

## TERMS & CONDITIONS OF PURCHASE

These terms and conditions (“Terms and Conditions”) apply to each purchase order or supplier schedule (“Purchase Order”) issued by Australian Valve Group Pty Ltd or any of its related bodies corporate (“Buyer”) to the seller (“Seller”).

### PART I GENERAL TERMS AND CONDITIONS

**1. Offer and Acceptance.** This Purchase Order is only an offer to enter into a contract for the purchase and sale of products and/ or services specified by Buyer. Buyer may revoke, amend or modify this offer at any time prior to Seller’s acceptance. Any of the following acts constitutes Seller’s acceptance of this Purchase Order and the Terms and Conditions: (a) Seller’s written acknowledgement of this Purchase Order; (b) Seller’s commencement of performance or delivery of any products or services ordered under this Purchase Order; or (c) Seller’s acceptance of any payment by Buyer hereunder. Acceptance of this Purchase Order is expressly limited to and conditioned upon acceptance of these Terms and Conditions, which terms cannot be altered or amended without Buyer’s express written agreement.

**2. Changes.** Prior to shipment of products or performance of services specified in a Purchase Order, Buyer may, by written notice to Seller, make changes in specifications, designs, method of packing or shipment, quantity ordered, destinations, delivery schedules or service requirements. No change, modification or revision of this Purchase Order by Seller shall be binding upon Buyer unless Seller obtains the prior written consent from Buyer.

**3. Forecasts; Cancellation.** From time to time, Buyer may provide Seller with estimates, forecasts or projections of its future volume or quantity requirements for products (“Projections”). Such Projections, including, without limitation, planned quantities set forth in any supplier schedule issued by Buyer, are not binding on Buyer, and Buyer makes no representation, warranty, guaranty or commitment regarding any Projections. Buyer shall issue releases to specify delivery dates or otherwise indicate to Seller firm quantities set forth in a Purchase Order. Buyer may, by written notice to Seller, cancel the whole or any portion of this Purchase Order without liability in the event of (i) proceedings, voluntary or involuntary, in bankruptcy or insolvency, by or against Seller; (ii) the appointment, with or without Seller’s consent, of any trustee or receiver for any substantial portion of Seller’s assets; (iii) any assignment for the benefit of Seller’s creditors; or (iv) Seller’s breach of any provision contained herein. Buyer may cancel any Purchase Order for convenience at any time in-whole or in-part prior to shipment or performance. In the event of cancellation for convenience of any Purchase Order related to the provision of products, Buyer and Seller shall negotiate reasonable compensation to Seller for the actual and reasonable expenses incurred by Seller, up to the termination date, for any finished goods, work in process or raw materials purchased solely for the account of Buyer and attributable to the firm quantities set forth in a Purchase Order; provided that Seller substantiates such expenses in a manner reasonably satisfactory to Buyer and has used reasonable efforts to mitigate such

expenses by, among other things, returning goods to Seller’s suppliers, selling to other third parties or otherwise utilizing such finished goods, work in process or raw materials. In no event shall Buyer’s liability for any cancelled order exceed the prices Buyer would have paid for the cancelled products.

**4. Prices and Payment.** The payment term set forth in this Purchase Order shall be defined in accordance with INCOTERMS 2020 published by International Chamber of Commerce without reference to its provisions on risk division. All prices shall be as stated in this Purchase Order and are firm and exclusive for all the products/services to be furnished. All applicable state and local taxes, duties and charges shall be stated separately on Seller’s invoice and shall not be included in the price of the products or services unless agreed by Buyer. Buyer may provide Seller with a tax exemption certificate where applicable. Payment shall be effected in USD unless otherwise agreed by Seller and Buyer in this Purchase Order. Unless otherwise provided in this Purchase Order, payment terms shall be 30 days from the date of Seller’s invoice. Any amount owed to Buyer or any of Buyer’s affiliates by Seller shall be subject to deduction for any set-off, counterclaim or indemnification right arising out of this or any other agreement with Seller and Buyer or any of Buyer’s affiliates.

**5. Packaging and Shipment.** All products shall be suitably packaged and marked and otherwise prepared for shipment by Seller in accordance with the packaging standard provided by Buyer (“Packaging Standard”) and the requirements of freight carriers. Seller shall mark on containers all necessary handling, loading and shipping instructions. An itemized packing list shall be included with each shipment.

