

TERMS AND CONDITIONS OF PURCHASE

- 1. ACCEPTANCE:** NO TERMS AND CONDITIONS OTHER THAN THE TERMS AND CONDITIONS SET FORTH IN THIS REQUEST FOR QUOTATION AND/OR PURCHASE ORDER, INCLUDING ANY TERMS AND CONDITIONS IN ANY DOCUMENTS ATTACHED TO OR INCORPORATED BY REFERENCE, SHALL BE BINDING UPON AFGLOBAL CORPORATION AND ITS SUBSIDIARIES ("BUYER"), UNLESS ACCEPTED BY BUYER IN WRITING, SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BUYER. TERMS AND CONDITIONS CONTAINED IN ANY ACKNOWLEDGMENT OF THIS REQUEST FOR QUOTATION/PURCHASE ORDER WHICH ARE DIFFERENT FROM OR IN ADDITION TO THESE TERMS AND CONDITIONS ARE HEREBY OBJECTED TO BY BUYER WITHOUT NEED OF FURTHER OBJECTION AND SHALL BE OF NO EFFECT NOR IN ANY CIRCUMSTANCES BINDING UPON BUYER; SELLER WILL BE DEEMED TO HAVE ASSENTED TO ALL TERMS AND CONDITIONS CONTAINED HEREIN IF ANY PART OF THE GOODS COVERED ARE SHIPPED.
- 2. ETHICAL BEHAVIOR:** The AFGlobal Corporation will conduct all business in an acceptable ethical manner.
- 3. DELIVERIES:** If Seller, for any reason does not comply with Buyer's delivery schedule, Buyer, in addition to any other rights, may either approve a revised delivery schedule or may terminate such purchase order without liability to Seller on account thereof.
- 4. PRICES AND PAYMENTS:** Seller's prices shall not be higher than last quoted or charged to Buyer or as stated on the face of the purchase order. No charges by Seller will be allowed for transportation, boxing, crating, or other packaging unless agreed to herein. The prices quoted herein include an allowance for all taxes levied by any governmental authority which Seller is required to pay or collect with respect to production, sale, or shipment of the ordered materials. In case of new taxes or the reduction of tax rates, Buyer shall be informed of such changes and the order price shall be adjusted accordingly. Unless otherwise stated on the face of the purchase order, Buyer shall initiate payment on or before sixty (60) days from the Payment Start Date. The Payment Start Date is the latest of the required due date on the purchase order or the date of receipt of valid invoice by Buyer. Seller's invoice shall in all cases bear Buyer's purchase order number and shall be issued no later than one hundred and twenty (120) days after receipt of the goods and/or completed services by the Buyer.
- 5. WARRANTY:** Seller warrants that goods or services supplied hereunder will be of good workmanship and material, free from defects and in accordance with specifications, and adequate for their intended use. The terms of this paragraph shall apply whether or not the goods or services provided are subject to the Uniform Commercial Code.
- 6. HOLD HARMLESS:** Seller agrees to indemnify and hold harmless Buyer from any and all loss, damage, liability, or expense of whatever nature or cause arising out of any conduct, act or omission of Seller in complying with a purchase order. The foregoing includes without limitation injury or damage to the person or property of Buyer, Seller, or any third party and their respective employees, agents and independent contractors. Seller agrees to maintain and will furnish to Buyer upon request evidence of contractual liability insurance covering the above indemnity agreement in an amount acceptable to Buyer. In the event of material change or cancellation of the insurance, ten (10) days prior notice must be given by the insurance company or agent issuing a certificate to Buyer and must be so indicated on the certificate.
- 7. PATENTS:** Seller warrants that the material purchased hereunder does not infringe on any letter patent granted by the United States of America and agrees to hold harmless and protect Buyer, its successors, assigns, customers, and users from infringement claims.
- 8. STATUTORY COMPLIANCE:** Seller warrants that all materials and services furnished under this request for quotation/purchase order, including the manufacture and sale thereof, conform to all applicable federal, state, and local statutes, regulations, and ordinances, including the Fair Labor Standards Act of 1958, as amended.
- 9. QUALITY EXPECTATIONS:** The requirements and conditions as spelled out in the AFGlobal Supplier Quality Manual, the latest revision of which can be located at "afglobalcorp.com/about us/supplier center", apply to all Purchase Orders.
