



## **PURCHASE ORDER TERMS AND CONDITIONS**

### **ALL PURCHASE ORDERS ARE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS**

(1) **APPLICABILITY**—These terms and conditions (these “Terms”) are the only terms which govern the purchase of the goods (“Goods”) and services (“Services”) by The Ontario Knife Company (the “Buyer”) from the party to whom the purchase order is addressed (the “Seller”). Notwithstanding anything herein to the contrary, if a written contract signed by both parties is in existence covering the sale of the Goods and Services covered hereby, the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Terms.

The purchase order (the “Order”) and these Terms (collectively, this “Agreement”), together with any documents incorporated herein by reference, constitutes the sole and entire agreement of the parties with respect to the Order, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Order. The Order expressly limits Seller's acceptance to the terms of the Order. These Terms prevail over any terms or conditions contained in any other documentation and expressly exclude any of Seller's general terms and conditions of sale or any other document issued by Seller in connection with the Order.

(2) **ACCEPTANCE**—The Order is not binding on Buyer until Seller accepts the Order in writing or starts to perform in accordance with the Order. If Seller does not accept the Order in writing or provide written notice that it has commenced performance within three (3) days of Seller's receipt of the Order, the Order will lapse. Buyer may withdraw the Order at any time before it is accepted by Seller.

(3) **REVISIONS**—No revisions of the Order or any of the Terms shall be valid unless in writing and signed by an authorized representative of Buyer's Purchase Department.

(4) **CHANGES**—Buyer may at any time by written order, without notice to any surety, make changes or additions within the general scope of the Order in or to drawings, designs, specifications, instructions for work, method of shipment or packing, or place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for, performance of the Order, Seller shall notify Buyer in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance, or both, by written modification of the Order. Any claim by Seller for such adjustment must be submitted within thirty days or sooner if requested after Seller's receipt of the change. Nothing herein shall excuse Seller from proceeding with the contract as changed.

(5) QUANTITY—Buyer need not accept any variation in quantity except as specified herein.

(6) PACKING AND SHIPMENT—Deliveries shall be made as specified, without additional charge for boxing, crating, carting or storage. Unless otherwise specified, an article should be suitably packed to secure the lowest transportation cost in accordance with the requirements of common carriers. Goods shall be described in bills of lading in accordance with current national mode of freight or uniform freight classification, whichever is applicable. Buyer's order numbers and symbols, and identification numbers must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each box or package shipment showing Buyer's order number and symbol, item number and description materials. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Shipping receipts or bills of lading shall be sent to Buyer on date material is shipped. Goods shall be packed to assure against damage from weather or transportation. Seller must provide Buyer prior written notice if it requires Buyer to return any packaging material. Any return of such packaging material shall be made at Seller's expense.

(7) DELIVERY OF GOODS AND PERFORMANCE OF SERVICES—All Goods shall be delivered to the address specified in the Order (the "Delivery Location") during Buyer's normal business hours or as otherwise instructed by Buyer. Seller shall provide the Services to Buyer as described and in accordance with the schedule set forth in the Order and in accordance with the terms and conditions set forth in these Terms.

(8) SHIPPING TERMS—Delivery shall be made in accordance with the terms on the face of the Order. Seller shall give written notice of shipment to Buyer when the Goods are delivered to a carrier for transportation. Seller shall provide Buyer all shipping documents, including the commercial invoice, packing list and any other documents necessary to release the Goods to Buyer within one (1) business day after Seller delivers the Goods to the transportation carrier.

(9) TITLE AND RISK OF LOSS—Title passes to Buyer upon delivery of the Goods to the Delivery Location. Seller bears all risk of loss or damage to the Goods until delivery of the Goods to the Delivery Location.

(10) DELIVERY—Seller acknowledges that time is of the essence with respect to Seller's obligations hereunder and the timely delivery of the Goods and Services. Delivery shall be strictly in accordance with the delivery schedule set out or referred to in the Order. If Seller has reason to believe that deliveries will not be made as required, written notice setting forth the cause of any anticipated delay shall be given immediately to Buyer, in which event Buyer may withdraw the Order.

