

INTEGRAL COMPONENTS, INC. PURCHASE ORDER TERMS AND CONDITIONS

07/14/2015

1. **ACCEPTANCE AGREEMENT.** Seller's commencement of work or shipment of the goods, whichever occurs first, constitutes acceptance of this purchase order and all of its terms and conditions. Integral Components, Inc. ("Integral") hereby objects to any terms proposed by Seller in Seller's acceptance or acknowledgment of INTEGRAL's purchase order which add to, vary from, or conflict with the terms of this order. Any such proposed terms shall not operate as a rejection of this order but are deemed a material alteration, and this order shall be deemed accepted by the Seller without said additional or different terms. If this purchase order shall be deemed an acceptance of a prior offer by Seller, such acceptance is expressly limited to the terms contained within this order.
2. **PRICE.** The goods shipped or work performed against this order must not be invoiced at a price higher than shown on the face of this order without the prior written consent of INTEGRAL. The invoice must itemize transportation charges, including foreign inland freight and insurance and taxes separately, if applicable. If the price is omitted from the order, the price shall be the lowest prevailing market price. No charge will be allowed for packing, labeling, commissions, customs duties, storage, crating, or express handling unless indicated on this order.
3. **CONFIDENTIAL PROPRIETARY INFORMATION.** Any information or data furnished by INTEGRAL to Seller under this order in the form of specifications, drawings, reprints, technical information, equipment, prototypes, forecasts, schedules, or other technical or business information, shall be deemed INTEGRAL Confidential Proprietary Information, shall remain INTEGRAL's property, shall be kept confidential, and shall be promptly returned to INTEGRAL at INTEGRAL's request. Seller shall not disclose, without INTEGRAL's written permission, any such information or data to any other person, or use such information or data for any purpose other than performing this order. The obligations under this paragraph shall survive cancellation, termination, or completion of this order. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to INTEGRAL shall be deemed secret or confidential.
4. **WARRANTIES.** Seller expressly warrants that all goods or services provided under this order shall be merchantable, free from defects in material and workmanship, of the highest quality, and shall conform to all applicable specifications and appropriate standards. If Seller knows or has reason to know the particular purpose for which INTEGRAL intends to use the goods or services, Seller warrants that such goods or services shall be fit for such particular purpose. Seller further warrants that the goods are new and contain new components and parts throughout and that Seller has good and warrantable title to the goods free and clear of all liens. Seller shall indemnify and hold INTEGRAL harmless for all damages arising out of any breach of these warranties. In addition to the above warranties, Seller shall extend all warranties it receives from its vendors to INTEGRAL and to INTEGRAL's customers. Breach of the warranties set forth in this provision, or any other term of this order, shall entitle INTEGRAL to all available remedies, including those contained in the Uniform Commercial Code.
5. **NONCONFORMING PRODUCT.** INTEGRAL is to be contacted (by supplier) in the event of nonconforming product/material. Arrangements for approval of supplier nonconforming product/material must be as direct by an INTEGRAL program manager.
6. **TERMINATION.** INTEGRAL may terminate all or any part of this order at any time for its convenience upon written notice to Seller. INTEGRAL will pay a reasonable termination charge based on a percentage of the order price reflecting the percentage of work performed by Seller prior to termination. Any claim for payment of such termination charges must be submitted in writing to INTEGRAL within thirty (30) days of receipt of written notice of termination. INTEGRAL shall have the right to audit all elements of the termination claim, and Seller shall make available to INTEGRAL on request all books, records and papers relating thereto. Late deliveries, deliveries of products which are defective or which do not conform to this order, failure to perform as agreed, and failure to provide reasonable assurances of future performance upon request, shall entitle INTEGRAL to terminate this order for cause. In such event, Seller shall be liable to INTEGRAL for any damages (or at INTEGRAL's option, specific performance) incurred as a result of Seller's breach or default. Neither party will be liable to the other for any delay or failure to perform if that delay or failure results from an unforeseeable cause beyond its reasonable control, except that INTEGRAL may terminate all or any portion of this order without liability to Seller if such delay or failure to perform by Seller or on behalf of Seller extends beyond thirty (30) days of INTEGRAL's requested delivery date. INTEGRAL'S TOTAL LIABILITY FOR DAMAGES UNDER THIS ORDER SHALL NOT EXCEED THE PRICE ALLOCABLE TO THE GOODS OR SERVICES GIVING RISE TO THE CLAIM.
7. **INTELLECTUAL PROPERTY INDEMNITY.** By acceptance of this order, Seller agrees to indemnify INTEGRAL against all claims, judgments, decrees, costs and expenses, and attorney's fees relating to any proceeding which may be brought against INTEGRAL or its agents, distributors or customers, based on a claim

of alleged copyright, trademark, maskwork right, or patent infringement, unless the goods or services are of INTEGRAL design or formula. Seller agrees that it will, upon request of INTEGRAL and at Seller's own expense, defend or assist in the defense of any action that may be brought against INTEGRAL or its agents, distributors or customers for such infringement or claimed infringement. INTEGRAL agrees to notify Seller promptly upon receipt of notice of infringement or information of such a suit having been filed.

