

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

1. GENERAL REQUIREMENTS

a) **ACCEPTANCE:** Any Purchase Order originating from Innovative Design, Inc., hereafter referred to as “Buyer” (including any documents incorporated herein) is an offer to buy, and is expressly conditioned upon Seller's acceptance of these terms and conditions. An acknowledgment of a Purchase Order or the commencement of performance hereunder shall operate as an acceptance of this offer upon the terms and conditions herein, even though the acknowledgment or other communication states terms and conditions which are additional to or different from those stated herein. The Purchase Order shall become the entire contract between Buyer and Seller, and Seller's terms and conditions shall not be binding upon Buyer, except to the extent Buyer specifically accepts in writing such terms and conditions. Buyer objects to any terms in any proposal, quotation, acknowledgement or other communication by Seller which are additional to or different from those stated herein, and any reference herein to any such Seller communication shall, unless indicated to the contrary herein, be deemed to be limited to the description of the products or services.

b) **PACKING, IDENTIFICATION, & DELIVERY:** Seller shall furnish all resources necessary to assure compliance with the established delivery dates. Seller shall ensure that products and packaging are in accordance with the requirements of commercial common carriers and identified and marked so they are traceable to the product and packing slip. Seller shall be responsible for packaging, loading and tying-down of each shipment in accordance with the specifications and requirements of the Purchase Order or in the absence thereof, in a manner to ensure safe shipment of the materials or ordered items unless pickup arrangements are handled through Innovative Design, Inc. Seller shall have risk of loss of the materials or ordered items furnished under this Purchase Order until arrival on board carrier at the destination designated in this Purchase Order.

c) **PACKING SLIPS, BILLS OF LADING (BOL) & INVOICES:** Each packing slip, bill of lading, and invoice shall bear the applicable Purchase Order number and the location of the plant to which items are shipped or where the services were performed. Packing slips and bills of lading shall contain the item number/part number of the product that was shipped and the quantity shipped. All packing slips must contain a unique ID # (packing slip number) that identifies the each individual packing slip generated. Invoices must identify the Purchase Order. If partial shipments are made, a separate invoice must be prepared for each partial shipment.

d) **CHANGES:** This Purchase Order may not be changed or modified without prior authorization of Buyer. Buyer may, by written change notice, make changes in the work covered by this Purchase Order. Seller shall comply with such changes. If the change materially affects Seller's cost or time for performance, the Purchase Order will be equitably adjusted in writing. Any claim for adjustment must be asserted by Seller as promptly as possible, but in no event more than ten (10) days after receipt of any such Change Notice. Seller shall, at Buyer's direction, proceed with the change pending resolution of any dispute.

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

e) SHIPPING RELEASES. Shipments of items in excess of those authorized may be returned to Seller and Seller shall pay Buyer for all packaging, handling, sorting, and transportation expenses incurred in connection with such shipments. Buyer may from time to time change shipping/performance schedules specified in the Purchase Order or contained in such written instructions or direct temporary suspension of such scheduled shipments/performance. Delivery performance must be made in accordance with the time stated on the Purchase Order; otherwise, Buyer reserves the right to take action in accordance with the Terms and Conditions.

