

Innovative Power Products, Inc. General Terms and Conditions of Purchase

1. **Exclusivity of Terms:** Buyer hereby offers to purchase the good ("Goods") and / or services described on the face of the "Purchase Order". Acceptance is expressly limited to the terms and conditions of this offer ("these Terms"). Any term or condition in any form of Seller which has been or, at any time, may be received by Buyer and which is inconsistent with, additional to, or different from these terms is hereby expressly objected to, rejected and shall not be applicable to the sale or shipment of Goods. Changes to this purchase order or any contract resulting here from not made in writing executed by Buyer's authorized contractual representation are invalid.
2. **Acceptance of Order:** Seller has read and understands this order and agrees that the Seller's written acceptance or commencement of any work or service under this order shall constitute Seller's acceptance of the terms and conditions only. All terms and conditions proposed by Seller which are different from or in addition to this order are unacceptable to Buyer, are expressly rejected by Buyer, and shall not become a part of this order. Any modifications to this order shall be made in accordance with paragraph 7.
3. **Quantities and prices:** Buyer's count shall be accepted as conclusive on all shipments not accompanied by a packing slip. Buyer reserves the right to reject and return any material in excess of the quantities specified on Buyer's Order.
4. **Inspection and Final Acceptance:** All articles, parts, materials and workmanship are subject to 100% inspection, testing and final acceptance by Buyer after delivery to Buyer notwithstanding if prior payment has occurred. No preliminary inspection by or on behalf of Buyer shall relieve Seller of its own obligation to make full and adequate test and inspection. Seller agrees to furnish all reasonable facilities and assistance for test and inspections to be made on its premises by or on behalf of the Buyer. Any article, part, material, or workmanship not accepted may be held by Buyer, after notice of rejection to Seller, at Seller's risk and expense, or at the option of the Buyer, in addition to Buyer's other rights, Seller shall replace the same or reimburse Buyer for its expenses of rework, inspection, transportation and repackaging. Seller shall pay the cost of all Buyer's articles, parts or material which may be damaged by any improper workmanship on the part of the Seller.
5. **Packing, Delivery and Shipping:** All delivered goods shall be packed and shipped in accordance with the instructions or specification on the Purchase Order. In the absence of any such instructions, Seller shall comply with best commercial practice to ensure safe arrival at destination at the LOWEST transportation cost. Deliveries must be made by Seller in accordance with the delivery schedule specified on the "Purchase Order". **TIME IS OF THE ESSENCE FOR ALL PURCHASE ORDERS BY BUYER.** If for any reason the Seller cannot or will not make delivery by the time specified, Seller shall immediately notify Innovative Power Products to the effect and the reason thereof. Innovative Power Products reserves the right to reject or return at Seller's risk and expense all articles or materials shipped which are in excess or in advance of the time specified for delivery or to defer payment for advance deliveries until the specified delivery dates. If in order to comply with the Buyer's required delivery date it becomes necessary for seller to ship by a more expensive method than specified in this purchase order, Seller shall pay any increased transportation costs, unless the necessity for such routing or expedited handling has been caused by the Buyer.
6. **Force Majeure:** Any delay or failure of either party to perform its obligation hereunder shall be excused if, and to the extent that it is caused by an event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as, by way of example and by way of limitations, acts of God, actions by any government authority (whether valid or invalid), fires floods, windstorms, explosions, riots, natural disasters, wars, sabotaged, labor problems (including lockouts, strikes and slowdowns), inability to obtain electrical power, provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party within five (5) days. During the period of such delay or failure to perform by Seller, Buyer, at its option, may purchase goods from other sources and reduce its schedules to Seller by such quantities, without liability to Seller, or have Seller provide goods from other sources in quantities and at times requested by Buyer and at the price set forth in the Purchase Order. If requested by the Buyer, Seller shall within five (5) days of such request, provide adequate assurance that the delay shall not exceed fifteen (15) days or if Seller does not provide adequate assurance that the delay will cease within fifteen (15) days, Buyer may immediately cancel the order without liability.
7. **Changes:** Buyer shall have the right, by given written notice to Seller to make changes in the drawings, specifications, design, quantities and delivery schedule of the articles ordered. Upon receipt of such notice, Seller shall proceed promptly to make such changes in accordance with the terms of such notice. Such changes shall be subject to an equitable adjustment in performance schedule or purchase price based on a reasonable and unavoidable costs incurred by the Seller prior to notice of the change. Any claim of Seller for an adjustment must be submitted in writing to Buyer within five (5) days of the written notice.
