

TERMS AND CONDITIONS OF PURCHASE

- Parties.** The parties to this purchase order, together with these terms and conditions ("Purchase Order"), are "Southco Manufacturing and Technology (Shenzhen) Co., Limited" ("Buyer") and Supplier identified on the face of the Purchase Order ("Seller" or "Supplier").
- General.** This purchase order, together with these terms and conditions ("Purchase Order") constitutes Buyer's offer. It becomes a binding agreement upon Seller's acceptance, and Seller's acceptance is hereby expressly limited to the terms of this Order, which acceptance may be either by acknowledgment or by performance. No term or condition in any acknowledgment or other document of Seller which is conflicting, different, inconsistent or in addition to any of the terms of this purchase order, together with these terms and conditions ("Purchase Order") shall become part of this purchase order, together with these terms and conditions ("Purchase Order") unless agreed to in writing by Buyer. If for any reason this Order constitutes an acceptance of an offer, such acceptance is expressly made conditional on Seller's assent to the terms and conditions of this Order, and Seller's acceptance, by acknowledgement or performance, shall be deemed to constitute such assent, and any conflicting, different, inconsistent or additional terms contained in Seller's documentation are expressly objected to by Buyer. Any deletions, modifications, alterations or additions to the terms and conditions of this Order, to be binding, shall be in writing and signed by both Seller and Buyer. Without limiting the foregoing, it is expressly acknowledged that any and all purchase provisions on the face or reverse side of any quotation, proposal or acknowledgment which Seller may send to Buyer in connection herewith are expressly objected to by Buyer and waived by Seller, made inapplicable to any such purchase unless both parties expressly agree in writing to include any such terms and conditions in this Agreement.
- Shipping.** All materials or articles furnished by Seller hereunder shall be shipped in accordance with shipping instructions provided by Buyer or, if no such instructions are provided, by the route and mode of transportation involving lowest cost. Seller shall be liable for any costs, loss, damage, liability (including any costs, loss, damage or liability resulting from delay in receipt of shipments) or excess shipping costs incurred by or for the account of Buyer as a result of Seller's failure to comply with this paragraph. No charge will be allowed for cartage or packing unless specifically agreed to in writing by Buyer. When the terms of delivery are FOB destination, all transportation charges shall be at Seller's expense and shall be pre-paid.
- Delivery.** Time is of the essence with respect to Supplier's performance in accordance with the Purchase Order. The time stipulated for delivery on the face of this Order shall be of the essence of this Purchase Order, and failure by Seller to complete delivery of the goods herein ordered within the time specified, or within a reasonable time if no time is specified herein, shall at the option of Buyer, without liability, in addition to Buyer's other rights or remedies, relieve Buyer of any obligation to accept and to pay for any such goods. Buyer may, at Buyer's option, without incurring any liability: extend the time for delivery; or cancel all or any part of this Purchase Order.
- Payment.** The prompt payment discount periods applicable hereto shall commence on the date Buyer finally accepts the articles or materials or the date Buyer receives an acceptable invoice therefore, whichever is later.
- Warranty.** Seller warrants all articles and materials delivered hereunder to be free from all defects, including defects in labor, materials, design and fabrication, and to fully comply with all specifications, including any specifications attached to this purchase order, together with these terms and conditions ("Purchase Order") and incorporated herein by reference, drawings, samples or other descriptions furnished and all applicable laws, regulations and industry standards. Seller further warrants that all material delivered hereunder shall be merchantable and fit for its intended purpose. All warranties shall be construed as conditions, as well as warranties, and shall not be deemed to be exclusive. All warranties shall run to Buyer, its successors, assigns and customers, and to users of Buyer's products, and shall survive acceptance and use of and payment for such articles or materials. Seller agrees to replace or to correct promptly, without cost to Buyer, any goods not conforming to the foregoing requirements when notified by Buyer at any time after delivery. In the event of Seller's failure to correct or replace such goods as required herein, Buyer may correct or replace such goods and charge Seller the cost thereof.
- Inspection.** All goods to be furnished hereunder are subject to final inspection and testing by Buyer after receipt thereof, and Buyer, in addition to any other rights of Buyer, may reject or revoke acceptance of all or any portion of such goods which fail to conform to the requirements of this Purchase Order. If rejected, the goods will be held subject to Seller's instructions, risk and return expense. Upon return of the goods, Seller will promptly refund any payment made by Buyer on account thereof or, at Buyer's discretion, Seller will repair or replace such goods. Buyer may inspect the goods and work in process covered by this Order from time to time at any reasonable time, including during manufacture, and at any reasonable place, including Seller's works. Any inspection or approval at Seller's works or elsewhere during or after manufacture, whether or not such inspection or approval be provided for by the terms of this Purchase Order, shall be provisional only and shall not constitute final acceptance, will be construed as a waiver of the foregoing right of final inspection and approval or rejection after receipt of the goods by Buyer.
