

## **Modineer Company Purchase Order Requirements**

Seller agrees to comply with all federal, state, local and foreign laws, Executive Orders, rules, regulations and ordinances that may be applicable to Seller's performance of its obligations under each Order, and each Order shall be deemed to incorporate by reference all the clauses required by the provisions of said laws, orders, rules, regulations and ordinances. All purchased materials used in manufacture of the Goods shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.

Purchaser will denote when Goods and/or Services are designated as part of Government Contract DAAE07-01-C-SOO1, Priority DOA4, which certifies the Order for "National Defense Use". Seller is required to follow all provisions of the Defense Priorities and Allocations System Regulation (15 CFR 700).

Seller is responsible for any incorrect information provided by Seller or any non-compliance with the U.S. Customs Regulations by Seller that results in penalties and/or duties for Purchaser. Seller also acknowledges and agrees to adhere to all security procedures required by the Customs-Trade Partnership Against Terrorism (C-TPAT). Seller shall share with Purchaser any audit or inspection information related to C-TPAT inspection and/or validation at Seller's location.

Seller agrees to properly pack, mark and ship Goods in accordance with the requirements of Purchaser and the involved carrier in a manner to secure the lowest transportation cost AND route shipment in accordance with Purchaser's instructions.

Deliveries shall be made both in quantities and at times specified on the Order or on Releases furnished by Purchaser. Time and quantity of delivery are of the essence of each Order. Seller shall adhere to shipping directions specified on the Order or Releases. Purchaser shall not be required to make payment for Goods delivered to Purchaser that are in excess of firm quantities and delivery schedules specified in Purchaser's Releases. Purchaser may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither or which shall entitle Seller to a modification of the price of Goods covered by any Order.

Premium shipping expenses and/or other related expenses necessary to meet delivery schedules set forth in Release's shall be Seller's sole responsibility, unless the delay or expense was solely the result of Purchaser's negligence and Seller provides Purchaser with notice of any claim against Purchaser within ten (10) days after the occurrence of the alleged negligent action of Purchaser giving rise to such a claim.

Any packaging made of wood (including pallets) must conform to the international softwood standards, including USDA Regulations on Wood Packaging Materials Imports. In the event Seller fails to comply with such standards, Seller shall be liable for all related replacement and transportation costs.

Seller agrees to participate in Purchaser's quality and development program(s) and to comply with all quality requirements and procedures, specified by Purchaser, as revised from time to time. Based on Purchaser's assessment of responsibility, Seller may be held responsible for any and all costs associated with quality issue investigations, containment and Remedial Actions on account of Goods provided by Seller to Purchaser (including third party activities identified and initiated by Purchaser). Seller is obligated to provide any and all reasonable support requested by Purchaser to address immediately and correct concerns regarding the quality of Goods provided. Seller shall provide additional resources, as necessary and as identified by Purchaser, to support product development, process development, validation, production launch, or any issue that may jeopardize the success of the manufacture or assembly of any Goods or of the program.

Seller is responsible for all sub-tier providers of goods or services. Seller must maintain adequate development, validation, launch, and ongoing supervision to assure all Goods provided to Purchaser conform to all specifications, standards, drawings, samples and descriptions, including without limitation, as to quality, performance, fit, form, function and appearance, under the Order.

If Purchaser furnished or supplied Seller with any designs, drawings, specifications, blueprints or other materials that contain proprietary information, Seller shall not disclose or use for the benefit of Seller or others such designs, drawings, specifications, blueprints or other material including any copies, thereof, except as approved by Purchaser on the face of an Order or Order amendment or in a Signed Writing by Purchaser's Purchasing Authority.

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Seller agrees to participate in Purchaser's cost savings and productivity programs and initiatives and to implement Seller's own cost savings and productivity programs and initiatives to reduce Seller's costs. Seller initiated process changes must be reviewed and approved by the Purchaser prior to implementation and shipment of affected Goods or Services. In the event Seller fails to notify the Purchaser in advance, Seller shall be liable for replacement and other related costs.