**6. Delivery.** Seller shall adhere to all shipping directions specified in a Purchase Order. Notwithstanding any agreement relating to payment of freight expenses, title to any products shall pass to Buyer upon the earlier of payment by Buyer for such products and such products having been received at the specified delivery address specified by Buyer. Notwithstanding any agreement relating to payment of freight expenses, risk of loss of the products shall pass to Buyer upon such products having been received at the specified delivery address specified by Buyer. Time and place of delivery are of the essence in the performance of this Purchase Order. If delivery cannot be made at the specified time and place, Seller shall promptly notify Buyer of the earliest possible date for conforming delivery. Notwithstanding such notice, Seller’s failure to effect conforming delivery shall entitle Buyer to revoke any acceptance, to cancel this order without liability to Seller, to receive a full refund of any amounts paid, to purchase substitute products or services elsewhere, or to return at Seller’s risk and expense all or any part of a nonconforming delivery. Buyer’s receipt or acceptance of all or part of a nonconforming delivery shall not constitute a waiver of any claim, right or remedy Buyer may have under this Purchase Order or under applicable law.

Additionally, Buyer shall be entitled to penalty for Seller's late delivery. Seller and Buyer agreed that for each day past due day, the penalty shall be one percent (1%) of the whole value of Purchase Order. Any portion of a calendar day shall be deemed as one (1) full day.

**7. Inspection.** All products and services delivered hereunder are subject to inspection and acceptance at Buyer's premises notwithstanding prior payment or inspection at source. Buyer may at its own discretion choose a testing period for such inspection. Payment for products or services shall not constitute acceptance thereof. Acceptance of any products or services shall not alter or affect the warranties of Seller. Buyer shall be entitled to give notice of any defect to Seller at any time after Seller's delivery and make relevant claims for such defect against the Buyer.

**8. Warranties.** In addition to any other express or implied warranties, Seller represents and warrants that the products shall (i) be new and free from any security interests including liens or other encumbrances; (ii) be free from defects including without limitation in design, materials and workmanship, labeling and packaging; (iii) conform to their specifications, drawings, and descriptions, and approved samples (if any); (iv) shall be merchantable and shall fit for the particular purposes for which Buyer intends if the particular purposes were reasonably communicated or inferable at or before the time of placing this Purchase Order; and (v) shall conform to and be produced in conformity with all applicable state and local statutes, rules and regulations or the laws of any foreign countries. Seller represents and warrants that the products and their sale, resale, distribution or other use do not and will not infringe any patent, copyright, trade mark, trade secret or other proprietary or intellectual property rights; provided that this representation and warranty shall not apply to the extent such infringement is the direct result of Seller's strict adherence to detailed written design specifications furnished by Buyer to Seller. These warranties shall survive any delivery, inspection, acceptance, payment or resale of the products and shall extend to Buyer's customers and any end user customers. In the event of any breach of warranty, Buyer may return any products not conforming to their applicable warranties, and Seller shall, at Buyer's option, replace such product or refund their purchase price to Buyer. In addition to the above, Seller grants Buyer a warranty period for the products in three (3) years or the period that Buyer specifically requires in this Purchase Order, whichever is longer beginning from the acceptance date of Buyer. During the warranty period, Seller shall respond to Buyer for any demand of replacement of the defective products at Seller's discretion upon serving the notice within 10 working days; otherwise, Buyer has the right to purchase similar products from a third party in the open market and debit such costs/charges incurred to the account of Seller.

**9. Quality Control.** (a) Seller shall be responsible for complying with and meeting all standards set forth in Buyer's Supplier Quality Manual available at [http://www.wattswater.com/\\_company/suppliers.asp](http://www.wattswater.com/_company/suppliers.asp) ("Supplier Manual"). Seller shall implement and maintain such quality assurance standards as are reasonably necessary to provide to Buyer products that conform to the product specifications (if any) and warranties so as to meet the quality standards of Buyer or any other standards agreed to between the

parties. Seller warrants it has not made any process, material, design or manufacturing changes which might affect the performance, characteristics, reliability, form, fit, function or life of the products subject to this Purchase Order without Buyer's prior written approval. Buyer, in its sole discretion, may charge an administrative fee to Seller related to Seller's supply of non-conforming or defective goods to Buyer or Seller's failure to meet Buyer's quality standards. Seller shall notify Buyer immediately of any quality problems that it discovers. Seller shall provide competent personnel to assist in the prompt identification and resolution of any performance problems with the products. Seller shall be responsible to Buyer for the quality, performance, characteristics, reliability, form, fit, and function of all goods and components provided by any sub-tier manufacturers and suppliers used by Seller. Seller is responsible for performing any inspections or testing of products required of Seller by this Purchase Order.