- Changes.** Buyer reserves the right by notice to Seller to make changes and specifications, drawings, delivery date, quantity or shipping instructions applicable to any goods and/or services covered by this Purchase Order. Any difference in the price applicable to or the time required for performance of this purchase order, together with these terms and conditions ("Purchase Order") resulting from changes specified in such notice to Seller shall be equitably adjusted, and this purchase order, together with these terms and conditions ("Purchase Order") shall be modified in writing accordingly. No increase in price or time shall be made, however, with respect to any such change relating to materials which are Seller's standard products.
- Proprietary Information.** The term "Proprietary Information" includes any information from Buyer to Seller which is not readily available to Buyer's competitors and which, if known by a competitor of Buyer, might lessen any competitive advantage of Buyer or give such competitor a competitive advantage and also includes, but is not limited to, drawings, samples and specifications received from Buyer or items/deliverables developed by Seller for Buyer. Buyer retains ownership of all Proprietary Information and all documentation which contains Proprietary Information. Seller shall not disclose, duplicate or reproduce any Proprietary Information, nor shall Seller use any Proprietary Information other than in the course of performing its obligations under this Purchase Order. Seller shall take all reasonable steps to prevent the disclosure, duplication or reproduction of any information (whether or not marked "Proprietary Information").
- Cancellation for Convenience.** Buyer reserves the right at any time to cancel this Purchase Order, in whole or in part, for Buyer's convenience by delivery to Seller of written notice of such cancellation. In the event of such cancellation, Buyer shall pay Seller, as its sole and exclusive compensation under this Purchase Order, sums (not including allowance for overhead or profit) actually expended by Seller to procure and/or process such articles or materials at the time of cancellation; provided however, any portion of materials which may be returned for credit or refund by Seller shall not be charged to Buyer. In no event shall such compensation exceed the value of the work performed.
- Termination for Default.** Any failure by Seller to fully comply with any requirement of this Purchase Order, including but not limited to, any failure to meet delivery schedules set forth herein, shall constitute a default. Upon Seller's default, Buyer may, at its option and in addition to any other remedies to which Buyer may be entitled, immediately cancel all or any portion of this Purchase Order. Except as otherwise provided in the following sentence, Seller shall reimburse Buyer for any costs, loss, damage and liability incurred by Buyer by reason of Seller's default. In addition to Seller's failure to comply with any requirement of this Purchase Order, Seller shall be in default hereof in the event Seller shall be adjudicated bankrupt, or should make a general assignment for the benefit of creditors, or if a receiver should be appointed in respect of its insolvency, or in the event a voluntary or involuntary petition/proceeding is instituted by or against Seller.
- Force Majeure.** In the event that Buyer or Seller is prevented directly or indirectly from carrying out the provisions hereof by reason of any act of God, war, revolution, strike, labor dispute, riot, earthquake, flood or other cause, existing or future, beyond the reasonable control of the party affected, the party so interfered with, provided prompt notice is given the other party, shall be excused from making or taking deliveries to the extent of such interference. In the event such interference extends for a period in excess of 90 days, either party may terminate this Purchase Order, whereupon all monies shall be promptly refunded to Buyer.
- Patents.** Seller shall indemnify, defend and save harmless Buyer against any and all claims, demands, costs, loss, damage and liability based on actual or alleged infringement of any patent, trademark, copyright or similar right or misappropriation of trade secrets by Seller in connection with the subject matter of this Purchase Order.
- Indemnification.** Seller agrees to indemnify and hold harmless Buyer, its customers and all persons claiming under Buyer against all claims, demands, costs, loss, damage and liability based on actual or alleged defects in material workmanship or design of materials or articles furnished by Seller hereunder. Seller shall defend at its expense all such claims and suits asserted or brought against Buyer and shall pay all damages, costs, fines and assessments resulting therefrom; provided however, Seller shall not settle any such claim or suit without Buyer's prior written consent. Seller further agrees to indemnify, defend and save harmless Buyer, its officers, directors and customers and all persons claiming under Buyer against any and all claims, demands, costs, loss, damage and liability arising out of personal injury or loss or destruction to property attributable in any way to the performance by Seller of its obligations hereunder. Without limiting the foregoing, Seller's work hereunder involves operations by Seller on premises occupied by Buyer or Buyer's customers, Seller shall take all precautions necessary to prevent the occurrence of any personal injury or loss or destruction of property in connection with such operations, and Seller shall at all times maintain such liability, property damage, employers' liability and workers' compensation insurance to fully protect Buyer and Buyer's customers against any potential liability with respect to the foregoing.
- Assignment.** Neither this purchase order, together with these terms and conditions ("Purchase Order") nor any interest herein shall be assigned or transferred in whole or in part by Seller by operation of law or otherwise without Buyer's written consent, and any attempt at assignment or transfer without such consent shall be void. No permitted assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller of any of its obligations under this Purchase Order. In no event shall Seller subcontract any portion of the work without the express written consent of Buyer and without procuring from such subcontractor a confidentiality and non-disclosure agreement satisfactory to Buyer imposing obligations of non-disclosure and non-use of Buyer's Proprietary Information, except in connection with the subject matter hereof.
