

**Gavco Plastics, Inc. Purchase Order Terms and Conditions**

All purchase orders are subject to Gavco Plastics, Inc. Terms and Conditions whether communication and/or orders are by e-mail, phone, implied, expressed or mailed. This includes raw materials, services and/or goods of any type.

**ALL PURCHASE ORDERS AND AGREEMENTS IS SUBJECT TO THE FOLLOWING:**

1. This order may be accepted only upon receipt hereof and returning the same to on or before \_\_\_\_\_, 19\_\_\_. Unless so accepted, this Order shall be deemed to have been cancelled. The goods will not be accepted until inspected at our plant and found to be conforming.
2. **Definitions.** The following definitions shall apply throughout the purchase order:
  - **"Contract"** means this purchase order and any other exhibits, specifications and/or drawings attached hereto or referred to herein.
  - **"Seller"** means the person, firm or corporation undertaking to perform the Work and deliver any goods under the Contract.
  - **"Work"** means all goods, tools, dies, molds articles, materials, apparatus, equipment, labor, work, services and operations of Seller whether specified, listed, mentioned, scheduled or implied in this Contract or any revisions hereof.
3. **Risk of Loss.** Notwithstanding any agreement to pay freight or other transportation charges, the risk of loss or damage shall remain with Seller until receipt of the Work by Buyer.
4. **Delivery.** Time of delivery is of the essence of this Contract. Delivery shall not be deemed to be complete until the Work has been received at the destination set forth on the face of this Contract.
5. **Drawing Approval – Inspections.** Seller will submit to Buyer in accordance with a schedule approved by Buyer appropriate quantities of drawings and specification for review and approval. Seller agrees that (1) Buyer may have access at all reasonable times to Seller's facilities for the purpose of inspecting, testing and expediting the Work, and (2) and such review, approval, inspecting, testing and/or expediting, or any failure to do so, shall in no way relieve Seller of any obligations under this Contract.
6. **Modifications.** Buyer may at any time by written order change or amend the drawings, designs, specifications, methods of shipment, packing or place of delivery, or provide for additions to or reductions from the Work and the Seller agrees to promptly proceed with all such changes so ordered. All changes shall be subject to the provisions of this Contract to the same extent and with the same effect as if originally set forth herein. If appropriate, an equitable adjustment will be made to the contract price and/or delivery schedule.
7. **Inspection, Testing, Rejection.** All Work shall be received subject to Buyer's right of inspection and rejection. Defective goods or goods not in accordance with Buyer's specifications will be held for Seller's instructions at Seller's risk and if Seller so directs, will be returned at Seller's expense. Payment by Buyer prior to inspection shall not constitute acceptance by Buyer and is without prejudice to any and all claims that Buyer may have against Seller. Inspection and acceptance do not relieve the Seller of any liability for latent defects.
8. **Payments – Invoices.** The price set forth of the face of this Contract shall include all applicable taxes (except sales or use) and duties and charges for packing, loading, shipping and insurance. Buyer may withhold payment to such extent as may be necessary to secure Buyer from loss based upon a reasonable belief that (1) the Work will not fulfill the contractual requirements, (2) liens and encumbrances will be filed or (3) there was a breach by Seller of any contractual provision. Discount or due date will be calculated from the receipt of a proper invoice or the receipt of properly completed Work, whichever is later. Seller shall prepare and submit all invoices in triplicate showing and pricing separately: the Work, cash discount terms, points of shipment, transportation charges (prepaid or collect) and applicable sales or use taxes due, if any.