8. **INSIGNIA.** If any Products are rightfully rejected or not purchased by INTEGRAL that utilize INTEGRAL's name, trademarks, trade names, insignia, symbols, or decorative designs, Seller agrees to remove same prior to any sale, use or disposition thereof.

9. **MATERIALS, TOOLS AND EQUIPMENT.** All tools, equipment, dies, gauges, models, drawings or other materials paid for or furnished by INTEGRAL for the purpose of this order shall be and remain the sole property of INTEGRAL. Seller shall safeguard all such property while it is in Seller's custody or control, be liable for any loss or damage to such property, at INTEGRAL's option, procure adequate insurance, use it only for INTEGRAL orders, and return it to INTEGRAL upon request. Any such property described above, whether furnished or ordered by INTEGRAL, and which may be in an unfinished state, may be removed from Seller's premises or the premises of subcontractors upon request without further action or bond. In the event that INTEGRAL removes such property that is not finished, INTEGRAL will pay Seller a percentage of the order price that corresponds to the percentage of completion. Seller agrees to waive and hereby does waive any lien it may have in regard to such property and ensure that subcontractors do the same.

10. **INDEMNIFICATION.** Seller shall defend, indemnify and hold INTEGRAL harmless against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defects or latent defects in the goods or services purchased under this order, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to all other obligations of Seller under this order.

11. **CHANGES.** INTEGRAL shall have the right to make changes in this order at any time for its convenience upon written notice to Seller. Such changes shall be subject to an equitable adjustment in the performance schedule or purchase price, based on reasonable and unavoidable costs incurred by the Seller prior to notice of the change. Any claim of Seller for an adjustment must be submitted in writing to INTEGRAL within thirty (30) days of INTEGRAL's change notice. Seller shall not be entitled to make any changes in the design, materials, country of origin, manufacturing sites, production process, including tooling, or other changes to the goods, without the prior written approval of INTEGRAL.

12. **INSPECTION.** Seller's facilities, equipment, and the goods and services purchased and to be purchased under this order are subject to INTEGRAL's inspection and acceptance. Payment for the goods and services shipped shall not constitute acceptance. Goods and services shall only be deemed accepted when they have actually been counted, inspected, and tested by INTEGRAL and found to be in conformance with this order. Goods rejected and/or goods supplied in excess of those ordered or delivered in advance of the delivery schedule may, in addition to INTEGRAL's other rights, be returned to Seller at its expense, including all expenses of unpacking, examining, repacking and reshipping. If INTEGRAL receives goods or services with defects or nonconformities, whether or not apparent on inspection, INTEGRAL reserves the right to require a refund or replacement, as well as transportation costs. Nothing contained in this order shall relieve Seller from its obligations of testing, inspection and quality control.

13. **RIGHT OF ACCESS.** INTEGRAL, their customers and regulatory authorities retain the right of access to all supplier facilities involved in the order and to all applicable records

14. **PACKING, DELIVERY AND SHIPMENT.** All goods shall be packed and shipped in accordance with instructions or specifications contained on this order. In the absence of any such instructions, Seller shall comply with best commercial practice to ensure safe arrival at the destination at the lowest transportation cost. **TIME IS OF THE ESSENCE ON THIS ORDER.** If goods are not delivered nor services provided by the date specified, INTEGRAL shall be entitled to terminate, without liability, this order as to items not yet shipped or services not yet rendered, by written notice effective upon receipt by Seller. In such instance, INTEGRAL may purchase substitute items or services elsewhere and charge Seller with any loss incurred. If, in order to comply with INTEGRAL's required delivery date, it becomes necessary for Seller to ship by a more expensive method than specified in this purchase order, Seller shall pay any increased transportation costs, unless the necessity for such rerouting or expedited handling has been caused by INTEGRAL.

15. **MATERIAL SAFETY DATA SHEETS.** Seller shall provide a Material Safety Data Sheet for those chemicals purchased under this order which are regulated by OSHA's hazard communication regulations set forth in 29 C.F.R. 1910.1200. All chemical suppliers certify, by acceptance of this order, that the chemicals purchased are on the Toxic Substances Control Act, 15 U.S.C.S. §2601, et. seq., chemical inventory or are subject to an exemption and that such exemption is specified in the Material Safety Data Sheet.

16. **OZONE DEPLETING SUBSTANCES.** Seller agrees to comply with the Clean Air Act ozone depleting

substances labeling regulations set forth in 40 C.F.R. Part 82, Subpart E.