- 10. DEFECTIVE GOODS:** If any of the goods are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of the quotation/purchase order, Buyer, in addition to any other rights which it may have under warranties or otherwise, may, correct or have corrected the nonconformity at Seller's expense or reject and return such goods at Seller's expense, such goods not to be replaced without written authorization from Buyer.
- 11. BUYER'S PROPERTY:** All material including tools or machines furnished or specifically paid for by Buyer shall be the property of Buyer, shall be subject to removal at all times without additional cost upon request by Buyer, shall be used only in filling orders from Buyer, shall be kept separate from other materials or tools, shall be clearly identified as the property of Buyer, shall be insured by Seller with loss payable to Buyer, and shall be kept confidential and returned to Buyer at the termination of this order. Seller assumes liability for all loss or damage excepting normal wear and tear to such materials and/or tools and machines, and agrees to supply detailed statements on the material as required by Buyer.
- 12. TERMINATION AND CANCELLATION:** Buyer shall have the right of cancellation without having further liability to the Seller if materials or services furnished hereunder do not strictly conform to specifications of Buyer. Buyer may also terminate a purchase order in whole or in part at any time for any reason whatsoever by written, telegraphic, or facsimile notice to seller. Upon receipt thereof, Seller will terminate work under such purchase order, any subcontracts outstanding thereunder, and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. Unless otherwise stated herein, the only liability of Buyer for termination or cancellation of such purchase order, in whole or in part, is reimbursement to Seller of all direct costs incurred by Seller as to the balance of such purchase order less the greater of either any amounts received by Seller on resale of such work in process or the reasonable value of such work in process. Such payment by Buyer will be full satisfaction of all claims which Seller may have against Buyer under such purchase order or for the cancellation of termination hereof.
- 13. FORCE MAJEUR:** A purchase order may be canceled or suspended in whole, or in part, by Buyer at its option if its business is interrupted by strikes, labor disputes of any nature, shortages of material or labor, earthquake, flood, storms, lightning, war, fire, sabotage, riot, lockout, acts of God or of the public enemy, government regulations or restrictions, or any other cause or causes unavoidable or beyond the reasonable control of Buyer.
- 14. ASSIGNMENT:** The delegation or assignment by Seller of any or all of its duties or rights under any contract involving this order without Buyer's prior written consent shall be void.
- 15. SET OFF:** Buyer shall be entitled at all times to set-off any amount owing from Seller to Buyer or any of its affiliated companies, against any amount due or owing to Seller.
- 16. CHANGES:** Buyer shall have the right to make changes in the purchase order including quantity. If changes requested by Buyer affect the delivery schedule or the amount to be paid by Buyer, Seller shall immediately notify Buyer in writing and shall not put such changes into effect without Buyer's written authorization. In no event shall changes or price increases be allowed without specific written authorization.
- 17. INSOLVENCY:** Buyer may cancel a purchase order without any further liability to Seller, its successors, or assigns, if Seller commits an act of bankruptcy, becomes insolvent, is adjudicated as bankrupt, or has a voluntary or involuntary petition of bankruptcy filed against it.
- 18. CONTRACT:** A purchase order and the acceptance thereof shall be a contract made in the State of Texas, governed by the laws of said State.
- 19. TRAFFIC ROUTING:** Any losses resulting from deviation from Buyer's routing instructions will be charged to Seller's account and may be set off against monies due to Seller under this order.
- 20. WAIVER:** No delay, failure by Buyer in exercising any rights under any purchase order, and no partial or single exercise thereof shall constitute a waiver of such rights or any other rights hereunder.
- 21. PROOF OF SHIPMENT:** Seller shall forward to Buyer with its invoice the express receipt or bill of lading signed by the carrier, evidencing the fact that shipment has been made.
- 22. BLANKET PURCHASE ORDERS:** If materials purchased are covered by a blanket purchase order, no shipment can be made or invoice issued until a release pursuant to such purchase order is issued. Unauthorized shipments will be held at Seller's risk and expense. An order authorizes Seller to procure raw materials sufficient to meet delivery of the entire quantity

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ordered herein, but only to manufacture and deliver such respective quantities at such respective times as indicated on the production schedule made a part hereof. Buyer will not assume any liability in the event Seller engages in any manufacturing before the times or in excess of the quantities required to meet such respective deliveries.

