

Terms and Conditions of Vermont Composites, Inc. Purchase Order

(1) Patent, Trademark, and Copyright Indemnity: Supplier agrees to indemnify buyer and hold it harmless from and against all claims, liability loss, damage or expense, including counsel fees, arising from and by reason of

- a) any actual or claimed trademark, patent or copyright infringement, or litigation based thereon, with respect to the goods or any part thereof covered by this order
- b) any breach of the warranties set forth herein

and such obligations shall survive acceptance of the goods and payment therefore by the buyer.

(2) Purchase and Sale: The buyer plans to purchase and the supplier, by its acceptance of this order, agrees to sell on the terms and conditions on this order and the materials and services defined on the face hereof.

(3) Packing and Shipping: All items shall be prepared and packed for shipment in accordance with good commercial practice or as specified in the purchase order. Buyer is not liable for extra charges for packaging, cartage, or anything else unless stated in this order. Supplier shall mark the number of this order on each container and enclose a packing slip with the order number in each container. Supplier shall mail invoices in duplicate, and any required shipping documents to the buyer on day shipment is made.

(4) Identification: All invoices, packing lists, packages, shipping notices, instruction manuals, and other written documents affecting this order shall contain the applicable purchase order number. Packing lists shall be enclosed in each and every box or package shipped pursuant to this order, indicating the content herein. Invoices will not be processed for payment until all items are received.

(5) Lot Traceability: Each part, component, or material quantity furnished shall be identified by lot or batch, traceable to the actual manufacturing process. The lot or batch number may be by date or supplier shop order code, but must provide the capability for a lot or batch purge in the event of determination of a condition of discrepancy. Identification marking shall be applicable specification.

(6) Corrective Action: Acceptance of this purchase order obligates the supplier to perform, upon request, a corrective action investigation when discrepant material is received by buyer, a written report shall be furnished, within a reasonable time period, which is specific and conclusive to prevent a reoccurrence of the discrepancy.

(7) Rejection: If it is found that the goods or materials supplied do not conform to specification or sample, or if the quality and/or workmanship is not to the buyer's reasonable satisfaction, the buyer shall be entitled to return the goods or materials to the supplier at the supplier's risk and expense and either to cancel this contract or require the supplier to replace such good or materials. The buyer also reserves the right to claim the cost incurred by the buyer in making good defects in such goods or materials, in addition to any other right the buyer has arising therefrom.

If the supplier fails to complete this contract in accordance with the delivery date(s) specified herein (or within a reasonable time, if no delivery date is specified), the buyer reserves the rights:

- a. to return any goods or materials already delivered and to cancel this contract and/or
- b. to cancel this contract as regards to any undelivered goods or materials and/or
- c. to remove from the premises where they are being made any goods or materials in course of preparation for the purposes of this contract and to have the same completed elsewhere and/or
- d. to obtain such damages that are available at law or in equity.

The buyer shall pay the supplier a fair proportion of this contract price for any goods or materials retained or work in progress taken over by the buyer if the supplier's failure to complete its obligations hereunder is due to circumstances beyond the supplier's reasonable control, provided that supplier takes all actions required to avoid and minimize such circumstances. Correspondingly, the buyer shall be entitled to charge the supplier all costs incurred by the buyer in having this contract completed by others, if the failure by the supplier was due to circumstances within the supplier's reasonable control.

The conditions set out herein are in addition to, and not in substitution for, the buyer's statutory and other legal rights and this contract contains the entire bargain between the supplier and the buyer, notwithstanding that any other terms may appear in any document issued by the supplier.

Where this contract involves the provision of services by the supplier (whether or not on the buyer's premises) or special terms relating to the supply of goods or materials, appropriate supplemental conditions will be annexed. Such supplemental conditions will override any conflicting general conditions as printed hereon and will be binding on the supplier and the buyer accordingly.

(8) Supplier's Warranties

Supplier agrees that buyer shall not be liable for the inspection or packaging of goods or materials before resale and that all warranties, representations and conditions, statutory, legal or otherwise and whether express or implied, shall survive inspection, installation, acceptance, and payment by buyer and buyer's customers.

Approval by buyer of supplier's designs, materials, or packaging shall not relieve supplier from any obligations under any warranties, representations, conditions, or guarantees. Further, the supplier warrants, represents, and guarantees that the design, manufacture, and packaging (including all warnings and disclaimers) of goods and materials complies with all applicable federal, state, provincial, and local laws, codes, ordinances, rules, regulations, and requirements of the country of origin, the country of transit, or any applicable country or jurisdiction (collectively, the "Law" or the "Laws"). Goods and materials delivered (whether paid for or not) are subject to inspection, testing, and approval by buyer and its customer before acceptance. Supplier warrants that the delivered goods and materials will be of good quality, material, and workmanship, merchantable, fit for its intended purpose, and free from any and all defects.

Supplier warrants, represents, and guarantees the following:

- a. That the price and other terms and conditions of sale, and all guarantees, warranties, labels, packaging, instructions, and warnings furnished in connection therewith, comply with all Laws;
- b. That, if required by Law or legal precedent, the labels, packaging, instructions, and warnings accompanying supplier's goods and materials are multilingual and/or contain universally accepted pictographs or symbols;
- c. That supplier, if necessary, will supply buyer with any and all instructions, warnings, or safety sheets for said goods and materials as required by Law;
- d. That the weights, measures, signs, legends, words, particulars, or descriptions, if any, stamped, printed, or otherwise attached to the goods and materials or containers (including US required country of origin markings) or referring to the goods and materials delivered hereunder are true and correct and comply with all Laws;
- e. That all goods and materials conform and comply with all applicable Laws, including but not limited to the Consumer Product Safety Act; Magnuson - Moss Warranty - Federal Trade Commission Improvement Act; Fair Packaging and Labeling Act; Textile Fiber Products Identification Act; Flammable Fabrics Act; Wool Products Labeling Act; Federal Food, Drug, and Cosmetics Act; Federal Hazardous Substances Act; all Federal Trade Commission Rules and Regulations; and the standards of Underwriters Laboratories, Inc. (including all language requirements). Supplier agrees to provide buyer with a signed guaranty form with respect to the above warranties if prescribed by any Law as part of supplier's invoice before payment is required to be made under the terms of the purchase order without loss of discount;
- f. That the goods and materials delivered pursuant to the purchase order do not infringe any actual or alleged patent, design, trade name, trademark, copyright, trade secret, or any right or entitlement of third party;
- g. That its primary manufacturing plants or any subcontracted plants do not use government assigned labor or forced labor or workers who are under the age of 14;
- h. That all employees, agents, or representatives of supplier performing services for buyer are in compliance with the Immigration Reform and Control Act of 1986 ("IRCA"), and supplier will comply fully with the record keeping and other requirements of IRCA. Buyer is not responsible for sponsorship of any workers who perform services for it at the request of supplier. Supplier will provide buyer only workers for whom supplier has confirmed legal eligibility to perform services as employees in the United States, and for whom all required record keeping under IRCA has been performed and maintained;
- i. That the goods and materials are not being sold under a quota basis, or if so, it has been properly disclosed to buyer in writing;
- j. That the goods and materials are new and merchantable;
- k. That the goods or materials will be received by buyer on or before (but not more than 10 days before) the date listed on the purchase order; and
- l. That the supplier will comply with all of buyer's shipping and invoicing instructions.

TIME IS OF THE ESSENCE WITH RESPECT TO THE DELIVERY BY SUPPLIER OF GOODS AND MATERIALS ORDERED HEREUNDER.

