

Component Engineers Inc. Purchase Order Terms & Conditions for Suppliers

(1) ACCEPTANCE - Neither Component Engineers, Inc. ("Buyer") nor Seller shall be bound by this order until Seller returns to the Buyer the acknowledgment copy of this form, properly completed or Seller otherwise expresses its acceptance of the order or Seller delivers to Buyer any of the goods ordered, whichever first occurs. In any event, acceptance of the order shall be upon the terms and conditions stated on the Purchase Order, and any proposed additions or modifications thereof are rejected and shall not bind Buyer unless expressly assented to in writing by Buyer. All specifications and data submitted to the Seller with this order are incorporated herein. All warranties, agreements, and representations herein or herewith made shall survive the delivery and acceptance of the goods which are the subject of this Purchase Order.

(2) PAYMENT TERMS - Payment terms shall be as stated in the Purchase Order.

(3) CHANGES - The Buyer reserves the right at any time to make written changes in this order including method of shipment or packing, and time, place and manner of delivery. If any such change causes an increase or decrease in the cost of time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both. Any claim by Seller for adjustment under this clause must be approved by Buyer in writing before the Seller proceeds with such change. Price increases shall not be binding on Buyer unless evidenced by a Purchase Order signed by Buyer.

(4) DELIVERY - Time is of the essence in this contract, and if delivery of goods is not made in the quantities and at the time specified, Buyer reserves the right, without liability, and in addition to its other rights and remedies, to direct expedited routing of goods (the difference in cost between the expedited routing and the normal routing costs shall be paid by Seller); or terminate this contract by notice effective when received by Seller as to stated goods not yet shipped, and to purchase substitute goods or services elsewhere, in which event Seller shall be liable for any loss incurred. Seller shall be liable for any excess transportation charges, delays or claims resulting from Seller's deviation from agreed routing instructions. When Seller has reason to believe that deliveries will not be made as scheduled, Seller will immediately give written notice setting forth the cause of the anticipated delay to Buyer. Buyer will have no liability for payment for goods delivered to Buyer which are in excess of quantities specified in this contract. Such goods shall be subject to rejection and return at Seller's expense, including transportation charges both ways. Buyer shall not be liable for any material or production costs incurred by Seller in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedule.

(5) INSPECTION AND ACCEPTANCE - Payment for any goods under this contract shall not constitute acceptance thereof. All goods purchased hereunder are subject to inspection at Buyer's destination either before or after payment. Buyer reserves the right to refuse acceptance of goods which are not in accordance with instructions, specifications or Seller's warranties (express or implied). Goods not accepted will be returned to Seller for full credit or replacement (at Buyer's option) and at Seller's risk and expense, including transportation charges both ways. No replacement of rejected goods shall be made unless specified by Buyer in writing. Buyer shall not be liable for failure to accept any part of the goods if such failure is the result of any cause beyond the control of the Buyer, including (without limitation) fires, floods, acts of God, strikes, labor disputes, casualties, delays in transportation, inability to obtain necessary materials or machinery, or total or partial shutdown of Buyer's plant. Acceptance of all or any part of the goods shall not bind Buyer to accept any future shipments, not be deemed to be a waiver of Buyer's right either to cancel or to return all or any portion of the goods because of failure to conform to this contract, or by reason of defects, latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs, damage to materials or articles caused by improper boxing, crating or packing, and loss of profits or other special damages occasioned by the Buyer. Such shall be in addition to any other remedies provided by law.

(6) INSPECTION OF RECORDS AND FACILITIES - All materials and workmanship, as well as facilities where they are produced, will be subject to inspection and tests by the Buyer and/or applicable regulatory agency during manufacture and at all times and places to the extent practicable and allowable in accordance with signed non-disclosure agreements. Seller agrees to provide test specimens for design approval, inspection/verification, investigation, or auditing, as required. Nonconforming product found by the Buyer may result in a Corrective Action Request (CAR) being issued to the Seller. This must be responded to within the time specified on the request, or an additional CAR may be issued. Seller shall flow down all applicable requirements, including customer requirements to all subcontractors, and shall require all of Seller's subcontractors to provide full opportunity for such inspections in a manner acceptable to the inspectors. If an inspection or test is made on Seller's premises, Seller shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. Buyer shall have the right for itself and on behalf of its customers to audit the quality management system of the Seller, with a minimum of 30 days' notice. Seller will be evaluated for quality and delivery on a continual basis. Records applicable to product quality shall be retained for a 7-year period, or for a period specified in the Purchase Order.

(7) PACKING AND CONTAINERS - No charges for packing, containers or transportation will be allowed unless specified on the face of this order. Seller shall be liable for damages to materials or articles caused by improper boxing.

(8) SELLER'S WARRANTIES - Seller hereby warrants that all of the goods furnished shall be of merchantable quality and fit for Buyer's purposes and that they shall conform to Buyer's specifications. In the event that nonconforming product is discovered prior to shipment, Seller warrants that written approval from Buyer shall be obtained for any use-as-is or repair decisions. Seller warrants that the goods furnished shall conform to all representations, affirmations, promises, descriptions, samples or models forming the inducement to enter this contract. Seller acknowledges that all technical information in the nature of product data which is supplied Seller to help facilitate performance of this contract, shall be considered as, and kept confidential by Seller, its agents, end employees, and Seller warrants that it will prevent disclosure or use of any such information either directly or by incorporation of such information in manufacturing products for others. Seller further warrants that in the performance of this order it will have complied with all applicable laws of the federal government or of any state or municipal government, and that, with respect to the production of the goods covered by this order, it has fully complied with all provisions of the Fair Labor Standards Act. Seller agrees that these warranties shall survive acceptance of the goods. These warranties shall be in addition to any warranties and no other express or implied warranties shall be deemed disclaimed or excluded except in writing.