(b) Buyer and Buyer's authorized representatives shall have the right prior to, during or after the manufacture and shipment of products, upon forty-eight (48) hours prior notice, to inspect and review the records, manufacturing operations and procedures of Seller during normal business hours for the purpose of making product or raw material audits, preparing data for quality control purposes, or otherwise determining compliance with the requirements of this Purchase Order. During such inspection and review, Seller shall provide Buyer with reasonable assistance without charge.

(c) In the event any of the products ordered are found at any time by Buyer to be defective or otherwise not in conformity with the requirements of the Purchase Order, including any specifications, drawings or samples, Buyer may, at its option and sole discretion, and in addition to any other rights and remedies it may have: (i) rescind the corresponding Purchase Order and/or reject and return such products at Seller's risk and expense and require Seller to refund the purchase price of such products; (ii) require Seller to inspect, remove and replace non-conforming products with products that conform to the Purchase Order; and/or (iii) upon notice to Seller, take such actions as may be required to cure all defects and/or bring the products into conformity with all the requirements of the Purchase Order. If Buyer elects option (ii) above and Seller fails to promptly make the necessary inspection, removal and replacement, Buyer may at its option inspect and sort the products, and Seller shall pay the cost thereof.

**10. Warnings and Product Recalls.** Seller must give warnings or arrange the product recalls immediately after the Seller is aware of the defects of the products during its usage in the market. Seller shall promptly inform Buyer in writing of (i) any product recall suggested or required by any governmental authority, (ii) any voluntary product recall, and (iii) any notices from any governmental authority relating to product recalls and/or defects concerning safety (including a copy of the notice). Seller shall (a) bear all costs and expenses of any product recall regardless of whether Seller or Buyer initiates the action, including any costs associated with retrieval or removal of products, the shipment of recalled items from Buyer's customers to Buyer or Seller and the shipment of replacement products to Buyer's customers and (b) reimburse Buyer for its reasonable costs and expenses incident to such recall. Subject to legal requirements, Buyer may assume primary responsibility

for communicating with its customers in connection with a recall. Each of the parties hereto agrees to notify the other in writing in the event either identifies a need for a product recall. Seller shall correct as soon as possible problems or other issues which result in recalls. Seller shall be responsible for the costs of making any changes to products required in connection with a recall.

**11. Standard of Services.** Seller represents and warrants to Buyer that any services performed by Seller and any duly appointed subcontractor shall be performed in good and workmanlike fashion with all due care, skill and diligence, and shall be carried out in accordance with this Purchase Order, in accordance with current industry standard codes of practice, consistent with the standards prevailing in the industry, and in accordance with all applicable laws. Seller shall ensure that all of its personnel, including any permitted subcontractors, are suitably qualified to perform the services and that all necessary licenses, permits and authorizations have been obtained. Buyer shall have the right to suspend any payment obligation related to the services if performance does not conform to the deliverable or quality terms set forth in this Purchase Order or if performance is delayed.

**12. Indemnification.** Seller shall indemnify, hold harmless, and at Buyer's request, defend Buyer, its successors, assigns, affiliates, officers, directors, customers, advisors agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys' fees and cost of suit, arising out of: (i) any claim relating to the death or injury to any person or persons or any damage to property resulting from any products sold or services provided by Seller, including, without limitation, the manufacture, packaging, sale, use, or advertisement of any products, design or manufacturing defects, failure to warn, failure to arrange the product recalls timely and the failure of any products to comply with their applicable specifications and warranties; (ii) any claim based on the negligence or willful misconduct of Seller or any of Seller's agents, subcontractors, employees or anyone acting on behalf of Seller; and (iii) any claim alleging that any product or service infringes a patent, copyright, trademark, trade secret, intellectual property right or other proprietary right. Seller shall not settle any suit or claim without Buyer's prior written approval, such approval not to be unreasonably withheld. Seller's obligation to indemnify, hold harmless and defend Buyer under the terms of this Section 12 is independent of and in addition to Seller's obligation to procure and maintain insurance as required in Section 13 below. Seller's insurer's position regarding insurance coverage for Buyer, as an additional insured, does not in any way modify or limit Seller's indemnification obligations hereunder.