9. **Warranty.** Seller warrants that the Work will meet the requirements and specifications set forth on the attached Exhibit "A". Seller warrants that the Work will meet all other requirements of this Contract and be of high quality with design, materials and workmanship proper and sufficient for the purposes contemplated and be free from defects due to faulty design, materials or workmanship. Buyer will give notice of observed defects and Seller agrees at Seller's expense to promptly remedy in place such defects. In emergencies, or in the event Seller fails to promptly remedy such defects, Buyer may remedy such defects and Seller agrees to promptly reimburse Buyer for the cost of so doing.
10. **Indemnity.** In the event any Work is performed on Buyer's premises, Seller agrees to (1) indemnify and save Buyer and its officers, directors, shareholders, agents and employees harmless against any all demands, claims, suits, losses, damages, costs, attorney's fees, liens and expenses which they may hereafter suffer or incur (arising out of or in connection with the Work) as a result of bodily injury to any person or damages to any property occurring to, or caused in whole or in part by, Seller (or Seller's employees) or any person, firm or corporation directly or indirectly employed or engaged by Seller, including any independent contractor retained by Seller, and (2) upon Buyer's request promptly defend the same at Seller's expense. Buyer agrees that Seller will not be liable for demands, claims, suits, losses, damages, cost and expenses arising out of bodily injury to any person or damages to any property caused by or resulting from the sole negligence of Buyer.
11. **Confidentiality.** Seller agrees that Seller and Seller's employees shall treat Buyer's confidential property and not use or disclose to others during or subsequent to the term of this Contract any information regarding Buyer's plans, programs, plants, processes, systems, costs, equipment, operations or customers which may come within the knowledge of or may be developed by Seller of Seller's employees. Seller shall restrict the knowledge of any information regarding the Work to as few of Seller's employees and upon request shall have such employees sign individual confidentiality agreements in a form satisfactory to Buyer. Nothing contained herein shall prevent Seller from disclosing to others or using information which Seller can show (1) became part of the public domain other than acts of omissions of Seller of Seller's employees, (2) has been revealed to Seller by third parties as a matter of right and without restriction on disclosure or use, or (3) was in Seller's possession on the date of this Contract and was not acquired directly or indirectly from Buyer or its employees.
12. **Ownership of Documents.** Seller acknowledges that all drawings, specifications, data, memoranda, calculations, notes and other materials or copies thereof made available to Seller by Buyer or generated by Seller using Buyer's information shall remain the sole and exclusive property of the Buyer and will be returned at the completion or termination of the Work, or when requested by Buyer.
13. **Publicity.** Seller will not without written consent from Buyer associate Buyer with, publish, publicize and/or advertise the existence of subject matter of this Contract.
14. **Patents – Trademarks – Copyrights.** Seller warrants that Buyer's use or sale of the Work, in the form in which furnished to the Buyer, will not infringe any valid United States or foreign patents, trademarks or copyrights. Seller agrees to (1) upon Buyer's request promptly defend at Seller's expense any claims or suits that may be brought against Buyer for infringement by reason of Buyer's use or sale of the

