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## Purchase Order Terms and Conditions

### Commercial Contracts

#### 1. ACCEPTANCE:

This purchase order represents Buyer's offer to purchase the goods or services ordered strictly in accordance with its stated terms and conditions. Supplier's acceptance of this purchase order is expressly limited to the terms and conditions stated and no additional or different terms shall be binding on Buyer unless agreed to by Buyer in a writing signed by Buyer's authorized representative. Supplier shall be deemed to have accepted this purchase order by signing and returning the acknowledgement copy, by failure to deliver a written objection to this offer within five (5) days of receipt, or by commencing work on the goods or services ordered. If any term or condition of this purchase order is invalid, illegal or unenforceable, the remaining terms and conditions of this purchase order shall remain in effect.

#### 2. PAYMENT:

Payment and discount period referred to on face of this purchase order begins from date of invoice, date of receipt of goods at destination, and final inspection and acceptance of goods by Buyer and/or Customer, whichever occurs last, subject to Buyer's receipt of properly executed bill of lading. Any over shipment or substitution of goods made by Supplier shall entitle Buyer to withhold payment for entire shipment pending its approval of the over shipment or substitution without loss of discount privileges. Where variance appears between purchase order and invoice in respect to price or payment terms, Buyer shall be entitled to most favorable terms. When terms of delivery or conditions of this order are F.O.B. Buyer's plant, all transportation charges (including switching charges) shall be paid by Supplier. All rate reductions affecting delivery under this order shall be for the account of Buyer. No allowance shall be made for packing, cartage, crating or storage unless stated herein. Supplier shall pack, mark and ship all goods in accordance with requirements of this order to be in compliance with transportation regulations and good practices for protection and shipment.

#### 3. SHIPMENT AND DELIVERY:

All shipments and deliveries shall be strictly in accordance with the quantities, schedules and shipping instructions stated in this purchase order. Goods shall be shipped FOB Buyer's plant unless otherwise stated on the face of this purchase order. Title and risk of loss shall pass at the FOB point, subject to inspection and acceptance as described herein. Time is of the essence in performance of this purchase order. Supplier shall not make advance, late, short or excess deliveries without Buyer's prior written approval. Buyer reserves the right to cancel this purchase order (or any part thereof) without liability if delivery is not made within the time specified, or, if no time is specified, within a reasonable time. Supplier agrees to pay to Buyer any penalty or damages imposed upon or incurred by Buyer resulting from the failure of Supplier to deliver the goods ordered in accordance with the quantities, schedules and shipping instructions stated in this purchase order.

#### 4. CHANGES:

Buyer may at any time, by a written order, make changes within the general scope of this order of any one or more of the following: (1) Drawings, designs, or specifications, when the supplies to be furnished are to be specially manufactured in accordance therewith; (2) Method of shipment or packing; (3) Place of delivery; or (4) Delivery schedule. If any such change causes an increase or decrease in the cost of, or

the time required for, performance of this order, Buyer shall make an equitable adjustment in the contract price, delivery schedule, or both, and shall modify this order in writing. Supplier must assert its right to adjustment under this clause within twenty (20) days from date of receipt of the written order. However, if Buyer decides that the facts so justify, then Buyer may receive and act upon a proposal submitted before final payment of this order. However, nothing in this clause shall excuse the Supplier from proceeding with this order as changed.

5. **PRODUCT DESIGN CHANGES:**

No product design changes by Supplier are authorized until Supplier first obtains the signature of Buyer's authorized representative.

6. **TERMINATION:**

(a) Default: Buyer may by written notice of default to Supplier terminate this order in whole or in part if Supplier fails to (a) Deliver the supplies or to perform the work within the time specified in this order or any written extension; (b) Make progress so as to endanger performance of this order or (c) Perform any of the other provisions of this order. However, with respect to the provisions of (b) and (c), Buyer's right to terminate may be exercised if Supplier does not cure such failure within ten (10) days after receipt of the notice from Buyer specifying the failure. In addition to other damages recoverable by Buyer for Supplier's default, Supplier is liable to Buyer for costs associated with re-procurement by Buyer. Supplier shall transfer at the sole discretion of Buyer completed supplies, work in process and any tools furnished by Buyer or by the Customer. Except for default of subcontractors or suppliers of Supplier, Supplier shall not be liable for excess costs if the failure to perform the order arises from causes beyond the control and without the fault or negligence of Supplier. If after termination for default it is determined that Supplier was not in default or that default was excusable, the rights and obligations of Buyer and Supplier shall be the same as if the termination had been issued for convenience of Buyer. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by law or under this order.