**13. Insurance.** At its sole expense and unless otherwise agreed in writing by Buyer, Seller shall maintain with an insurance company or companies commercial general liability insurance in the minimum amount of \$3,000,000 per occurrence with an aggregate of \$3,000,000 for product liability, bodily injury (including death) and property damage and containing broad form contractual liability coverage. If Seller is providing services and unless otherwise agreed in writing by Buyer, Seller shall also maintain automobile liability insurance in the minimum amount of \$1,000,000 per occurrence, employer's liability insurance, and statutory workers' compensation

insurance as required by applicable law. The insurance policy shall include Buyer as an additional named insured, shall state that such insurance is primary insurance as regards any other insurance carried by Buyer, and include a waiver of subrogation in favor of Buyer (for the purposes of this sentence Buyer shall include Buyer's parent, subsidiaries, and affiliates). Seller shall continue to maintain such insurance following sale of the products or provision of services to Buyer. A certificate and endorsements evidencing such insurance coverage shall be filed with Buyer, and shall provide for 30-days' prior written notice to Buyer of cancellation or material change. Liability insurance limits shall not be construed to limit Buyer's right of indemnity hereunder.

**14. Confidential Information.** "Confidential Information" means: all specifications, drawings, diagrams, schematics, sketches, models, molds, tools, samples, designs, technical information, data, business plans, financials or other confidential information, furnished in writing, orally or otherwise, by Buyer or on Buyer's behalf. The Confidential Information is and shall remain Buyer's sole and exclusive property, and shall be returned promptly to Buyer or Buyer's designee (together with all copies) upon Buyer's request. During the term of this Purchase Order and for a period of five (5) years following expiration of termination of this Purchase Order, Seller shall: (a) not disclose Confidential Information except to its employees and subsidiaries who have a need to know and who are bound by confidentiality obligations substantially similar to those herein, and (b) use Confidential Information only in connection with the purposes specified in this Purchase Order. Seller shall protect the confidential information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Seller uses to protect its own confidential information of a like nature. Neither party acquires any intellectual property right under this Purchase Order. Seller may disclose Confidential Information as required by law, after prior notice to Buyer. Seller shall not, without obtaining written consent of Buyer, in any manner advertise or publish information about the Buyer or its products or that Seller has furnished products to Buyer hereunder.

**15. Non-compete.** During the term of the Purchase Order and for a period of two (2) years following the termination of the Purchase Order for any reason whatsoever, Seller shall not directly or indirectly manufacture, distribute, promote or sell any products that are the same as or similar to products manufactured for or delivered to Buyer hereunder. Otherwise, Seller shall compensate Buyer the liquidated damage at an amount equal to two (2) times of the amount Seller received from such activities.

**16. Use of Other Party's Name.** Except as necessary to perform their obligations under this Purchase Order, neither party may make any reference to the other party, its trademarks or trade names in advertising, public announcements, or promotional materials without express written permission from the other party. The fact that the Buyer is a customer of Seller shall be treated as confidential information and Seller shall not identify Buyer as one of its customers unless Buyer gives its written permission.

**17. Tools and Equipment.** All tools, dies, molds, patterns, jigs, masks and other equipment and materials furnished by

Buyer to Seller or paid for by Buyer, directly or indirectly, and any replacements, shall be and remain Buyer's property. Seller shall safely store such property, shall plainly identify such property as Buyer's property and shall not use such property except in filling this or other Purchase Orders for Buyer. If Buyer provides or makes available to Seller, or if Seller makes, produces, creates, conceives, invents or acquires for Buyer any information, data, plans, works of authorship, inventions, concepts, specifications, drawings, designs, copyrights, trademarks, patents, trade secrets, or other intellectual property, in any written, verbal, electronic, visual, or other form, including, without limitation, as part of any tools, equipment, samples, models, prototypes or products, Buyer shall be the exclusive owner of all the foregoing proprietary rights and Seller hereby assigns to Buyer any and all rights in and to any such foregoing that Seller might otherwise have or acquire; if any part of the products is based on, incorporates, or is an improvement or derivative of, or cannot be reasonably and fully used, distributed, and otherwise exploited by Buyer without using or violating intellectual property rights owned or licensed by Seller and not assigned under these terms and conditions, then Seller hereby grants to Buyer a perpetual, irrevocable, worldwide royalty-free, non-exclusive, sub-licenseable right and license to exploit and exercise all such intellectual property rights in support of Buyer's exploitation, assembling and resale of such products in its business. Seller shall not in any event and for any cause contest Buyer or its customers based on the above right or any associated intellectual property rights.

