goods furnished hereunder.
13. **ASSIGNMENT.** No assignment by Seller of this contract or of any monies due or to become due hereunder shall be binding upon Buyer until written consent thereto is obtained which may be given or withheld in Buyer's sole discretion.
14. **SUBCONTRACTING.** Seller shall not procure or contract for the procurement of any item covered by this contract in completed or substantially completed form without first securing the written approval of the Buyer, which may be given or withheld in Buyer's sole discretion, provided that Seller shall nonetheless continue to be responsible to Buyer for all of Seller's obligations under this contract, including without limitation its liability for any breach.
15. **NON-DISCRIMINATION IN EMPLOYMENT.**
 - (a) In connection with the performance of work under this contract, Seller agrees not to discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. The aforesaid provision shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. Seller agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Buyer's Purchasing Representative setting forth the provisions of the non-discrimination clause.
 - (b) Seller further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies and raw materials.
 - (c) The Equal Employment Opportunity clause Section 202 of Executive Order 11246 as amended related to equal employment opportunities and implementing rules and regulations of the Secretary of Labor are incorporated herein by specific reference.

16. **TOOLS, MATERIAL AND DATA.** Seller shall keep confidential all designs, processes, drawings, specifications, reports, data and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns furnished or disclosed to Seller by Buyer in connection with this contract. No designs, tools, patterns, jigs, dies or drawings supplied by Buyer to Seller for use in the manufacture of goods contracted for herein shall be used in the production, manufacture or design of any goods for any other purchase or for the manufacture or production of larger quantities than those specified, except with the express consent in writing of Buyer. At the termination of this contract any such designs, tools, patterns, jigs, dies, drawings and materials supplied by Buyer shall be returned to Buyer. Until termination, all such designs, tools, patterns, jigs, dies drawings and material shall be segregated by Seller in Seller's plant and wherever possible clearly marked so as to be easily identified as Buyer's property and shall be kept in good condition. Where materials are furnished by the Buyer, title to such material in all stages of construction shall be and remain in Buyer. Any property supplied to Seller will be returned in as good condition as when received, except for reasonable wear and tear of for utilization of property in accordance with the provisions hereof.
17. **ENTRY, AUDIT AND INSPECTION.** Seller agrees that its plant, books and records so far as they relate to the performance of this or a related contract, or costs incurred under this or a related contract, shall at all times be subject to review, inspection and audit by any authorized representative of Buyer; and, in the event that this contract is placed under a Government contract, any authorized representative of the United States Government shall also have the same rights of entry, audit and inspection as provided herein.
18. **LABOR DISPUTES.** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give written notice thereof, including all relevant information with respect to Buyer, Seller shall insert the substance of this clause, including the preceding sentence, in any subcontract hereunder wherein a labor dispute may delay the timely performance of this contract, except that any subcontractor need give the required notice and information only to its next higher-tier subcontractor.
19. **DELIVERY.** Time is of the essence in this contract; however, all delivery schedules are subject to change when Government control or priority may require it. Deliveries made in advance of, or on any date after, the date of delivery established in writing by the parties may be rejected by Buyer. Seller shall not be liable for damages for delays in delivery due to causes beyond Seller's control and without its fault or negligence provided Seller notifies Buyer in writing as soon as Seller has knowledge that any such delay may occur. Correspondingly, Buyer shall be excused for failure or delay in performance herein due to any cause beyond its control and without its fault or negligence.
20. **DEFAULT.** Buyer may terminate this purchase order or any part thereof in accordance with FAR 52.249-8/DFARS 7.103. 11 in the event of (1) Seller's default, (2) Seller's insolvency or (3) any bankruptcy proceedings are instituted by or against Seller.
21. **PRIORITIES, ALLOCATIONS AND ALLOTMENTS.** Seller shall follow the provisions of Defense Priorities and Allocation System and all other applicable regulations and orders of the Office of Industrial Resources Administration of the Department of Commerce in obtaining controlled materials and other products and materials needed to fill this contract.
22. **OSHA.** Seller warrants that all equipment which may be supplied under this contract complies with all provisions of the Occupational Health and Safety Act.
23. **SPECIFICATION.** All articles ordered to Government or Buyer's specifications must comply with such specifications current as of the date of this contract unless otherwise specified in writing by Buyer. Any manufacturing or other specifications referred to in this contract are hereby made a part thereof, as if fully set forth herein.
24. **SETOFF.** All sums payable to Seller hereunder shall be subject to all claims and defenses of Buyer, whether arising out of this or any other transaction, and Buyer may setoff and deduct against any such sums due to Seller hereunder any present or future indebtedness or other obligation of Seller to Buyer.
25. **REMEDIES.** The remedies herein reserved shall be cumulative and additional to any other remedies provided in law or equity. Seller shall pay all damages incurred by Buyer as a result of Seller's breach of this contract including consequential damages. Failure of Buyer to insist in any one or more instances upon performance of any of the terms and conditions herein shall not be construed as a waiver of future performance of any such term, covenant or condition, but the obligations of Seller with respect thereto shall continue in full force and effect.
26. **CHOICE OF LAW AND VENUE.** This contract shall be governed by and construed in accordance with the laws of the State of Michigan, without giving effect to its choice of law principles. Buyer and Seller agree that any legal or equitable action or proceeding with respect to this contract, or any contract entered into in connection with this contract, shall be brought only in courts of the State of Michigan, or in any court of the United States of America sitting in Michigan, and each party irrevocably consents to the service of process in connection with any such action or proceeding by the mailing thereof by registered or certified mail, postage prepaid, to such parties' last known address. Nothing herein shall affect the right of any party to serve process in any other manner permitted by law, and each party irrevocably waives any objection to the laying of venue of any such action or proceeding in the above-described courts.
27. **ATTORNEYS FEES.** If any legal action is necessary to enforce the terms of this agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which it may be entitled.
28. **ANTI-KICKBACK ACT.** Seller warrants that Seller is in full compliance with the Anti-Kickback Act, as amended, (41 U.S.C. 51-54) and shall hold Buyer harmless from any liability resulting thereunder.
29. **ADDITIONAL CONDITIONS APPLICABLE TO ORDERS PLACED UNDER GOVERNMENT CONTRACTS OR SUBCONTRACTS THEREUNDER.** If this contract shows on its face that it is place under a Government contract or a sub contract thereunder or if Buyer otherwise notifies Seller that this contract is placed under a Government contract or a subcontract thereunder, the clauses of the FAR/DFARS as contained on Buyer's form TCP-GS. Rev. 8-99 entitled "Terms and Conditions of Purchase - Government Supplement" are herein incorporated by reference.
30. **REGULATORY COMPLIANCE.** All material used in part manufacture and processing must be compliant to the current releases for RoHS, WEEE and REACH (SVHC), and must satisfy current Governmental and Safety Constraints on Restricted, Toxic, and Hazardous substances, applicable to the country of manufacture and sale. All products purchased must be Conflict Minerals Free. All products must include labels compliant to California Proposition 65.
31. **DOCUMENT RETENTION.** Seller shall retain all documentation for the materials or articles ordered for a period of not less than ten (10) years and shall notify Zatkoff prior to any destruction of such information.

Vendor Name: _____

Telephone: _____

Acknowledged by: _____

Date: _____