(b) For Convenience: Buyer may terminate work without cause under this order in whole or in part at any time by written notice. The notice shall state the extent and effective date of such termination, and upon receipt thereof, Supplier will, to the extent directed by Buyer, stop work under this order and the placement of further orders or subcontracts and shall take any necessary action to protect property in Supplier's possession in which Buyer has or may acquire an interest. In event of such termination, Supplier shall submit a final termination settlement within six (6) weeks of the termination. An audit may be conducted by or on behalf of Buyer. Except as specifically provided herein, the rights and obligations of Supplier and Buyer are governed by the termination for convenience of the Buyer. For completed items or materials, Buyer shall either require delivery of all or part of the completed supplies and make payment at the order price, or (without taking delivery) pay Supplier the difference, if any, between the order price and the market price (if lower) at the time of termination. For uncompleted items or raw or semi-processed materials, Buyer shall either require Supplier to deliver all or part of such supplies at the portion of the order price representing the stage of completion reduced by the higher of the market or scrap value of the supplies at that stage of completion.

(c) Insolvency: In the event of any proceedings against Supplier, voluntary or involuntary, in bankruptcy or insolvency or for the appointment of a receiver or trustee, or an assignment for the benefit of creditors of Supplier, Buyer may at its sole discretion terminate this order in whole or in part, subject to all rights and remedies of Buyer at law.

(d) Termination by Buyer under this section shall not relieve Supplier of any of Supplier's obligations with respect to goods or services furnished prior to the effective date of termination.

7. COMPLIANCE WITH LAWS AND REGULATIONS:

Supplier shall comply with all applicable Federal, State and local laws and regulations and shall indemnify Buyer from any liability, expense or loss resulting from Supplier's failure to do so. Without limiting the foregoing, Supplier shall comply with all requirements of the Occupational Safety and Health Act of 1970 and any amendments thereof and any provisions relating to cost or pricing data of Supplier. Supplier agrees to safeguard and comply with all laws and regulations regarding the proper handling and nondisclosure of all secret, confidential or restricted information that may be disclosed to it or developed by it in connection with work under this order.

8. INDEMNITY:

Supplier warrants that use or sale of the goods under this order shall not infringe any patent and hereby agrees to indemnify Buyer from any such infringement, shall defend any suit brought against Buyer and shall reimburse Buyer from any loss or judgment including all court costs and attorney's fees. Supplier further agrees to comply with all applicable laws and regulations, and to indemnify Buyer from any claims in regard thereto.

9. ASSIGNMENT AND SUBCONTRACTING:

Neither this order nor any interest herein may be assigned in whole or in part by Supplier without the prior written consent of Buyer. Neither all nor substantially all of this order may be further subcontracted by Supplier without the prior written consent of Buyer.

10. INSPECTION:

Buyer, Customer have rights to inspect the goods covered by this order either at the place of manufacture or at place of delivery, and acceptance of said goods by Buyer shall be dependent upon final inspection and acceptance thereof by the authorized representative of the Customer. Provisions in the clause relating to access, rights to inspection, safe protection and relief from liability apply equally to Buyer and the Customer. At Buyer's option defective goods may be returned at Supplier's expense for full credit or replacement, subject to all rights and remedies of Buyer at law.

