

# STANDARD TERMS AND CONDITIONS OF PURCHASE

Inovar, Inc (heretofore referred to as Inovar)

1. **REVOCAION AND EFFECT OF ORDER.** This Order may be revoked at any time prior to Inovar's receipt of written acceptance by Seller. To the extent that this Order might be treated as an acceptance of Seller's prior offer, such acceptance is expressly made on condition of assent by Seller to the terms hereof, and the shipment of the products covered by this Order ("Goods") by Seller shall constitute such assent.
  2. **DELIVERY.** Time is of the essence in this Order. Delivery of the Goods shall be made pursuant to the schedule, via the carrier, and to the place specified on the Purchase Order unless changed by written instructions from Inovar prior to shipment. Seller shall promptly inform Inovar of any anticipated delay in shipment. Inovar reserves the right to return, shipping charges collect, all Goods received more than seven days in advance of the specified delivery date or after the specified delivery date. Seller agrees to pay Inovar for any difference in freight costs incurred by Inovar because of Seller's failure to abide by the terms in this Order. If this Order calls for delivery in installments and Seller fails to deliver an installment on the designated delivery date, Inovar may decline to accept subsequent installments and terminate the balance of this Order.
  3. **SHIPPING INSTRUCTIONS.** Unless otherwise specified on the Purchase Order, Seller shall comply with best commercial practice to ensure safe arrival at destination at the lowest transportation cost (considering ESD, MSL, aesthetics protection, etc). If Inovar receives goods or services with nonconformities, Inovar reserves the right to make rework or repair corrections at Supplier's expense. Each delivered container must be labeled and marked in accordance with requirements of our Supplier Quality Requirements (available from our website).
  4. **TITLE AND RISK OF LOSS.** Unless otherwise specified on this Order, Goods shall be delivered DDP Inovar's location designated on the Purchase Order (Incoterms 2000), at which time title and risk of loss on the Goods shall pass to Inovar. If any of the ordered Goods are destroyed prior to the time risk of loss passes to Inovar, Inovar may cancel this Order as to the destroyed Goods or require the prompt delivery of substitute Goods of equal quantity and acceptable quality.
  5. **PRICE AND PAYMENT.** The price paid by Inovar for the Goods shall be that stated on the Purchase Order. Payment terms shall be net ninety (90) days from Inovar's receipt of Goods unless otherwise specified on the Purchase Order. Unless otherwise specified on the Purchase Order, the price of the Goods includes all shipping charges, taxes, VAT, duties and packaging. Personal property taxes assessable upon the Goods prior to the receipt by Inovar shall be borne to Seller.
  6. **INSPECTION.** Seller's facilities, equipment, and goods and services purchased under Inovar's purchase order are subject to Inovar's (including our Customer and/or Government Inspectors) inspection and acceptance. Payment for the goods and services delivered shall not constitute acceptance. Goods and services shall only be deemed accepted when they have actually been counted, inspected, and tested by Inovar and found to be in conformance with Inovar's purchase order. Goods rejected and/or goods supplied in excess of those ordered or delivered in advance of the delivery schedule may, in addition to Inovar's other rights, be returned to Seller at its expense, including all expenses of unpacking, examining, repacking and reshipping such goods. If Inovar receives goods or services with defects or nonconformities whether or not apparent on inspection, Inovar reserves the right to require a refund or replacement, as well as transportation costs and payment of damages. Nothing contained in Inovar's purchase order shall relieve Seller from the obligations of testing, inspection and quality control.
  7. **WARRANTIES.** Supplier expressly warrants that all products and services supplied to Inovar by Supplier as a result of an Order shall conform to the specifications, drawings or other description upon which the Order is based, shall be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, free from defects and free and clear of all liens or encumbrances. Inspection, testing, acceptance or use of the goods by Inovar shall not affect Supplier's obligations under this warranty, and such warranty shall survive inspection, testing, acceptance and use. Supplier agrees to replace or correct promptly defects of any goods or services not conforming to the foregoing warranty without expense to Inovar, when notified of such non-conformity by Inovar. If Supplier fails to correct defects in or replace non-conforming goods or services promptly, Inovar may, after reasonable notice to Supplier, make rework or repair corrections at Supplier's expense.
  8. **ITEMS FURNISHED BY INOVAR.** Unless otherwise specified by Inovar in writing, all designs, tools, patterns, drawings, data, materials, and equipment supplied or paid for by Inovar to Seller shall remain the property of Inovar, shall be used only for making the Goods for Inovar, shall be insured by Seller at replacement value, and shall be returned to Inovar in good condition upon completion of this Order. Seller assumes all responsibility for accuracy of tooling used in the production of the Goods, whether such tooling is fabricated by Seller or furnished by Inovar
  9. **INDEMNITY.** Seller agrees to indemnify, defend and hold Inovar and its customers harmless from all costs, losses, penalties, fines, liabilities and damages arising from third-party claims alleging (a) infringement by the Goods of intellectual property or proprietary rights, (b) personal injury or property damage caused by the Goods, (c) defects in the Goods which amount to a breach of Seller's warranties in Section 7, or (d) breach of Section 15.