**18. Compliance.** (a) Seller acknowledges that Buyer's directors, officers and employees are subject to the Watts Code of Conduct and Business Ethics (the "Code"), available at <http://www.wattswater.com/investors/codeofconduct.asp>. Seller shall comply with the Code and that it shall not take any action which would cause any director, officer or employee of Buyer to violate the Code. Seller shall comply with the provisions of Buyer's Principles of Supplier Conduct set forth in the Supplier Manual in the performance of this Purchase Order. In addition, Seller shall comply with Buyer's Global Anti-Human Trafficking Policy available at <http://www.wattswater.com/company/suppliers.asp>. (b) Seller represents, warrants and covenants that all of the Products delivered and/or services rendered hereunder will be and will have been produced and/or provided in compliance with all applicable laws, rules, regulations, orders, treaties and other requirements of federal, state and local governments and agencies thereof, and that Seller, Seller's business and all property used therein do and will comply with all applicable laws, rules, regulations, orders, treaties and other requirements of federal, state and local governments and agencies thereof. Seller agrees to furnish Buyer a certificate of compliance with any such laws in such form as may be requested by Buyer. Seller shall, at its sole cost, secure and maintain all necessary licenses, permits, authorizations, product listings and approvals or other approvals required for the operation of Seller's business or any property used therein, for the sale of products or as necessary for Seller's performance hereunder. Seller shall immediately notify Buyer in the event that Seller is not in compliance with any provision of this Section. Seller undertakes to take all necessary actions as required by applicable law and comply with all applicable law relating to

the importation or exportation of goods, including the exportation of Products. Such actions shall include, but are not limited to, processing of all necessary customs procedures, payment of import/ export taxes, completion and maintenance of documentation and provision of accurate information to all customs authorities. As set forth in Buyer's Supplier Manual, Seller shall not utilize forced or involuntary labor, regardless of its form, employ any child under the age of fifteen (15), except as part of a government approved job training, apprenticeship or similar program, or engage in any abusive employment practices. (c) In connection with the performance of this Purchase Order, Seller (i) shall comply with the provisions of the U.S. Foreign Corrupt Practices Act and similar laws of other countries, where applicable, and shall not take any action that may cause Buyer to be in violation of such laws; (ii) shall not make any payment or transfer anything of value with the purpose or effect of public or commercial bribery, extortion or kickbacks; and (iii) shall not engage in any other corrupt business practices or other improper means of obtaining business in violation of applicable law or Buyer's policies and principles of business conduct referenced herein. Upon request, Seller shall certify to Buyer its compliance with applicable anti corruption laws in a form reasonably acceptable to Buyer. (d) Buyer is subject to disclosure and reporting obligations regarding its use of tin, tantalum, tungsten and gold ("conflict minerals") that are imposed by Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission's related regulations. Seller shall comply with the provisions of Buyer's Conflict Minerals Policy available at <http://www.wattswater.com/company/suppliers.asp>, including without limitation the supplier due diligence measures implemented by Buyer pursuant thereto, which measures Buyer has designed to be in conformity in all material respects with the criteria set forth in the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk-Areas published by the Organization for Economic Cooperation and Development ("OECD"), and related supplements for conflict minerals. Seller agrees that it (i) shall cooperate with Buyer's information requests concerning the presence and origin of conflict minerals in Seller's products supplied to Buyer, (ii) shall exercise due diligence on the source and chain of custody of conflict minerals in Seller's supply chain, and (iii) shall make its due diligence results available to Buyer upon request. Seller is responsible for establishing processes to communicate the requirements set forth in this Section to its suppliers and to monitor its suppliers' compliance with these requirements. Seller acknowledges that Buyer shall be relying upon the conflict minerals information supplied by Seller in meeting Buyer's disclosure and reporting obligations under applicable law. Seller agrees to notify Buyer promptly if any facts subsequently arise that would make the conflict minerals information previously submitted to Buyer inaccurate. (e) The provisions of Schedule A attached hereto shall apply to the extent Seller's products and services are provided pursuant to or in support of a contract or agreement for the supply of goods or services to any agency or instrumentality of the U.S. Government.

**19. Certificates of Origin.** Seller shall promptly furnish Buyer with all certificates of origin and domestic value-added and

other information relating to the costs and places of origin of the products 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, including, without limitation, marking products with Country of Origin according to prevailing regulations as indicated by Buyer. Seller shall comply with all such regulations. Seller will indemnify and hold Buyer harmless from and against all liabilities, demands, claims, damages and expenses of any kind or nature (including attorney fees) arising or resulting from any delay in furnishing such certificates or other information, any errors or omissions contained in such certificates and any non-compliance by Seller with such regulations.