8. **Termination:** Buyer may terminate all or any part of this order at any time for its convenience upon written notice to Seller. Buyer will pay a reasonable termination charge based on percentage of the order price reflecting the percentage of work performed by Seller prior to termination. Buyer may also terminate this order, in whole or in part, for cause if Seller defaults. Any claim for payment of such termination charges may be submitted in writing to the Buyer within ten (10) days of receipt of such notice of termination, thoroughly documented by invoices or other applicable documents. Buyer shall have the right to audit all elements if any termination claim, and Seller shall make available to the Buyer on request all books, records and papers relating thereto. The provisions of this paragraph are without prejudice to the rights of the Buyer in the event of any failure on the part of the Seller to comply with performance schedule or other provisions of the "Purchase Order". Deliveries of products which are defective or do not conform to the "Purchase Order", and failure to provide reasonable assurance of a future performance upon request, shall all be reasons for allowing the Buyer to terminate the "Purchase Order" for cause. In such event, Buyer shall not be liable to Seller for any amounts, and Seller shall be liable for any damages due to Seller's breach or default. Buyer may also terminate without liability to Buyer if Seller fails to deliver products ordered on any "Purchase Order" which are more than thirty (20) days past the previously agreed upon dock date.
9. **Payment:** Invoices shall be submitted with the following information: Purchase Order number, item number, description of articles, quantities, unit price and extended totals. Any adjustments in Seller's invoice due to shortages, late delivery, rejections, or either failure to comply with the requirements of the "Purchase Order" may be made by Buyer before payment. Cash discounts will be taken from the date of material receipts. Payments shall not constitute final acceptance.
10. **Insurance:** Seller shall maintain insurance coverage in amounts not less than the following: (a) Worker's Compensation – Statutory Limits for the state or states in which the "Purchase Order" is to be performed (or evidence of authority to self-insure); (b) Employer's liability insurance with limits for at least \$500,000 for each occurrence; Comprehensive General Liability (including Products / Completed Operations and Blanket Contractual Liability) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury, and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit; (c) Automobile Liability (including owned, non-owned and hired vehicles) - \$1,000,000 per occurrence Personal Injury and 1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit. At Buyer's request seller shall furnish to Buyer certificates of insurance setting forth the amount(s) of coverage, policy number(s) and dates of expiration for insurance maintained by Seller and, if further requested by Buyer, such certificates will provide that Buyer shall receive thirty (30) day's prior written notification from the insurer, of any termination or reduction in the amount or scope of coverages. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities of Buyer's "Purchase Order(s)". In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by the Buyer's "Purchase Order(s)" and shall not be required to make further payments except for conforming goods delivered or services rendered prior to the cancellation.
11. **Patents and Trademarks:** The seller shall indemnify, defend, save and hold harmless the Buyer, its successors, assigns and customers from and against any and all suits, actions, claims, demands, damages, liabilities, costs and expenses, including all attorneys' fee arising out of any actual or claimed infringement of any United States or foreign patent or patents or trademark or trademarks - other than those of the Buyer - or proprietary rights in the manufacture, use or sale of goods covered under this purchase order.
12. **Nondisclosure of Trade Secrets:** Seller agrees that the nature of said materials, specifications, and drawings, and the purpose of which the same furnished by Buyer to Seller shall be kept in strict confidence and shall be revealed only to Seller's employees and their suppliers to the extent necessary.
13. **Proprietary Rights:** If articles hereunder are to be manufactured or supplied pursuant to Buyer's drawings or specifications furnished by Buyer hereunder are not based on Seller's design, Seller grants hereby to Buyer and assigns a nonexclusive, fully paid, and irrevocable license to make, procure, use and sell any improvement in such article made or incorporated by Seller in performance hereunder. All electronic files and drawings supplied by Buyer must be destroyed by Seller upon completion of Buyer's Purchase Order.
14. **Warranties:** Seller warrants that all articles, materials, parts and work covered by the Purchase Order will conform to the specifications, drawings, samples or other descriptions furnished or adopted by Buyer, shall be merchantable, of good workmanship and material and free from defects. These warranties are in addition to any other warranties specified herein or implied by law, and shall survive acceptance and payment. In case of ambiguity in specification, drawings, or other requirements of the Purchase Order, Seller, before proceeding, must contact Innovative Power Products, whose written interpretation shall be final.
15. **Counterfeit Parts:** Seller agrees and shall ensure that only new and non-counterfeit parts, materials and components are used in products required to be delivered to Buyer. To further mitigate the possibility of inadvertent use of counterfeit parts, materials or components, Seller shall only purchase parts, materials and components directly from the Original Equipment Manufacturers (OEMs), directly through the OEM's authorized distribution chain, or directly from Independent Distributors. If the parts cannot be procured from the above sources, use of parts, materials or components product without appropriate traceability documentation from independent broker or any other source is not authorized unless first approved in writing by Buyer.