f) TERMINATION AND SUSPENSION: Buyer may terminate or suspend this Purchase Order for its convenience, in whole or in part, at any time by written notice. In such event, Seller shall promptly comply with the directions contained in such notice and shall, subject to such direction, (1) take all necessary action to terminate or suspend the Work as provided by notice given, minimizing costs and liabilities, (2) protect, preserve and deliver any property related to this Purchase Order which is in Seller's possession pursuant to Buyer's direction; and (3) continue the performance of such part of the Work, if any, as may not have been terminated or suspended by the notice. If Seller at the time of such termination or suspension has in stock or on firm order any completed or uncompleted items or any raw, semi-processed or completed materials for use in fulfilling this Purchase Order, then: (1) in the case of completed items or materials, Buyer may either require delivery of all or part of the completed items or materials and make payment thereof at the purchase price or, without taking delivery thereof, pay Seller the difference, if any, of the purchase price over the market price at the time of termination, and (2) in the case of uncompleted items or raw or semi-processed materials, Buyer shall, at its option, either require Seller to deliver all or part of such items or materials at the portion of the purchase price representing their stage of completion or, without taking delivery thereof, pay Seller with respect to such items or materials as are properly allocable to this Purchase Order, a portion of the purchase price representing the state of completion of such items or materials, reduced by the higher of the market or scrap value of such items or materials at such stage of completion; and (3) in the case of items or materials which Seller has on firm order, Buyer shall, at its option, either take an assignment of Seller's right under such order or pay the costs, if any, of settling or discharging Seller's obligation under such Purchase Order. Buyer shall have the right, by written notice to Seller, to terminate the whole or any part of this Purchase Order for default: (1) if Seller fails to deliver items and materials or to perform the services within the time or in the manner provided under this Purchase Order, (2) if reasonable grounds for insecurity arise with respect to Seller's performance and Seller fails to furnish adequate assurances within ten (10) days after a written demand by Buyer for such assurance or (3) if Seller becomes insolvent or makes an assignment for the benefit of creditors, commits an act of bankruptcy or files or has filed against it a petition in bankruptcy or reorganization proceedings. In the event Buyer terminates this Purchase Order, in whole or in part, for default, Buyer shall be entitled to all rights and remedies provided by law.

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

g) CONFLICT RESOLUTION: Seller shall clarify with Buyer any inconsistencies or conflicts in this Purchase Order. Should Seller fail to contact Buyer to resolve any such conflicts or inconsistencies, Seller will be solely responsible for any errors resulting from any conflicts or inconsistencies occurring in this Purchase Order. Where documents are referenced, the issue date in effect at the time of Purchase Order or Change Notice placement shall be applicable, unless another issue date is specified in the Purchase Order or Change Notice. In the event of any conflict or inconsistency between those terms set forth on the face of this Purchase Order and these Terms and Conditions, the terms set forth on the face of this Purchase Order shall prevail.

2. GENERAL QUALITY REQUIREMENTS

General quality requirements are listed herein this document. When specific quality requirements are deemed applicable, they will be designated on the purchase order via Supplier Quality Requirements (SQR's).

a) QUALITY MANAGEMENT SYSTEM: As a supplier to Innovative Design, Inc., the Seller shall implement a Quality Management System that is commensurate with the complexity of product being provided and will ensure that the product supplied is compliant with the requirements of the purchase order and the terms and conditions as stated within this document.

b) EXTERNAL PROVIDERS/SUBCONTRACTORS: Where the Seller of products and services must use another external provider to complete the requirements of this order, the Seller shall ensure the external provider has been approved for use by Innovative Design, Inc. The Seller is responsible for communicating this information to Innovative Design, Inc prior to tendering an offer to perform the required work. Where an external provider is required for performance of work or services, any applicable requirements as provided by this Purchase Order including these terms and conditions and provided supplemental documentation must be flowed down to those external providers.

c) INSPECTIONS. All items supplied hereunder shall be subject to inspection and testing at Buyer's plant. All services performed hereunder are subject to the Buyer's satisfaction and full approval. Seller grants Buyer the right to conduct inspections at the plant where Seller may produce goods or services for Buyer. Buyer shall have the right to reject and/or return to Seller all or any portion of goods or services which are nonconforming.

d) NONCONFORMANCES & MATERIAL REVIEW BOARD (MRB) AUTHORITY: The Seller does not have MRB authority to disposition any of its products in a "Use as-is" or "Repair" that the Buyer has procured without Buyer written approval or Buyer disposition authority. The Seller shall notify Innovative Design, Inc. of any nonconforming processes, products, or services and obtain approval for their disposition prior to any shipment of goods or services performed. No material will be accepted where prior approval has not been obtained.