- Tooling.** All tooling, including dies, molds, patterns, jigs and fixtures, unless otherwise specifically stated, shall be the exclusive property of Buyer and subject to removal for its convenience.
- Liens.** All materials or articles furnished by Seller hereunder shall be free of all liens and encumbrances.
- Taxes.** Prices set forth herein include all applicable taxes, excluding sales tax, and such prices shall not be subject to change as a result of any change in Seller's tax liabilities.
- Compliance with Law.** Supplier shall comply with Supplier Code of Conduct (Form 0022) incorporated herein by reference. Seller shall comply with, and all works shall conform to the requirements of all laws current codes, ordinances, regulations, etc. of any federal, state or local authority, as the case may be. Seller warrants that the goods or services to be furnished hereunder will be produced in accordance with the applicable provisions of the Fair Labor Standards Act of 1938 as amended.
- Compliance Certificate.** Seller agrees to execute and deliver upon request a certificate of compliance with contract terms certifying Seller's full compliance with each and every requirement imposed upon Seller by this purchase order, together with these terms and conditions ("Purchase Order") and by applicable laws, regulations and industry standards.
- Waiver.** Buyer's failure on any occasion to insist on strict performance of any term or condition hereof shall not constitute a waiver of compliance with such term or condition on any other occasion or waiver of default.
- Remedies.** The rights and remedies provided herein shall be cumulative and not exclusive and are in addition to any other rights and remedies that Buyer may be provided by law or in equity.
- Governing Law.** This purchase order, together with these terms and conditions ("Purchase Order") shall be for all purposes governed and interpreted in accordance with the laws of China and without reference to the laws of any other nation. The application of the UN Convention on Contracts for International Sale of Goods ("CISG") is hereby excluded.
- Severability.** If any term, provision or condition hereof is held to be invalid, void or unenforceable, the remaining terms of the Purchase Order shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- Set-Off or Counterclaim.** All claims for monies due or to become due from Buyer shall be subject to deduction by Buyer for any set-off or counterclaim arising out of this purchase order, together with these terms and conditions ("Purchase Order") or any other contract of purchase or sale between Buyer and Seller.
- Supplier Requirements.** Supplier and its approved subcontractors shall comply in all respects with the Southco Supplier Requirements and Logistics requirements, including the Contractor's Certification and Insurance Requirements contained in Southco's Supplier Resource Center accessible through the World Wide Web <https://supplier.southco.com>, as they may be amended from time to time, all of which are incorporated herein by reference.
- Nonconforming Product.** In the event Supplier obtains goods, items or materials (for purposes of this paragraph, "Product"), which are not in conformity with Buyer's specifications, drawings, other requirements of Buyer or Supplier's warranties hereunder, which Products are to be provided by Supplier pursuant to this Order, Supplier shall immediately notify Buyer, in writing, identifying the Products, together with the subject matter of the nonconformity. Buyer, in its sole and exclusive discretion, may determine, on a case-by-case basis, that Supplier may use or deliver to Buyer the nonconforming Product; provided however, that such determination by Buyer shall not constitute a waiver of any obligations, warranties or liabilities of Supplier as provided in this Order, except with respect to the specific portion of the Product which is the subject of Supplier's written disclosure to Buyer and Buyer's subsequent written consent to use or deliver such nonconforming Product.
- Inspections.** Southco (along with its customers and governmental agencies) shall have the right to enter Seller's facilities (and those of its approved subcontractors) at reasonable times to inspect (and if applicable test) the facility, goods, materials, records (including without limitation the quality systems) and any property of Southco covered by this order. Southco's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods.
- Supplier Process Liability.** In the event that any Supplier process, including, but not limited to, heat treating, plating and finishing, results in damage, destruction, cosmetic defects to Buyer products or components, or the degradation or failure of the performance of Buyer's products or components, Supplier shall be liable for the full value of the Buyer's products or components processed by Supplier unless otherwise agreed by Buyer, in writing. Supplier's process liability as provided in the preceding sentence shall be in addition to other liability as provided in Buyer's terms and conditions of Purchase.
- Entire Agreement.** This purchase order, together with these terms and conditions ("Purchase Order") and any documents referred to herein contain the entire agreement of the parties hereto with respect to the subject matter hereof, and no terms or conditions in any way modifying the foregoing provisions shall be binding upon the Buyer unless made in writing and signed by an authorized representative of Buyer. The express terms hereof control and supercede any course of performance and/or usage of the trade inconsistent, different or conflicting with any of the terms hereof. Without limiting the foregoing, no modification shall be affected by the receipt of Seller's acknowledgments, invoices, shipping documents or other forms containing terms and conditions in addition to, conflicting with or different from the terms and conditions set forth herein.