- Work, and (2) indemnify and save Buyer harmless against all liability, judgments, decrees, losses, damages, cost and expenses recovered against or sustained by Buyer as a result of any such actual or alleged infringement.
15. **Insurance.** In the event any Work is performed on Buyer's premises, Seller agrees to comply with Buyer's Site Conditions and Regulations and to maintain at Seller's expense the following insurance in amounts acceptable to Buyer: *Workmen's Compensation* (Statutory); *Employer's Liability*; *Public Liability - Bodily Injury*; *Public Liability – Property Damage*; *Automobile Liability – Bodily Injury*; and *Automobile Liability-Property Damage*. The public liability insurance shall also include coverage for all of Seller's contractual liability under Paragraph 10 hereof with limits approved by the Buyer. Seller shall not undertake any Work on Buyer's premises unless and until Seller has secured the insurance set forth above and certificates of insurance confirming such coverage's have been approved by Buyer.
  16. **Liens.** Seller agrees to indemnify and save Buyer harmless against any and all liens and encumbrances (arising out of or in connection with the Work) and to keep Buyer's premises free from all such liens and encumbrances.
  17. **Assignment.** Seller shall not assign, subcontract or delegate the Contract, in whole or in part, without the prior written consent of Buyer and any such assignment or delegation without Buyer's consent shall be void. Seller shall not be relieved of any of Seller's obligations under this Contract notwithstanding any such written consent by Buyer.
  18. **Termination – Suspension.** Buyer may at any time by written notice terminate this Contract or suspend, delay or interrupt all or any part of the Work hereunder. If Buyer terminates for any reason other than breach by Seller, Buyer will pay Seller for all costs previously incurred by Seller in good faith in connection with the Work, plus a reasonable allowance for overhead and profit, but not to exceed the total Contract price. If the Work is suspended, delayed or interrupted by Buyer for a period of ninety days (unless otherwise agreed) , upon giving Buyer sixty days prior notice Seller may elect to treat this Contract as if Buyer had terminated pursuant to the provisions of this paragraph. If Seller is authorized to resume the Work, an equitable adjustment will be made to the Contract price and/or delivery schedule, as appropriate.
  19. **Survival of Obligations.** Seller agrees that payment, termination, suspensions, delays, interruptions or acceptance of completed Work shall not terminate Seller's obligation under Paragraph 9, 10, 11, 12, 13, 14, 16, 18 and 19 hereof.
  20. **Miscellaneous.** Additional terms hereof are set forth on the attached Exhibit "B". No terms, conditions, understandings, usage of the trade, courses of dealing or agreements purporting to modify, vary, explain or supplement this Contract shall be binding unless and until hereafter made in writing and signed by Seller and Buyer. Seller shall comply with all applicable laws, rules and regulations relating to the Work. The validity, interpretation and performance of this Contract shall be governed by and construed in accordance with the laws of the State of Oklahoma.
  21. **Laws.** Seller represents and warrants that Seller presently complies in all respects and shall continue to comply with all laws relevant to or applicable to the Work, and the Work shall be completed in compliance with all such laws. This Contract shall be construed, interpreted and enforced in accordance with Oklahoma law. Seller waives any possible objection to venue in any state of federal court in Tulsa County, Oklahoma in any action of proceeding to construe, interpret or enforce this Contractor any term or provision thereof.
  22. **Terms.** In the event of any inconsistency, terms of the front of this Contract govern the terms of any other part hereof, typed or handwritten terms prevail over printed terms, handwritten terms govern over printed or typed terms, and specification govern samples or drawings.
  23. **Performance Status of Sellers.** Sellers will be reviewed for (On Time Delivery) and supplying (Quality) products to Buyer. Performance status of Seller will be in 3 categories: Approved, Conditional and Disapproved. (1) Approved Sellers will continue to do business as usual. (2) Conditional Sellers will have 30 days to alleviate the circumstances that led to being Conditional, whether that is On Time Delivery, Quality or any other circumstances which could affect the Buyers ability to provide products for their customers. A review in 30 days of the Conditional Supplier by the Buyer will determine the status of Conditional Supplier. Should a Seller become (3) Disapproved they risk the loss of doing any Work for the Buyer at all, and must be reviewed by the Buyer's top management team for any further Work.
  24. **Special Processes.** If the Seller provides any special processes for the Buyer and outsources any of the special processes, those sources must first be pre-approved by the Buyer. Any change in the special processes provided by the Seller must also be pre-approved by the Buyer.
  25. **Nonconforming Product.** Seller agrees to notify the Buyer immediately of any nonconforming product (Work) that could affect the Buyer's ability to provide product to their customers in a timely manner. Seller also agrees to obtain permission from the Buyer for nonconforming product disposition that could affect the Work. Seller agrees to notify the Buyer immediately of any changes in the (Work) product, ingredients, processes, change of supplier and/or change in the manufacturing location and obtain permission from the Buyer.
  26. **Right of Access.** Seller shall allow right of access to Buyer, Buyer's customers and regulatory authorities to any level of the Sellers supply chain involved in the Contract for Work and to all applicable records.
  27. **Record Requirements.** Seller agrees to furnish Buyer documentation of quality verification of product (Work), and any other pertinent documents required by the Buyer, including but not limited to: ISO Certificates (where required), Certificate of Conformance, Certificate of Analysis, Calibration certificates, lot numbers, statistical records, process controls or any other validation of conforming product (Work), at the time agreed upon between Seller and Buyer. Seller will retain records previously described for a minimum period of one year.
  28. **Calibration Services.** All Sellers of calibration services shall complete their respective services against measurement standards traceable to International or National standards, and where no such standard exist, the basis for calibration or verification will be recorded and furnished to Buyer.
  29. **Purchasing Verification.** Buyer reserves the right to verify Seller's (Work) or services which may include, but not limited to: inspection and audits at Seller's premises, review of required documentation, inspection of (Work) or services upon receipt and delegation of verification to the Seller's certification.