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

e) **SUBSTITUTE & COUNTERFEIT MATERIAL:** No substitution of material of any kind is allowed from the specified material requirements hereunder this Purchase Order. The Seller shall take appropriate actions, with consideration for risk potential, to prevent counterfeit parts or materials being introduced into products that are being supplied to Innovative Design, Inc.

f) **CHANGES:** The Seller shall notify and obtain approval from Innovative Design, Inc. of any changes to processes, products, or services that impact the product or service being provided, including changes in location of manufacture.

g) **TEST SPECIMENS OR FIRST ARTICLE:** If required by the Purchase Order, test specimens or first article parts shall be provided for approval. The test specimens or first article parts shall be representative of the material and product being supplied by the Seller for composition and process.

h) **RECORDS:** Records furnished under this Purchase Order shall be retained for a minimum of 10 years. Records beyond the minimum retention time shall be completely destroyed to prevent the disclosure of any propriety information.

i) **AWARENESS:** The Seller shall ensure that personnel performing work on products or providing services to Innovative Design, Inc. are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

j) **ACCESS:** With reasonable notice given, the Seller shall extend the right of access to Innovative Design, Inc., its customers, and regulatory authorities to applicable areas of your facility and documented information as it pertains to product being supplied under this Purchase Order.

k) **FLOW DOWN:** The Seller shall flow down to its suppliers any applicable requirements including customer requirements in the fulfillment of product or services provided by this Purchase Order.

l) **WARRANTY:** Seller shall warrant that products and services provided are free from defects in workmanship and in compliance with the requirements of this Purchase Order. The Seller shall correct any nonconformity at its sole expense, by promptly: (1) replacing the product and/or re-performing the non-conforming services or (2) refunding the purchase price or appropriate portion thereof to Innovative Design, Inc.

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

3. LEGAL REQUIREMENTS

a) **INTELLECTUAL PROPERTY:** Seller represents and warrants that all products delivered, and services performed, pursuant to this Purchase Order and the sale or use thereof do not infringe any third-party intellectual property rights, including but not limited to patent, trade secret, copyright or trademark rights, and that Seller will at Seller's expense, defend, indemnify and hold harmless Buyer and Buyer's customers from and against all claims, demands, actions and liability based on alleged or actual infringement thereof. Buyer, at its option, may require Seller to deliver non-infringing goods or services, to modify Seller's goods and services so as to become non-infringing, to procure for Purchaser the right to continue using Seller's infringing goods and services, or in the case of goods to refund the purchase price thereof upon the return by Buyer of the infringing goods.

b) **GOVERNMENT APPROVALS:** Seller warrants that it has and will maintain any permits, licenses, registrations or other governmental approvals which may be required for its performance under this Purchase Order. Seller shall comply with all such permits and with all applicable executive orders and federal, state, municipal and local laws of the location in which the equipment, materials or Product will be produced or services performed. While upon the premises of Buyer or Buyer's customer, Seller shall comply with all applicable site rules and policies. Seller shall indemnify and defend Buyer and its customer from all loss, liability, fines and expenses incurred as a result of Seller's failure to comply with the requirements of this Article.

c) **EQUAL EMPLOYMENT OPPORTUNITY:** Seller shall comply with all applicable provisions of Executive Order 11246 of September 24, 1965, as amended, the terms of which are incorporated herein by this reference and made a part hereof. It is the policy of Buyer to provide equal employment opportunity and to adhere to federal, state and local laws pertaining thereto. Appropriate action shall be taken by Seller, with respect to itself and any of its subcontractors, vendors and suppliers to ensure compliance with such laws. All federal, state and local equal opportunity and affirmative action requirements with regard to race, sex, religion, national origin, handicap and Vietnam Veterans or Disabled Veteran status, including such federal requirements found in 41 CFR 60-1.4, 41 CFR 60-250.3 and 41 CFR 741.3 are herein incorporated by reference.

d) **OWNERSHIP:** All information including, but not limited to, software, data, drawings, designs, specifications, photographs and sketches relating to Work hereunder furnished by Buyer to Seller or developed by Seller in the performance of the Work shall (except to the extent such information has been independently developed prior to this Purchase Order by Seller, or is received by Seller from a third party without restriction, or is information in the public domain) be treated by Seller as Buyer's proprietary information and shall not be used or disclosed except as may be necessary in the performance of Work and then only on a confidential basis with the prior written consent of Buyer. All information, including but not limited to, data, photographs, sketches, software and advertising related to Work, which Seller desires to release or publish, shall be submitted to Buyer for written approval prior to such release or publication.