11. WARRANTY:

By furnishing supplies under this order, Supplier expressly warrants that (i) it will be free from defects in materials and workmanship and safe to use; (ii) will be merchantable and in full conformity with Supplier's specifications, drawings and data, and Supplier's descriptions, promises or samples; (iii) will be fit for the ordinary purposes for which such supplies are used; (iv) will be of good quality within the description of this Order; (v) will be adequately contained, packaged and labeled; (vi) will conform to the terms of this Order; (vii) will be fit for Buyer 's intended use, provided Supplier has reason to know of

such use; and (viii) that Supplier will convey good title to the supplies, free and clear of all liens, claims and encumbrances. This warranty is in addition to implied warranties to Buyer at law. No approval of design by Buyer furnished by Supplier shall constitute a waiver by Buyer of Supplier's obligations hereunder. In addition to Buyer's remedies at law, Buyer may, for breach of any warranty, and at its option and at Supplier's expense, require Supplier to repair promptly or replace defective supplies or return same for credit, and in addition, Supplier shall be liable for any costs for incidental or consequential damage incurred by Buyer with respect to any defective or delinquent supplies. All warranties shall run to Buyer and its customer.

12. BUYER 'S INTELLECTUAL PROPERTY AND TOOLING:

All inventions, ideas, concepts, trademarks, know-how, designs, specifications, drawings, documents, materials, tools, jigs, fixtures, methods, processes and other property, owned or paid for by Buyer, shall be the property of Buyer, subject to removal at any time without cost or expense to Buyer. All property of Buyer shall be identified and marked as such, used only for Buyer 's purchase orders and covered by adequate liability, damage and fire insurance (including extended coverage) for its fair and reasonable value. Supplier shall assume full liability for and maintain and repair all property of Buyer in its possession or control and shall, on request, return the same to Buyer in good condition, reasonable wear and tear excepted. Supplier shall provide Buyer with inventories of all property of Buyer in its possession or control when requested by Buyer and certify to Buyer that all use thereof is expended on Buyer's purchase orders.

13. PRICING:

Supplier warrants that prices for the goods and services ordered are not less favorable than those currently extended to any other customer of Supplier for the same or like goods or services (whether in like or smaller quantities), and are otherwise in accordance with all applicable price laws and regulations. If Supplier establishes or offers a lower price for the goods or services ordered (whether in like or smaller quantities) from the date of acceptance of this purchase order by Supplier to the date goods or services are invoiced to Buyer, Supplier agrees to reduce the prices stated in this purchase order correspondingly.

14. CONFIDENTIALITY:

Supplier shall not make or authorize any news release, advertisement or other disclosure regarding the existence or substance of this purchase order without the prior written consent of Buyer. Supplier shall keep confidential all information provided to Supplier related to the performance of this purchase order, including, but not limited to, statements of work, specifications, drawings, designs, processes and other technical or business information, and shall use such information only in the performance of Buyer's purchase orders. Upon completion, cancellation or termination of Buyer's purchase orders, Supplier shall, at Supplier's expense, return to Buyer or destroy all documents or other media containing or incorporating any of the information and, on request, provide a certificate confirming the return or destruction of all such material. Supplier shall include a provision comparable to this section in all subcontracts relating to the goods or services ordered.

15. TAXES:

All applicable federal, state and local taxes shall be listed separately on Supplier's invoice, and such taxes shall not be payable if Buyer provides an appropriate exemption certificate. If not listed separately on Supplier's invoice, Supplier assumes responsibility for paying all applicable taxes, and shall indemnify Buyer against all liabilities, damages, fines, penalties, interest, costs and expenses (including, but not limited to, attorneys' fees) arising from the failure to pay such taxes in a timely manner.

16. REMEDIES AND WAIVER:

The remedies provided Buyer in these terms and conditions shall be cumulative and in addition to any other remedies provided herein, by law or in equity. No waiver by Buyer of any right or remedy under these terms and conditions shall be effective unless in writing signed by Buyer's authorized representative. Neither failure nor any delay in exercising any right, power or privilege under these terms and conditions will operate as a waiver of such right, power or privilege. No single or partial exercise of any such right, power or privilege by Buyer will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by Buyer will be applicable except in the specific instance for which it is given.