- 23. EQUAL EMPLOYMENT OPPORTUNITY CLAUSE:** By accepting a purchase order Seller certifies that 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. Segregated facilities include facilities which are segregated on basis of race, color, creed or national origin. Seller understands and recognizes that maintaining or providing segregated facilities for its employees or permitting them to perform their services at any location under its control where segregated facilities are maintained is a violation of the Equal Opportunity clause required by Executive Order 11246 of September 24, 1965. Seller will obtain a similar certification from its subcontractors on this order.
- 24. PUBLICATION:** Seller shall not, without first obtaining the written consent of the Buyer, advertise or publish, in any manner the fact that Seller has furnished or contracted to furnish to the Buyer the goods or services herein provided.
- 25. FOR WORK ON PURCHASER'S OR ITS CUSTOMER'S PREMISES:** If Seller's work under this order involves operations by Seller on the premises of Buyer or one of its customers, Seller shall take all necessary precautions to prevent injury or damage to person or property during the progress of such work and, except to the extent that any such injury is due solely and directly to Buyer's or its customer's negligence as the case may be, shall indemnify Buyer against all loss which may result in any way from any act or omission of Seller, its agents, employees or subcontractors, and Seller shall maintain and furnish proof of such public liability, property damage and employee's liability and compensation insurance, as will protect Buyer from said risks and from any claims under any applicable workmen's compensation and occupational disease act.
- 26. TEST DATA:** When test data is required hereunder, payments to Seller shall be withheld until receipt of such data in specified and acceptable form. Withholding payment shall not affect the discount period which will start when all test data in acceptable form has been received.
- 27. LIENS:** Seller agrees to deliver the items to be supplied hereunder free and clear of all liens, encumbrances, and claims of laborers or materialmen. Buyer may withhold payment pending receipt of evidence in form and substance satisfactory to it of the absence of such liens, claims, and encumbrances.
- 28. SALES OF GOODS OR SERVICES NOT COVERED BY UCC:** The terms and conditions contained herein shall apply, notwithstanding, that the transaction herein is not one subject to the Uniform Commercial Code.
- 29. RIGHT OF ENTRY:** AFGlobal Corporation and its Subsidiaries reserve Right of Entry for ourselves, our customer, and any regulatory authorities, to all facilities involved in the order and to all applicable records.
- 30. CONFLICT MINERALS:** On August 22, 2012, the U.S. Securities and Exchange Commission ("SEC") adopted rules implementing Section 1502 of the *Dodd-Frank Wall Street and Consumer Protection Act*. These rules impose disclosure and due diligence requirements on companies that manufacture products containing certain minerals designated as "conflict minerals": gold, columbite-tantalite (coltan), cassiterite wolframite, and their derivatives, tantalum, tin and tungsten, that have been mined or smelted in the Democratic Republic of the Congo (the DRC), Republic of Congo, Angola, Burundi, Central African Republic, Rwanda, South Sudan, Tanzania, Uganda or Zambia. As a result of these rules AFGlobal conducts due diligence inquiries of its supply chain regarding conflict minerals that are included in any products or material that are delivered to AFGlobal, and were not "outside of the conflicts minerals supply chain" prior to, January 31, 2013. As such, all suppliers of direct materials to AFGlobal, in accordance with AFGlobal policy, agree to provide periodic updates as to their conformance to the above-described US SEC and Dodd-Frank policies concerning their compliance with stated policies.
- 31. CONFIDENTIAL INFORMATION:** All non-public, confidential or proprietary information of Buyer, including, but not limited to know-how, technology, specifications, samples, patterns, designs, plans, drawings, manuals, documents, data, business operations, pricing or pricing adjustments disclosed by Buyer to Seller, whether disclosed orally or disclosed or accessed in written, electronic, or other form or media, and whether or not marked, designated or otherwise identified as "confidential", in connection with this request for quotation/purchase order is confidential, solely for use in performing the request for quotation/purchase order and may not be disclosed or copied without prior specific written authorization of Buyer. Upon Buyer's request, Seller shall promptly return all documents and other materials received from Buyer. Buyer shall be entitled to injunctive relief for any violation of this section. This section shall not apply to information that is: (a) in the public domain; (b) rightfully and legally known to the Seller at the time of disclosure hereunder; or (c) rightfully and legally obtained by Seller on a non-confidential basis from a third party.