16. **Material Safety Data Sheets:** All chemicals purchased under any Purchase Order by Buyer shall be accompanied with a Material Safety Data Sheet provided by the chemical supplier / manufacturer. All chemical suppliers certify by acceptance of this order that the chemicals purchased are on the Toxic Substance Control Act, 15 U.S.C.S. 2601, et seq., chemical inventory or are subject to an exemption and that such exemption is specified in the Material Data Sheet.
17. **Property:** Whenever Seller has in its possession Buyer's property, Seller shall be deemed an insurer thereof and shall be responsible for its safe return. Equipment, patterns, dies, tooling, materials, specifications, and drawings supplied or paid for by Buyer shall remain the property of Buyer and shall not be used except for work performed for Buyer. Upon request by Buyer, all property of Buyer shall be returned immediately upon request to the requested destination.
18. **Advertising:** Seller shall not without first obtaining the written consent by Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer's goods or services under any of Buyer's Purchase Orders, or use any of Buyer's trademarks or trade names in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by all the open Purchase Orders and shall not be required to make further payments except for conforming goods delivered or services rendered prior to written cancellation.
19. **Disputes:** Both parties agree that any claims or disputes will be submitted to non-binding mediation prior to initiation of any formal legal process. Costs of mediation will be shared equally. Provision does not apply to claims or disputes relating to intellectual property.

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20. Any and all state and local sales, use excise, privilege, and similar taxes imposed on **Taxes:** Buyer or which Buyer has a duty to collect in connection with the sale, delivery, or use of any product will appear as separate items on the invoice and will be paid by Customer, if sales to Customer are exempt from such taxes, Customer shall furnish to Buyer a certificate of exemption from the applicable taxing authority.
21. **Tooling:** All tooling materials, including computer programs or data provided by Buyer are the property of the Buyer and shall be used by Seller at Seller's risk. All such materials will be returned to the Buyer upon request.
22. **Infringement:** Buyer warrants that the manufacture, use, or sale of Products in accordance with the designs (including without limitation, product specifications and / or drawings or part thereof) provided by the Buyer under this Agreement will not infringe upon or violate any patent, copyright, trade secret, or any other proprietary right of any third party. In the event of any claim by a third party against Buyer asserting or involving a patent, copyright, trade secret, or proprietary right violation involving such products, Seller will defend, at its expense, and will indemnify and hold harmless the Buyer against any loss, expense (including attorney's fees), or liability arising out of such claim, whether or not such claim is successful, provided, however, that Buyer is notified by Seller in writing within a reasonable time after Buyer first receives written notice of any such claim, action, or allegation of infringement.
23. **Assignment:** No right or obligation under any of Buyer's purchase orders (including the right to receive money due and to become due hereunder) shall be assigned by Seller without the prior written consent of Buyer, and any purported assignment without such consent shall be void.
24. **Governing Law:** The laws of the State of New York hereunder, shall govern the rights of the parties.
25. **Attorney's Fees:** If litigation is commenced by either party to enforce any provision of any contract including these terms and conditions, the prevailing party shall be entitled to recover reasonable costs and attorney's fees both at trial and upon appeal.
26. **Notices:** All notices required or authorized by these terms and conditions shall be given in writing and shall be deemed effective upon receipt. Notices to Seller shall be sent to the address shown in Buyer's Purchase Order. Notices to Buyer shall be sent to the attention of the President or Vice-President.
27. **Conflict Materials:** Seller is hereby notified that in accordance with the Section 1502 of the Dodd-Frank Wall Street and Consumer Protection Act certification shall be provided to the Buyer that product(s) / component(s) supplied are "DRC Conflict Free". Conflict Minerals are those minerals, including cassiterite, columbite-tantalite (coltran), gold, wolframite and their derivate (limited to tantalum, tin, tungsten), that originated in the Democratic Republic of the Congo (DRC) or an adjoining country and financed and / or benefited armed groups.
28. **Export Restrictions:** Seller shall comply with all U.S. Government export control regulations, 22 CFR Parts 120 – 130, International Traffic in Arms Regulations (ITAR), and 15 CFR Parts 730-774, Export Administration Regulations (EAR), as applicable, before (a) disclosing to foreign nationals Buyer's technical data, including drawings and specifications, or (b) providing foreign nationals with access to Buyer's equipment or technology or (c) assigning any foreign national to perform work under this purchase order. Seller also shall notify buyer in writing prior to subcontracting or sourcing all or any part of the work under this order to any non-US entity or national. Failure to comply by Seller may be a violation of U.S. Government export control regulations and may be deemed a material failure to perform under this Purchase Order and shall subject Seller to termination in accordance with the Article titled Default.

The Seller is hereby notified that pursuant to 22 CFR 122.1(a) (International Traffic in Arms Regulations – ITAR), any person who engages in the United States in the business of manufacturing defense articles is required to register with the U.S. Department of State, Directorate of Defense Trade Controls.