(11) INVOICING—Seller shall issue an invoice to Buyer on or any time after the completion of delivery and only in accordance with the Terms. Invoices shall be sent to The Ontario Knife Company, Accounting Department, via postal mail or email at the address shown on the face of the Order. Delays in receiving invoices, errors or omissions on invoice, or lack of supporting documentation required by the terms of the Order will be cause for withholding settlement without losing discount privileges.

(12) PAYMENT—Buyer shall pay all properly invoiced amounts due to Seller within the agreed upon net payment terms identified on the face of the Order, measured from Buyer's receipt of such invoice, except for any amounts disputed by Buyer in good faith and subject to adjustment for shortage and/or rejection.

(13) INSPECTION—If a specification number is noted for the Goods ordered, Seller shall, upon request, furnish a notarized report confirming manufacture of the Goods according to specification.

All Goods will be subject to final inspection and acceptance by Buyer within a reasonable time after receipt at the Delivery Location, irrespective of prior payment. Payment shall not constitute acceptance.

Buyer may reject any article which contains defective material or workmanship or does not conform to specifications, samples or warranties. If Buyer rejects any portion of the Goods, Buyer has the right, effective upon written notice to Seller, to: (a) rescind the Order in its entirety; (b) accept the Goods at a reasonably reduced price; or (c) reject the Goods and require replacement of the rejected Goods. If Buyer requires replacement of the Goods, Seller shall, at its expense, promptly replace the nonconforming Goods and pay for all related expenses, including, but not limited to, transportation charges for the return of the defective goods and the delivery of replacement Goods. If Seller fails to timely deliver replacement Goods, Buyer may replace them with goods from a third party and charge Seller the cost thereof and terminate the Order for cause pursuant to Section 19.

(14) SELLER'S OBLIGATIONS REGARDING SERVICES—Seller shall:

(a) before the date on which the Services are to start, obtain, and at all times during the term of this Agreement, maintain, all necessary licenses and consents and comply with all relevant laws applicable to the provision of the Services;

(b) comply with all rules, regulations and policies of Buyer, including security procedures concerning systems and data and remote access thereto, building security procedures, including the restriction of access by Buyer to certain areas of its premises or systems for security reasons, and general health and safety practices and procedures;

(c) maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials used by Seller in providing the Services in such form as Buyer shall approve. During the term of this Agreement and for a period of two years thereafter, upon Buyer's written request, Seller shall allow Buyer to inspect and make copies of such records and interview Seller personnel in connection with the provision of the Services;

(d) obtain Buyer's written consent prior to entering into agreements with or otherwise engaging any person or entity, including all subcontractors and affiliates of Seller, other than Seller's employees, to provide any Services to Buyer (each such approved subcontractor or other third party, a "Permitted Subcontractor"). Buyer's approval shall not relieve Seller of its

obligations under the Agreement, and Seller shall remain fully responsible for the performance of each such Permitted Subcontractor and its employees and for their compliance with all of the terms and conditions of this Agreement as if they were Seller's own employees. Nothing contained in this Agreement shall create any contractual relationship between Buyer and any Seller subcontractor or supplier;

(e) require each Permitted Subcontractor to be bound in writing by the confidentiality provisions of this Agreement;

(f) ensure that all persons, whether employees, agents, subcontractors, or anyone acting for or on behalf of the Seller, are properly licensed, certified or accredited as required by applicable law and are suitably skilled, experienced and qualified to perform the Services;

(g) ensure that all of its equipment used in the provision of the Services is in good working order and suitable for the purposes for which it is used, and conforms to all relevant legal standards and standards specified by the Buyer; and

(h) keep and maintain any Buyer equipment in its possession in good working order and shall not dispose of or use such equipment other than in accordance with the Buyer's written instructions or authorization.