**20. Assignment.** Seller shall not subcontract, delegate or assign any duties, rights or claims under this Purchase Order unless agreed in writing by Buyer, and in such case, Seller shall be liable for and shall ensure that its subcontractors comply with the requirements of these Terms and Conditions. For purposes of this Section, any delegation, sub-contracting or change of control shall be deemed as an assignment.

**21. Force Majeure.** If performance other than payment for this Purchase Order by Seller or Buyer is prevented or delayed by reason of any of the following causes (provided that they are beyond the control of, and without the fault of, the party affected, and cannot be prevented, avoided or overcome by the affected party taking all reasonable steps): (a) act of God, earthquake, cyclone, fire, explosion, flood, landslide, lightning, storm, tempest, drought or meteor; (b) war (declared or undeclared), invasion, act of a foreign enemy, hostilities between nations, civil insurrection or militarily usurped power; (c) act of public enemy, sabotage, malicious damage, terrorism or civil unrest; (d) ionizing radiation or contamination by radioactivity from any nuclear waste or from combustion of nuclear fuel; (e) confiscation, nationalization, requisition, expropriation, prohibition, embargo, restraint or damage to property by or under the order of any government or government authority; or (f) strikes, blockades, lock out or other industrial disputes, then the party affected shall be excused from such performance to the extent that it is necessarily prevented or delayed thereby, during the period of any such cause, and this Purchase Order shall be deemed suspended for such period. However, after ninety (90) consecutive days of such suspension on the part of one party, the other party may terminate without liability for its obligations under this Purchase Order. In order to obtain a suspension, the party invoking Force Majeure shall send written notice thereof to the other within a reasonable time after the invoking party knew or should have known that performance would be delayed or prevented due to the Force Majeure.

**22. Governing Law.** This Purchase Order and the rights and obligations of the parties hereunder shall be governed by the laws of Victoria, Australia.

**23. Dispute Resolutions.** Unless otherwise agreed by the parties, any dispute arising out of or in connection with this Purchase Order, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by a competent court in Australia.

**24. Severability; Remedies; Waiver; Survival.** In the event that any one or more provisions contained in this Purchase

Order shall be held by a court of competent jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions contained herein shall not in any way be affected thereby. The remedies contained herein are cumulative and in addition to any other remedies at law or equity. Buyer's failure to enforce, or waiver of a breach of, any provision of this Purchase Order shall not constitute a waiver of any other breach or of such provision. All of Seller's obligations set forth in this Purchase Order (other than the obligation to deliver the products covered hereby) shall survive the cancellation, termination, termination or completion of this Purchase Order.

**25. Independent Contractor.** The parties are independent contractors, and nothing in this Purchase Order shall be construed as creating an employment relationship, a partnership, a joint venture or other form of business organization or combination of any kind between the parties. Neither party will at any time nor in any way represent itself as being a dealer, agent or other representative of the other party or as having authority to assume or create obligations or otherwise act in any manner on behalf of the other party, except to the extent agreed upon herein, or as may be otherwise agreed by the parties in writing.

**26. Entire Agreement.** This Purchase Order, including these Terms and Conditions and the Supplier Manual and Packaging Standard referenced herein, together with any confidentiality agreement previously executed by the parties (if applicable), is the complete and exclusive statement of the contract between Buyer and Seller with respect to Buyer's purchase of the products or services. No waiver, consent, modification, amendment or change of the terms of this Purchase Order shall be binding unless in writing and signed by Buyer and Seller. Any term or condition incorporated in Seller's purchase order(s), order acknowledgement(s) or any other document provided to Buyer by Seller which is in any way different from, inconsistent with or in addition to these Terms and Conditions of this Purchase Order shall be of no effect, shall not apply to the purchase and sale of products or services between the parties, and shall not become a part of a contract between the parties or be binding upon Buyer. Buyer's failure to object to terms contained in any communication from Seller will not be a waiver of the terms set forth herein. Seller shall not condition any delivery upon the abrogation or modification of any of these Terms and Conditions included in this Purchase Order.

## **PART 2: SPECIAL TERMS AND CONDITIONS FOR OEM TRADE**

**27. Grant of License.** Buyer hereby grants and Seller hereby accepts a non-exclusive, non-transferable and non-assignable license, without the right to sublicense or make modifications, (a) to manufacture the products as described in Purchase Order at Seller's facility and (b) to use Buyer's intellectual property related to the products, solely for the purpose of manufacturing the products for and selling them to Buyer or any designee of Buyer.