  10. **CHANGES.** Inovar may, by purchase order amendment issued to Seller, change (a) the method of shipment or packing, (b) the drawings, designs, or specifications, (c) the place of delivery, or (d) the shipment date. Seller shall promptly inform Inovar of any modifications to the delivery schedule necessitated by the changes. Within 3 days from receipt of a purchase order amendment, Seller shall notify Inovar in writing of any increase or decrease in the cost of performance caused by a purchase order amendment and provide supporting documentation. Inovar shall make an equitable adjustment in the Order to reflect valid cost variances by the requested Inovar changes. Seller shall advise Inovar in writing of any foreseeable part shortages, and shall advise Inovar in writing 6 months in advance of obsolescence and/or end-of-life situations that could prevent Seller from supporting Inovar's ability to order Goods.
  11. **TERMINATION AND REMEDIES.** Unless otherwise specified in writing, Inovar may terminate this Order in whole or in part at any time by written notice to Seller, even Goods designated as non-cancelable/non-returnable. Seller will thereupon immediately (a) stop work on the cancelled Goods (b) notify its subcontractors to do likewise, (c) cancel orders for components for the cancelled Goods, (d) return unneeded components for cancelled Goods to their suppliers or divert such components to jobs for other customers, and (e) broker un-returnable unneeded components for cancelled goods. Seller shall not be entitled to compensation for cancelled Goods. Except for termination due to default or delay of Seller, Seller shall be entitled to compensation for cancelled custom Goods and custom components thereof on hand at termination date as follows. Inovar will purchase finished Goods at the Order price, work-in process at a reasonable pro-rata percentage of the finished Goods Order price based on the percentage of completion, and custom components for the cancelled Goods, which Seller properly ordered and was not able to cancel, sell, or broker using diligent efforts within 90 days after cancellation, at Seller's cost for such cost for such custom components. Inovar shall also pay any cancellation or restocking fees incurred in the return of components for the cancelled Goods. The total paid by Inovar for such cancellation shall not exceed the price on the Order for the cancelled Goods. In the event that Inovar breaches its obligations under this Order, including without limitation wrongful rejection of Goods, Seller's exclusive remedy shall be to receive damages for the Goods in question as if such Goods were cancelled, computed in the manner set forth in this section. In no event shall Seller be entitled to incidental, consequential, special, or punitive damages for Inovar's breach of the terms and conditions of this Order.
  12. **WAIVER.** No claim or right arising out of the breach of this Order by Seller can be discharged by a waiver of the claim or right by Inovar unless the waiver is supported by consideration and is in writing signed by Inovar.
  13. **ASSIGNMENT.** Seller shall not assign its rights or obligations under this order without the advance written permission of Inovar. Inovar may assign its rights under this Order to a subsidiary or affiliate upon written notice to Seller.
  14. **CONFIDENTIALITY.** Seller shall not, without first obtaining Inovar's written permission, advertise, publish, or disclose the terms, details, or specifications of this Order, the amount of revenue generated or to be generated from this Order, or the fact that it has furnished or has contracted to furnish Inovar with the Goods.
  15. **COMPLIANCE WITH LAWS.** Seller shall comply with all applicable laws concerning the manufacture and distribution of Goods, and shall ensure that its activities in performance of this agreement shall not cause Inovar to be in violation of any laws, including without limitation import or export laws, security requirements, materials content, packaging regulations, Social Responsibility code of conduct requirements, environmental regulations, and any applicable Supply Chain security guidelines such as C-TPAT, of the countries in which Inovar conducts business.
- Packaging:** Seller shall comply with packaging regulations of destination countries including, but not limited to ISPM 15 "Requirements of Wood Packaging Materials."
- Social Responsibility:** Seller agrees to comply with the Electronic Industry Code of Conduct (EICC) found at <http://www.eicc.info/>.
- Environmental:** Seller expressly warrants that, unless otherwise specifically noted by Inovar, all Goods shall comply with all applicable hazardous substance content regulations including, but not limited to, the EU directive on the restriction of the use of certain hazardous substances in electrical and electronics equipment, Directive 2002/95/EC ("RoHS"). Seller shall defend, indemnify and hold Inovar harmless from and against the payment of damages, costs, expenses, liabilities and settlement amounts incurred in conjunction with any suit, claim or action by any third party arising from any breach of supplier's obligations or performance to compliance thereof.- 16. **DISPUTE RESOLUTION.** Any dispute arising out of or relating to this Order shall be settled by binding arbitration under Utah laws. The parties hereby knowingly and voluntarily, and having had an opportunity to consult with counsel, waive all rights to trial by jury.
- 17. **INTENDED BENEFICIARIES.** Seller agrees that Inovar customers are intended beneficiaries of Section 7 (WARRANTIES), 9 (INDEMNITY), 15 (COMPLIANCE WITH LAW). Seller further agrees that any intended beneficiaries identified in this Agreement are creditor beneficiaries.
- 18. **INTERPRETATION.** This Order, including the provisions on the Purchase Order and these terms and conditions, contains the entire agreement between the parties concerning the purchase and sale of the Goods. Except to the extent Inovar has relied upon statements and writings of Seller and Seller's agents, there are no oral understandings, representations, or agreements relative to this Order which are not fully expressed herein. Subject to the provisions hereof, this Order shall be construed and governed by the laws of the State of Utah. Unless a general business agreement (or other similar written agreement) is in place between Inovar and Seller, by accepting this purchase order, Seller warrants that Seller is familiar with and agrees to be bound by the above Inovar's standard terms and conditions of sale, which can also be found at the following website: [www.inovar-inc.com](http://www.inovar-inc.com)