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Seller warrants that any changes to the Quality Management System that was in place on inclusion to the Approved Supplier List will be communicated to the Buyer prior to the commencement of any production activities. Seller warrants that all personnel involved in the production and inspection of the finished goods will be adequately trained to perform their functions, and are aware of their contribution to product conformity, product safety, and the importance of ethical behavior. Seller warrants that all necessary precautions for the prevention of the entry of counterfeit parts into the supply chain will be taken. Seller warrants that any changes in the material or approved production process will be communicated to the Buyer prior to making the changes, and will obtain written approval from the Buyer prior to the start of production. Seller warrants that only qualified external suppliers shall be used, and all applicable requirements from the purchase order shall be flowed down.

(9) INDEMNIFICATION - Seller agrees to indemnify and save Buyer, its subsidiaries, affiliates, and agents, harmless from any and all losses, expenses, awards, and damages, including court costs and reasonable attorney's fees, related in any way to this contract (including, without limitation, those arising from claims of patent, trademark, or copyright infringement or unfair competition) except as to goods manufactured entirely to Buyer's specifications. Buyer shall be entitled to recover any and all costs and expenses incurred by Buyer or payable to third parties for labor, removal, reworking, scrapping and any other costs or transportation expenses necessitated by Seller's breach. Upon receipt of notice, Seller will promptly assume full responsibility for the defense of any suit or proceeding arising out of this Agreement or in any way relating to the goods to which Buyer, its subsidiaries, affiliates, or agents, for any reason may be a party.

(10) CANCELLATION - Buyer shall have the right to cancel all or any portion of this order upon Seller's failure to meet delivery schedules as specified herein; for breach of any term appearing in this contract; or, if Seller is adjudicated bankrupt or commits an act of bankruptcy; or if any warranty or representation made by Seller is false in any material respect. If Seller's failure to perform is due to circumstances beyond Seller's reasonable control, cancellation shall be deemed to have been made under Paragraph 9 below entitled "Termination". Such right of cancellation is in addition to, and not in lieu of, any other remedies which Buyer may have.

(11) TERMINATION - Buyer may terminate performance under this contract in whole or in part by written notice. Upon receipt of notice Seller will terminate all work in progress and advise Buyer of the value of work completed and materials purchased prior to notice, and the most favorable disposition Seller can make thereof. Buyer will pay the pro-rata share of the contract price for finished work accepted by Buyer and reimburse Seller for cost of work in process and materials not allocable to other work. Such payments shall be determined in accordance with generally accepted accounting principles, less value received by Seller for items used or resold by the Seller. Buyer shall not be liable for the cost of defective, damaged, or destroyed goods or material. In no event will payments made under this clause exceed the aggregate contract price less payments made and adjustments allowed in settlement of the contract. This clause shall constitute Seller's exclusive remedy in the event this order is terminated by Buyer as provided herein. This clause will not apply to any cancellation by the Buyer for default by the Seller or for any other cause allowed by law under this Purchase Order.

(12) WAIVER - Failure of Buyer to require performance of any of the terms, covenants, or conditions of this contract or to exercise any right hereunder, shall not be construed as a waiver of the future performance of any such terms, covenants, or conditions, or the further exercise of such right, and the obligation of Seller with respect to such future performance shall continue in full force and effect.

(13) ASSIGNMENT - No work under this contract shall be assigned nor shall Seller subcontract for completed or substantially completed goods which are the subject of this contract without Buyer's prior written consent. Upon approval, all applicable requirements, including key characteristics, shall be flowed down to sub-tier suppliers. Seller may be required to use Buyer approved sources for special processes.

(14) TRADEMARKS - If this Agreement deals with goods with Buyer's private labeling, trademarks, service marks, trade names, distinctive words, copyrights, logos, pictures, or designs ("Properties") Seller shall not under any circumstances sell or otherwise transfer such goods to third persons until the Properties have been physically removed or completely obliterated from the goods and all packaging.

(15) BUYER'S SPECIAL FEATURES - All merchandise designs and mechanical features which have been supplied by Buyer to Seller, or which are distinctive of Buyer's private label merchandise or trademarks ("Special Features"), shall be the sole property of Buyer and shall be used only in merchandise manufactured for Buyer. Buyer may use the Special Features in merchandise manufactured by others and obtain such legal protection as may be available for the Special Features including, without limitation, patents, design patents, copyrights and trademarks. Seller shall execute any and all instruments deemed by Buyer to be necessary or desirable to obtain such protection in all countries of the world.

(16) GOVERNING LAW - This Purchase Order shall be governed by and construed in accordance with the laws of the State of Connecticut. Seller consents to the jurisdiction of the courts located in the State of Connecticut with respect to all matters relating hereto and waives any objection it may have to the laying of venue in any such court.

(17) ENTIRE CONTRACT - These terms and conditions and the attached Purchase Order constitute the entire agreement between the parties, and no modification of this agreement shall be binding except as provided in paragraph 3 above.