17. DISPUTES AND APPLICABLE LAW:

This order will be construed and interpreted according to Federal common law and by all applicable Federal and local statutes and regulations. The law of the State of Washington shall apply. Any judicial proceeding commenced by Buyer or Supplier shall be in a court of competent jurisdiction in the State of Washington in the County of Snohomish, except at the Buyer's election. To the extent that Supplier and Buyer have claims against Buyer's Customer, Buyer and Supplier shall reasonably cooperate with each other to prosecute such claims, provided that Supplier's claim is properly substantiated by Supplier, each incurring their own respective attorney's fees, except that Supplier shall indemnify and hold harmless Buyer from any costs or damages arising out of such proceedings. In any legal action commenced by either Buyer or Supplier arising out of performance of this order the prevailing party shall be entitled to recovery of reasonable attorney's fees and court costs. Pending resolution of any dispute by settlement or by final judgment, Buyer and Supplier shall proceed diligently with performance of this order and Supplier's performance shall be an acceptance with Buyer's written instructions. All reference to disputes procedures in FAR clauses, in Section 13 or elsewhere, shall be deemed to be superseded by this clause.

18. STOP WORK ORDER:

Buyer may at any time by written order require Supplier to stop all or any part of the work under this order for a period of ninety (90) days after the stop order is received by the Supplier, and for any extension of this period to which the parties may agree. The stop work order shall be specifically identified as a stop work order issued under this clause and shall be in writing. Upon receipt of the order Supplier shall take all steps to comply with these terms and all reasonable steps to minimize incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after the stop work order is delivered to Supplier or within any extension of that period to which the parties have agreed, Buyer shall cancel the stop work order to terminate the work covered by the order as provided in the termination for default or termination for convenience clauses

of this order. If a stop work order issued under this clause is canceled or the period of the order or any extension thereof expires, Supplier shall resume work and Buyer shall make an equitable adjustment of the delivery schedule or contract price or both and this order shall be modified in writing accordingly if the stop work order results in an increase in the time required for or in the Supplier's costs allocable to the performance of this order, provided that Supplier asserts a claim for adjustment within twenty (20) days after the end of the period of work stoppage.

19. DEFECTIVE WORK:

Buyer reserves the right to inspect lots of parts delivered under this order on a sample inspection plan basis. Rejection of the sample shall be cause for rejection of the entire lot delivered (at Buyer's discretion) and any lots so rejected may be returned to the Supplier for replacement as directed by Buyer, at Supplier's expense. Buyer may at is option, at Supplier's expense, rework, resort, retest, or otherwise make the parts acceptable for use by Buyer.

20. CHANGES TO SPECIFICATIONS/PROCESSES/MANAGEMENT/FACILITIES:

Supplier shall not make any changes to the Products, including the manner of producing the Products without obtaining Buyer's prior written consent. Requests to make Class I Changes must be provided In writing (including a detailed description of the proposed Class I Change) at least sixty (60) days prior to the requested change date and may be accepted or rejected In Purchaser's sole discretion. Requests for Class II Changes must be provided in writing (Including a description of the proposed Class II Change) at least thirty (30) days prior to the requested change date and Purchaser will not unreasonably withhold its consent.

Class I Change means any changes to the Product or the equipment, processes, facilities or location with or at which the Product is produced which: (i) impact form, fit, function or weight of the Product, (ii) may reasonably be expected to have an impact on contractual requirements such as performance, hardware, interchangeability, reliability, safety, interfaces or quality requirements, (iii) may require re-identification or recertification of a part or assembly or (iv) otherwise result In a deviation from the Specification.

Class II change means other changes to the Product which cannot be reasonably construed to constitute a Class I Change, including those that do not affect contractual requirements, do not involve changes to the Product design or merely involve technical correction of clerical errors in documents.

21. EXPORT CONTROLS:

This order is subject to U.S. export and import control laws and regulations. Any item or technical information pertaining to this order shall not be provided to or accessed by a non-U.S. person, entity, foreign country or any Denied Party without the prior written authorization from Buyer and, where applicable, the relevant U.S. Government Agency. The parties will comply with the aforementioned regulations and shall reasonably cooperate to support controlled activities pursuant to such regulations.