**28. Trademark/Logo/Trade Name.** Only to the extent of for the purpose of enabling Seller to perform its obligations under this Purchase Order, Buyer hereby authorizes Seller to place Buyer's trademarks/logos/trade names in accordance with the

applicable policies as provided by Buyer on the products including packaging materials. Seller may not use or authorize others to use Buyer's trademarks/logos/trade names to advertise or promote its activities, products, services or business without prior written consent from Buyer. Seller may not take or authorize any action detrimental to Buyer's rights to its trademarks/logos/trade names and any benefit accruing from use of such trademarks/logos/trade names shall automatically vest in Buyer. Seller hereby agrees that upon the written notice by Buyer at any time or upon the cancellation or termination of this Purchase Order, (a) unless otherwise instructed in writing by Buyer, Seller shall promptly deliver to Buyer or destroy, as instructed by Buyer in writing and at the expenses of Seller, all packaging materials, labels and all promotional and other materials in Seller's possession in respect of the products; (b) all artwork, plates and other aids used by Seller uniquely for the manufacturing of the products shall be the sole property of Buyer and as per written instructions from Buyer shall be promptly returned to Buyer or disposed by Seller at the expenses of Seller, as the case may be.

**29. Proprietary Rights.** Seller acknowledges and agrees to the following: (a) except as expressly provided herein, Buyer retains all rights in and to Buyer's intellectual property; (b) ownership of Buyer's intellectual property shall not pass to Seller pursuant to this Purchase Order; and (c) Seller has no right or interest in Buyer's intellectual property except as expressly provided in this Purchase Order. Without limiting the generality of the foregoing, Seller expressly acknowledges that Buyer is the owner of all technology, drawings, other documentation (including without limitation the specifications) as well as all of the intellectual rights involved and to be involved in the manufacture of the products as the property of Seller.

**30. New Intellectual Property.** In the event that, during the manufacture of the products, Seller solely or jointly develops any new intellectual property (the "New IP"), whether or not patentable, Buyer shall own or hereby be assigned and conveyed from the moment of its creation without any charge to Buyer all right and interest in such New IP, subject to a license to Seller solely to use such New IP in manufacturing the products in accordance with the provisions of this Purchase Order.

**31. Exclusive Right to Output.** Buyer shall have the exclusive right to purchase Seller's output of the products and any products derived from the specifications and/or Buyer's intellectual property (the "Derived Products"). Seller shall not sell, disclose, or distribute any products or Derived Products to any party other than Buyer without Buyer's prior written authorization.

**32. Restrictions.** Seller shall not market, promote, sell, use or distribute any products carrying Buyer's trademarks/logos/trade names to anyone else except for Buyer. Buyer reserves itself all rights not expressly granted to Seller under this Purchase Order. Seller shall not conduct or permit (a) any reverse engineering, reformatting, recasting, disassembly or de-compilation of the products; or (b) the modification, or merging into any other products or software of the products or Buyer's intellectual property.

**33. Protection and Enforcement.** At all times during the Term and thereafter, Buyer shall have the discretion to take whatever steps it deems necessary to protect and enforce its rights in

Buyer's intellectual property being licensed hereunder. (a) Seller shall at its own cost return to Buyer or its designee or destroy as directed by Buyer all documents, files, information and materials that contain, refer to, or relate to Buyer's intellectual property, (i) within thirty (30) days of the expiration, cancellation or termination of this Purchase Order and completion of Seller's obligations hereunder, and (ii) at any time Buyer so requests within thirty (30) days of Buyer's written request. Seller shall deliver to Buyer written certification of its compliance with this paragraph signed by an authorized representative of Seller. (b) Buyer may make claims and initiate actions to protect Buyer's intellectual property. Seller shall render Buyer full support as Buyer may deem it necessary. Such support shall include but not limited to submission to Buyer any documentation or joining the proceedings as one party at Buyer's request to support Buyer's claims. Buyer shall be responsible for the reasonable costs as may be incurred on the part of Seller in rendering such support unless such proceedings arise from any breach by Seller of any provisions of this Purchase Order. All recoveries from such claims or actions shall be the sole and exclusive property of Buyer.

**34. Manufacturing.** Seller shall at its own expenses and risks manufacture, assemble, test and package the products on behalf of Buyer, and supply them only to or at the direction of Buyer, in strict accordance with the product specifications. Prior to commencing the manufacture of the products under this Purchase Order, Seller shall submit to Buyer samples of such products (the "Seller Sample") for test and evaluation by Buyer. Upon verification by Buyer, all such Seller Sample shall be retained at the place of Buyer for future reference. If any such samples fail on two (2) successive occasions to meet the testing requirements, Buyer may immediately terminate this Purchase Order upon written notice to Seller without any further obligations to Seller. Seller shall have to acquire Buyer's prior written consent to make any changes to specifications, manufacturing process, source of supply, business operations, or any other condition that has the potential to impact Buyer. Any change without prior written approval by Buyer shall entitle Buyer to cancel this Purchase Order.