(15) CHANGE ORDERS—Buyer may at any time, by written instructions and/or drawings issued to Seller (each a "Change Order"), order changes to the Services. Seller shall within three (3) days of receipt of a Change Order submit to Buyer a firm cost proposal for the Change Order. If Buyer accepts such cost proposal, Seller shall proceed with the changed services subject to the cost proposal and the terms and conditions of this Agreement. Seller acknowledges that a Change Order may or may not entitle Seller to an adjustment in the Seller's compensation or the performance deadlines under this Agreement.

(16) WARRANTY—Seller warrants that all Goods and work furnished hereunder will (a) be free from defect in material, workmanship and design; (b) conform to applicable specifications, drawings, samples and/or descriptions furnished by Buyer; (c) be fit for their intended purpose and operate as intended; (d) be merchantable; (e) be free and clear of all liens, security interests or other encumbrances; and (f) not infringe or misappropriate any third party's patent or other intellectual property rights. Seller warrants to Buyer that it shall perform the Services using personnel of required skill, experience and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement. The warranties of Seller, together with its service guarantees, shall run to Buyer and/or its customers.

(17) INDEMNITY—Seller agrees to defend, indemnify and hold harmless Buyer and Buyer's parent company, their affiliates, successors or assigns and their respective directors, officers and employees and Buyer's customers (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, deficiency, action, judgment, interest, award, penalty, fine, cost or expense, including reasonable attorney and professional fees and costs, and the

cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers (collectively, "Losses") arising out of or occurring in connection with the products purchased from Seller or Seller's negligence, willful misconduct or breach of the Terms. Seller shall, at its expense, defend, indemnify and hold harmless Buyer and any Indemnitee against any and all Losses arising out of or in connection with any claim that Buyer's or Indemnitee's use or possession of the Goods infringes or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. In no event shall Seller enter into any settlement without Buyer's or Indemnitee's prior written consent.

(18) SUB-CONTRACTING—Seller agrees to obtain Buyer's written prior approval before subcontracting the Order or any substantial portion thereof; provided however, that this limitation shall not apply to the purchase of standard commercial supplies or raw materials on which Seller will perform further work.

(19) ASSIGNMENT—On acceptance. Seller may not assign the contract evidenced hereby, or any obligation, right or interest herein, including but not limited to any monies due hereunder, without the prior written permission of the Buyer, any attempted assignment in violation of this provision shall be void. Any permitted assignment shall provide that payment to an assignee of any such claim shall be subject to the terms and conditions of this Agreement, to Buyer's right of set off or recoupment for any past, present, or future claim(s) which Buyer may have against Seller, in addition to such terms and conditions as Buyer may reasonably request. Any permitted assignment shall be valid only after Seller has supplied Buyer with two properly executed copies of the assignment.

(20) TERMINATION FOR DEFAULT—Buyer reserves the right to cancel all or any part of the undelivered portion of this Order in the event Seller for any reason fails to perform any of the provisions of this Order, including specified times for delivery, or fails to make progress so as to endanger performance of the Order in accordance with the Terms. Buyer shall also have the right to cancel the Order or any part thereof if Seller becomes insolvent, makes any assignment for the benefit of creditors, or a bankruptcy petition is filed which is not vacated within thirty days from the date of filing. Except with respect to defaults of its subcontractors, Seller shall not be liable for damages if the failure to perform this purchase order arises out of causes beyond the control and without fault or negligence of Seller, such as acts of God or of the public enemy, fires, floods, strikes, freight embargoes, or acts of the Government in either its sovereign or contractual capacity; but in every case the failure to perform must be beyond the control and without the fault or negligence of Seller. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable for damages suffered by Buyer. If after notice of cancellation under the provisions of this Section 20, it is determined that such cancellation was not in accordance with the terms of the Order, such notice of cancellation shall be deemed to have been issued pursuant to Section 21 and the rights and obligations of the parties hereto shall in that event be governed by such Section, provided Seller notifies Buyer promptly of such cause.