17. **INSURANCE.** If this order includes services or work to be performed on INTEGRAL's premises, Seller agrees to indemnify INTEGRAL from all loss or damage arising out of such work, to observe the highest safety standards, to adhere to all INTEGRAL work rules, safety standards and security requirements, to maintain insurance satisfactory to INTEGRAL, and to furnish evidence of such insurance at INTEGRAL's request.
18. **COMPLIANCE WITH LAWS.** Seller warrants that all goods and services supplied pursuant to this order will have been produced and supplied in compliance with all applicable federal, state and local laws, orders, rules and regulations. Seller shall indemnify INTEGRAL against any liability caused by any non-compliance with this provision.
19. **COUNTERFEIT PARTS.** To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), INTEGRAL will institute controls that include the requirements of Material Certificates, Certificates of Conformity, and/or other supporting documentation from suppliers as is appropriate. These requirements may be specified on INTEGRAL purchase orders or may otherwise be communicated to the supplier.
20. **IMPORT/CUSTOMS.** For each shipment where the Seller sources goods covered by this order outside the United States Customs Territory, INTEGRAL shall have the option of being the Importer of Record. In such case, Seller shall furnish INTEGRAL with a commercial invoice containing the following information: (i) port of entry; (ii) names of Seller and INTEGRAL entity purchasing the merchandise; (iii) name of shipper (if different from Seller); (iv) country of export; (v) detailed description of merchandise; (vi) quantities and weights; (vii) actual purchase price, including all elements of the amount paid or payable by INTEGRAL; (viii) the currency in which the sale was made; (ix) all charges, costs and expenses associated with the merchandise, including freight, insurance, commission, containerization and packing, unless such costs are already included in the invoice price; (x) all rebates or discounts; and (xi) the country of origin of the goods. Seller agrees to comply with all laws and regulations governing the importation of goods into the United States Customs Territory.
21. **FORCED, INDENTURED AND/OR CONVICT LABOR.** Seller represents that the goods and services covered by this order, or components thereof, are not produced, manufactured, mined, or assembled, in whole or in part, with the use of forced, convict, and/or indentured labor under penal sanction as prohibited by any state law or U.S. statute, including any class of labor specified in section 307, Tariff Act of 1930, as implemented in 19 C.F.R. 12.42.
22. **GOVERNMENT SUBCONTRACT.** If a government contract number appears on the face of this order, Seller agrees to comply with all terms and conditions of that government contract and with any other pertinent laws, Presidential directives and executive orders to the extent that they apply to the subject matter of this order.
23. **EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION.** This order incorporates by reference: (i) all provisions of 41 C.F.R. 60-1.4 and 60-2 as implemented by Federal Acquisition Regulation (FAR) 52.222-26(b)(1)-(11) pertaining to the Equal Opportunity clause; (ii) all provisions of 41 C.F.R. 60-250 as implemented by FAR 52.222-35 and -37 pertaining to employment reports and affirmative action for disabled veterans and veterans of the Vietnam Era; and (iii) all provisions of 41 C.F.R. 60-741 as implemented by FAR 52.222-36 pertaining to affirmative action for handicapped/ disabled workers. Seller agrees to comply with any and all applicable State and Local Government Equal Employment Opportunity and Affirmative Action laws, including any and all applicable statutes, rules, regulations, ordinances and other guidelines.
24. **EEO-1 REPRESENTATION.** Seller represents that it has submitted Standard Form 100 (EE0-1) compliance reports as required by 41 C.F.R. 60-1.7 as implemented by FAR 52.222-22.
25. **CERTIFICATION OF NONSEGREGATED FACILITIES.** Seller certifies that, in compliance with 41 C.F.R. 60-1.8 as implemented by FAR 52.222-21, it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. Seller agrees that breach of this certification is a violation of the Equal Opportunity clause incorporated herein. Seller further agrees that it will either: (a) obtain certifications of non-segregated facilities from proposed subcontractors for specific time periods; or (b) obtain certifications of non-segregated facilities from proposed subcontractors before the award of any subcontracts subject to the Equal Opportunity clause, and further agrees to retain such certifications in its files, and forward the Notice set forth in FAR 52.222-21 to proposed subcontractors.
26. **SMALL BUSINESS DEVELOPMENT.** This order incorporates by reference, all provisions of FAR 52.219-8 and FAR 52.219-9(d) 9 as they pertain to Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plans. Seller agrees to comply with any and all applicable State and Local Government Small Business Utilization laws, including any and all applicable statutes, rules, regulations, ordinances and other guidelines.
27. **DISPUTE RESOLUTION.** Seller and INTEGRAL agree that any claims or disputes, except for claims or

disputes relating to intellectual property, will be submitted to non-binding mediation prior to initiation of any formal legal process. Costs of mediation will be shared equally. Disputes relating to intellectual property are to be submitted to the appropriate courts within the State of Maryland.

28. GENERAL. This order and any documents attached to or referred to on this purchase order constitute the entire agreement between the parties and can only be modified by a writing signed by authorized representatives of both parties. No part of this order may be assigned or subcontracted without the prior written approval of INTEGRAL. All claims for money due or to become due from INTEGRAL shall be subject to deduction or set-off by INTEGRAL for any counterclaims arising out of this or any other transaction with Seller. INTEGRAL's failure to enforce or insist on performance of any of the terms or conditions in this order shall not operate as a waiver of that or any other right. This order shall be governed by the laws of the State of Maryland, excluding that body of law pertaining to conflict of law.