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

e) **TAXES:** The purchase price shall not include sales or use taxes imposed upon the sale or use of tangible personal property or services contemplated by this Purchase Order, and such taxes, if applicable, are for Buyer's account. If Seller is registered to collect applicable sales or use taxes, it shall do so as an addition to the purchase price, unless Buyer furnishes an exemption certificate. All other taxes imposed prior to delivery at the destination point are for the account of Seller, including property taxes imposed with respect to equipment/materials for which title has passed to Buyer pursuant to this Purchase Order, including but not limited to, inventory taxes that may be levied while equipment/materials are being stored by Seller or are otherwise in Seller's custody.

f) **EPA REQUIREMENTS:** Seller warrants that any and every chemical substance delivered under this Purchase Order shall, at the time of sale, transfer or delivery, be on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Agency pursuant to Section 8(b) of the Toxic Substance Control Act (Public Law 94-469), as may be amended. Seller shall submit to Buyer Material Safety Data Sheets prepared in accordance with OSHA Hazardous Communication Standard, 29 CFR 1910.1200, as required. Seller shall be responsible for all chemical substances or mixtures which it or its subcontractors or suppliers of any tier bring upon premises of Buyer or Buyer's customer. Seller shall be responsible for removing and disposing all such substances and/or mixtures, containers, materials and residue from their use, in accordance with all applicable federal, state and/or local statutes, laws, regulations, rules, orders and ordinances.

g) **EXPORT/IMPORT CONTROLS:** Seller shall control the disclosure of and access to technical data, information and other items received under this Purchase Order in accordance with U.S. export control laws and regulations, including but not limited to the ITAR. Seller agrees that no technical data, information or other items provided by Buyer in connection with this Purchase Order shall be provided to any foreign persons or to a foreign entity, including without limitation, a foreign subsidiary of Seller, without the express written authorization of Buyer and Seller's obtaining of the appropriate export license, technical assistance agreement or other requisite documentation for ITAR-controlled technical data or items. It shall be the sole responsibility of Seller to determine whether the information provided by Buyer is technical data as outlined in the ITAR (22 CFR 120-130) prior to any release to a third party abiding by the terms outlined herein. Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Buyer in connection with any violations of such laws and regulations by Seller.

h) **GOVERNING LAW AND DISPUTE RESOLUTION:** This Purchase Order shall be governed by the laws of the Commonwealth of Pennsylvania, USA. All disputes connected with, arising out of or relating to the subject matter of this Purchase Order shall be subject to the procedure described herein, except that the Parties shall not be obligated to follow such procedure with regard to disputes relating to confidentiality obligations, restrictions on use of information or property, ownership of or rights in information, tangible property, or intellectual property, or compliance with laws, standards or site rules. If a dispute arises, a Party shall provide the other Party written notice thereof, asking for mediation. During the thirty (30) day

GENERAL TERMS AND CONDITIONS FOR PURCHASED GOODS AND SERVICES

period following receipt of such notice, management level representatives of each Party shall meet at a mutually-acceptable time(s) and place(s) as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute. If the dispute has not been resolved within thirty (30) days after receipt of the notice, or if the Party receiving said notice will not meet within such thirty (30) days, either Party may initiate mediation of the dispute in accordance with the American Arbitration Association ("AAA") Commercial Mediation Rules, as may be amended by the AAA. Both Parties shall participate in good faith. If the Parties agree to forego mediation or if the dispute has not been resolved pursuant to the aforesaid mediation procedures within sixty (60) days of the initiation of such procedures, either Party may pursue such rights and remedies as are available to it at law or equity. The Parties shall bear their own costs in the aforesaid dispute resolution and mediation procedures, except that the mediator's fee shall be shared equally by the Parties.