The failure of Buyer to insist upon strict performance of any of the terms of this Order or to exercise any rights herein conferred, shall not be construed as a waiver of any terms and

conditions herein, and Seller's obligations with respect to any different or future performance shall continue in full force and effect.

(21) TERMINATION AT BUYER'S OPTION; LIABILITY UPON TERMINATION—Buyer may terminate the Order in whole or in part by written notice of termination whereupon Seller will stop work on the date and to the extent specified in the notice and immediately terminate all vendor orders and related subcontracts. Seller will promptly advise Buyer of the quantities of work and material on hand or purchased prior to termination and the most favorable disposition that Seller can make thereof. Seller shall comply with Buyer's instructions regarding the transfer and disposition of title and possession of such work and material within thirty (30) days following its receipt of such notice of termination or, in the event Buyer does not provide any such instruction, Seller will take all prudent steps to mitigate its damages. Buyer will have the right to audit such claims at any reasonable time(s) by inspecting and auditing the records, facilities, work or materials of Seller and/or its vendors and subcontractors relating to the Order. Charges for any such termination of such Order shall be strictly limited to Seller's actual, verifiable non-recoverable costs incurred by Seller that Seller can demonstrate were properly incurred for the Goods or Services under the Order prior to the date of termination. In no event will Buyer reimburse Supplier for any: (i) Goods that are in finished goods form, but which do not conform to the applicable specifications under the Order; (ii) for any anticipated profits or revenue or other economic loss for undelivered Goods that are not in finished good form or unperformed Services; or (iii) for unperformed Services. Any Goods, work-in-process and raw materials for which Seller is reimbursed shall become Buyer's property. Notwithstanding the above, payments made under this Section 21 shall not exceed the aggregate price specified in the Order less payments otherwise made or to be made and adjustments will be made reducing the payments hereunder for costs of work in process and raw material to reflect on a pro rata basis any indicated loss on the entire Order had it been completed. PAYMENT MADE UNDER THIS SECTION 21 WILL CONSTITUTE SELLER'S SOLE REMEDY AND BUYER'S ONLY LIABILITY IN THE EVENT THIS ORDER IS TERMINATED HEREUNDER.

(22) BUYER FURNISHED PROPERTY—All drawings, data, tooling, articles, material and information furnished by Buyer to Seller including propriety rights therein and copies made therefrom shall not be used in any manner and for any purpose other than for work to be performed for Buyer. Seller assumes complete liability for said items spoiled by it or not otherwise accounted for to Buyer's satisfaction. Said items including copies or reprints thereof shall be promptly returned to Buyer upon completion of this work. Said items or copies thereof shall not be made available to other persons without Buyer's prior written consent, and if Buyer so consents, Seller agrees to place similar restrictions on them and insure their return to Buyer. The furnishing of said items shall not be construed to vest in Seller or others any interest therein or title thereto, but same shall remain the exclusive property of Buyer. Where no government contract number is shown on the face of this purchase order and where payment is made for experimental, developmental or research work performed hereunder, Seller shall disclose and does hereby assign to Buyer all inventions resulting therefrom and does grant Buyer the right to use for any purpose all data specified to be delivered under this Order.

If any Government property, including but not limited to materials and/or special tooling is furnished to the Seller in connection with this Order, the appropriate provisions of FAR 45.1 through 45.309, shall be applicable to and form a part of this Order.

(23) SPECIAL TOOLING—Dies, tools and patterns specially developed for and used in the manufacture of the Goods herein ordered shall be furnished by and at the expense of Seller and shall be kept in good condition and, when necessary, shall be replaced by Seller without expense to Buyer.

Buyer may at any time become the owner and entitled to possession of any or all such special tooling acquired or manufactured specially for use in the performance of this order if any portion of the cost of such special tooling is separately stated or included in the price of articles, material or work covered by this order upon Seller being reimbursed the unpaid amount of Seller's cost of such special tooling.