Please refer to the above regulations using the links below for further information.

[http://www.pmdotc.state.gov/regulations\\_laws/itar.html](http://www.pmdotc.state.gov/regulations_laws/itar.html)

<http://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear>

22. REQUIREMENTS FOR CONTROL OF SOLDERING AND PLATING MATERIALS:

Electronic, Electrical, Electro-Mechanical, and Mechanical items and assemblies SHALL NOT HAVE PURE TIN finishes. This applies to component leads/terminations, body, cages, brackets, housings, mechanical items, etc. Hardware (nuts, bolts, screws, etc.) shall not have a pure tin finish unless otherwise stated in the drawing or specification. Any tin-lead plating or solder process/processes shall require no less than 3% lead composition unless specifically authorized in writing by the Procuring Agency (Buyer). Supplier shall be responsible for communicating this requirement to subcontractor or sub-tier suppliers as required.

23. REQUIREMENTS FOR USE OF SPECIALTY METALS:

All materials delivered under this order shall be compliant with DFARs 252.225-7009, Restriction on Acquisition of Certain Articles Containing Specialty Metals, unless specifically approved by the Buyer prior to beginning work.

24. AFFIRMATIVE ACTION REQUIREMENTS:

The parties shall comply with all Federal equal employment opportunity obligations under 41CFR 60-1.4(a), 60-300.5 (a), 60- 741.5(a) and federal labor law obligations under 29 CFR part 471, appendix A to subpart A.

Supplier and subcontractor shall abide by the requirements of 41 CFR 60–300.5(a) and 60–741.5(a). These regulations prohibit discrimination against qualified protected veterans, and qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities.

25. WORKING CONDITIONS AND HUMAN RIGHTS:

Supplier shall commit to providing a safe and secure working environment and the protection and advancement of basic human rights. Supplier shall adopt and enforce these concepts in its operations and in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Any material violation of law by Supplier relating to basic working conditions and human rights, including laws regarding slavery and human trafficking of the country or countries in which Supplier is performing work under this Purchase Order, may be considered a material breach of this contract for which the Buyer may choose to cancel any open orders between Buyer and Supplier, for cause. Supplier shall include this clause, or the substance of this clause, in all subcontracts awarded by Supplier under this Purchase Order.

26. INDEMNIFICATION AND INSURANCE:

Supplier shall defend, indemnify and hold harmless Buyer, its directors, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of all kind and nature whatsoever from property damage, personal injury or death (including without limitation injury or death of employees of Supplier or any subcontractor thereof) and expenses, cost of litigation and counsel fees related thereto or incident to establishing the right to indemnification arising in any way related to this Order. Prior to commencement of work on Buyer's premises, Supplier

shall carry and maintain, and ensure that all subcontractors carry and maintain, throughout the period when work is performed and until final acceptance by Buyer, Commercial General Liability and Workers' Compensation insurance with available limits not less than \$1,000,000 per incident (for bodily injury and property damage combined) and automobile liability insurance. Prior to commencement of work, Supplier will provide for Buyer's review and approval the certificates of insurance reflecting full compliance. If Supplier is a self-insurer for workmen's compensation, he shall furnish a certificate to Buyer from the Department of Labor of the State in which the labor is to be performed. Failure of Supplier, or any subcontractor thereof, to furnish certificates of insurance or to procure and maintain the required insurance noted herein, does not waive the Supplier's or subcontractors obligations noted herein.

26. CONFLICT MINERALS:

In compliance with Dodd-Frank Act, Supplier agrees to use Commercially Reasonable Efforts to assist and cooperate with Buyer's and Buyer's affiliates' obligations to comply with SEC Reporting Requirements for Issuers Using Conflict Minerals.

27. IRON AND STEEL SOURCING REQUIREMENTS

In accordance with EU Regulation No. 833/2014, as amended, and with UK Regulations 46IA and 46IB, seller shall not incorporate any steel or iron originating in Russia in goods supplied to Korry Electronics Co.