**35. No subcontract.** Seller shall not subcontract any Purchase Order or any portion thereof for products placed by Buyer (the "Subcontract") unless otherwise approved in writing by Buyer. In any case, Seller shall still be directly liable to Buyer regardless of any such subcontract arrangements.

**36. The Place of Seller's Facility.** Seller shall not change its manufacturing location(s) without prior written approval by Buyer. Any relocation by Seller without prior written approval by Buyer shall entitle Buyer to terminate the Purchase Order.

**37. Packing and Marking.** Seller shall pack and mark all products in accordance with Buyer's packing specifications. All shipping cartons for the products shall bear external artwork and labeling in accordance with the specifications and requirement of Buyer. Seller shall be responsible for any country-specific customs "country of origin" marking requirements and mark products, service parts and corresponding packaging with the appropriate "country of origin" markings.

**38. Remedies.** Any breach under these special terms and conditions shall constitute a material breach of this Purchase Order and the terms and conditions. Save for the other rights and compensations that Buyer can reasonably enjoy under

competent laws and regulations as well as the provisions of these terms and conditions at other part(s), Buyer has the right to terminate this Purchase Order immediately without further notice and Seller shall return all the payment that has been paid

with the amount to be declared at the sole discretion of Buyer; and in the meantime Seller shall pay Buyer two(2) times of all the receivables deriving from any unpermitted promotion, sales, distribution and market as a compensation.

**Seller acknowledges that it has read and understood all the contents of these Terms and Conditions and hereby agrees to apply and abide by them with respect to all Purchase Orders accepted from Buyer.**

**Authorized Signature:** \_\_\_\_\_

**Seller:** \_\_\_\_\_

**Date:** \_\_\_\_\_



## Schedule A

1. Seller represents that it has complied with, and shall (at its own cost and expense) fully comply with, all applicable laws and regulations associated with providing goods or services to the U.S. Government.
2. Seller hereby represents and warrants that Seller is not debarred, suspended, or proposed for debarment by any agency or department of the U.S. Government, and shall notify Buyer immediately if Seller is suspended, debarred or proposed for debarment during the term of this Purchase Order.
3. At a minimum, Seller shall, at its own cost and expense, fully comply with all applicable clauses from Title 48 of the Code of Federal Regulations (the "FAR"), which are hereby incorporated by reference into this Purchase Order where applicable and form a part of the terms and conditions of this Purchase Order. The full text of the FAR clauses may be found at <http://www.acquisition.gov/>. The effective version of each FAR clause shall be the same version in effect at the date of this Purchase Order. Seller agrees to flow down all applicable FAR clauses to lower-tier subcontractors, as required. In all clauses, the terms "Government", "United States", "Contracting Officer" shall mean Buyer in order to effect the proper intent of the provision. Clauses that are not applicable by their terms are deemed self-deleting, shall not be removed from this document, and will be considered by all parties to be without force and effect. The applicable FAR clauses shall include but are not limited to the following:

Title of Provision	FAR Clause
Contractor Code of Business Ethics and Conduct	52.203-13
Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements	52.203-19
Basic Safeguarding of Covered Contractor Information Systems	52.204-21
Utilization of Small Business Concerns	52.219-8
Nondisplacement of Qualified Workers	52.222-17
Prohibition of Segregated Facilities	52.222-21
Equal Opportunity	52.222-26
Equal Opportunity for Veterans	52.222-35
Equal Opportunity for Workers with Disabilities	52.222-36
Employment Reports on Veterans	52.222-37
Notification of Employee Rights Under the National Labor Relations Act	52.222-40
Service Contract Labor Standards	52.222-41
Combating Trafficking in Persons and Alternate I	52.222-50
Exemption from Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements	52.222-51
Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Services-Requirements	52.222-53
Employment Eligibility Verification	52.222-54
Minimum Wages under Executive Order 13658	52.222-55
Paid Sick Leave Under Executive Order 13706	52.222-62
Privacy Training and Alternate I	52.224-3



Contractors Performing Private Security Functions Outside the United States	52.225-26
Promoting Excess Food Donation to Nonprofit Organizations	52.226-6
Providing Accelerated Payments to Small Business Subcontractors	52.232-40
Preference for Privately Owned U.S.-Flag Commercial Vessels	52.247-64