If the price stated on the face hereof includes separately the entire cost of any such dies, tools and/or patterns acquired by Seller for the purpose of filling this order, such dies, tools and/or patterns shall become the property of the Buyer. To the extent feasible, Seller shall identify said property as Buyer directs and shall retain such property for exclusive use of Buyer. At completion of this order such tools, dies and/or patterns shall be stored for a reasonable time by Seller at no cost to Buyer, and until disposed of as Buyer may direct.

(24) INSURANCE— During the term of the Order, Seller shall, at its own expense, maintain and carry insurance in full force and effect to cover its obligations in any Order issued by Buyer, including without limitation, the following insurance with the respective minimum limits per occurrence: Commercial General Liability - \$2,000,000; Workers' Compensation – statutory; Business Automobile Liability - \$2,000,000; and Product Liability - \$5,000,000. Seller agrees, if and when requested by Buyer, to procure a policy or policies of insurance in form satisfactory to Buyer insuring all property on Seller's premises owned by Buyer against loss or damage resulting from fire including extended coverage, malicious mischief and vandalism. Satisfactory evidence of such insurance shall be submitted to Buyer within a reasonable period of time after requested by Buyer. Except where prohibited by law, Seller shall require its insurer to waive all rights of subrogation against Buyer's insurers and Buyer or the Indemnitees.

(25) COMPLIANCE WITH LAWS AND REGULATIONS—Seller agrees that the Goods will be produced and all work hereunder will be performed in accordance with all applicable statutes and laws (including the Fair Labor Standards Act and all lawful orders, rules and regulations thereunder), executive orders, regulations, of any of the executive departments of the United States Government, or any state or political subdivision thereof, and agrees to indemnify Buyer against any loss, cost, liability, or damage by reason of Seller's violation of any such applicable laws, orders, rules or regulations.

(26) EMPLOYMENT OF ALIENS—No aliens employed by Seller shall be permitted to have access to the plans or specifications, or the work under construction, or to participate in any

testing or inspection thereof, or to have access to any information pertaining to any of the foregoing, without the prior written consent of the Buyer.

(27) ADDITIONAL PROVISIONS– The following paragraphs of the Federal Acquisition Regulations (FAR) and clauses referred to herein are made part of the Terms, if applicable: Prohibited Sources (25.7); Convict Labor (22.2); Contract Work Hours and Safety Standards Act (22.3); Equal Employment Opportunity (22.8); Covenant Against Contingent Fees (52.203-5); Authorization and Consent (27.201); Notice and Assistance (27.202); Buy American Act -- Construction Materials (25.2); Prohibition of Segregated Facilities (52.222-21); Classified Contracts (27.207); Patent Rights Under Government Contracts (27.3); Reporting of Royalties -- Anticipated or Paid (27.204); Utilization of Small Business Concerns (52.219-8); Gratuities (52.203-3); Defense Priority and Allocation Requirements (52.211-15); Higher-Level Contract Quality Requirement (52.246-11); Audit and Records -- Sealed Bidding (52.214-26); Subcontractor Cost or Pricing Data -- Modifications -- Sealed Bidding (52.214.28); Walsh-Healey Public Contracts Act (52.222-20 and 22.6). In addition, where any of the foregoing provisions of the FAR relate to specific statutes, and are in furtherance of the provisions of such statutes, such statutes shall also be applicable to the extent required.

Where necessary to make the context of all above regulations applicable to this Order, the term “Government” or “Contracting Officer,” and equivalent phrases shall mean the Buyer and the term “Contractor” shall mean the Seller hereunder, and the terms “Contract” shall mean the Agreement.

(28) INTERPRETATION–The interpretation of the Order shall be governed in all respects by the laws of the state which is shown as part of the address of The Ontario Knife Company on the upper portion of the face of the Order.

## **THE ONTARIO KNIFE COMPANY**