



PURCHASE ORDER STANDARD TERMS AND CONDITIONS

NATIONAL PATENT ANALYTICAL SYSTEMS, INC. ("NPAS")

These Purchase Order Standard Terms and Conditions apply to all purchase orders from NPAS to any supplier or vendor. The articles, supplies, material and/or services covered by this Purchase Order are intended to be used directly or indirectly in the performance of a contract with the United States Government, or with a prime or subcontractor of the said Government. This order shall be deemed to include, in addition to all the terms and conditions set forth herein, all applicable provisions of such contracts, laws, executive orders and regulations of the United States. The Purchase Order terms, if in conflict with these general terms and conditions shall govern. The following terms and conditions apply:

1. **PRICE.** This is a firm price order. Unless otherwise expressly specified, the prices are stated in U.S. dollars. NPAS shall not be bound to any prices or delivery to which it has not specifically agreed to in writing.
2. **TERMS OF PAYMENT.** Invoices shall be dated no earlier than date of shipment or delivery of service. The discount period begins upon receipt of invoice, required delivery date, or date of any applicable discrepancy is resolved, whichever date is later. NPAS's payment of an invoice shall not constitute acceptance of the goods and/or services and shall be subject to appropriate adjustment for Vendor's failure to meet the requirements of this Purchase Order.
3. **HIGH PRIORITY.** This Purchase order is for products or services used to fulfill requirements of a critical application product for a high priority U.S. Government Contract. In accordance with Federal rules and regulations, Vendor is required to assign this Purchase Order its **highest priority**, with on-time delivery and no quality deficiencies.
4. **CERTIFICATES.** As an integral part of this contract, NPAS requires that all vendors supply, at no additional charge and with the products shipped to NPAS, the following certificates:
 - a. **ORIGIN.** Vendors shall provide a signed certification as to the country origin of the product and its components supplied to NPAS.
 - b. **COMPLIANCE.** Vendors shall provide written certification, signed by the company or corporate official who has management responsibility for the production of the products that the product being supplied has been manufactured and tested to verify that it meets the specifications for manufacturer's part number or the Purchase Order and conforms to all of its requirements.
 - c. **CHEMICAL COMPOSITION.** Vendors shall provide a written certification as to the chemical composition of metals subject of the Purchase Order. The Vendor shall also certify that any metals incorporated in items delivered under this Purchase Order are melted or produced in the United States, its outlying areas, or a qualifying country. Qualifying countries include Australia, Denmark, Germany, Luxembourg, Austria, Greece, Egypt Netherlands, Belgium, Finland, Norway, Israel, Canada, France, Italy and Portugal.
 - d. **MERCURY.** The Vendor shall provide certification that the material shipped under this Purchase Order does not contain functional mercury in any form and that no mercury-bearing instruments and/or equipment that might cause contamination have been used in the manufacture, fabrication, assembly or testing of any material shipped under this Purchase Order.
5. **ATTACHMENTS.** Documents designated by NPAS in the body of the Purchase Order, including supplemental terms and conditions, if any, are incorporated by reference the same as if set out in full therein.
6. **CHANGES.** The NPAS reserves the right at any time to issue a written change order or amendment to the Purchase Order concerning any of the following: (a) specifications, drawings, and data incorporated in the Purchase Order where the item to be furnished are to be specially manufactured for the NPAS; (b) quantity; (c) methods of shipment or packaging, (d) place of delivery, (e) time of delivery; or (f) any other matters affecting the Purchase Order.
7. **TERMINATION.** NPAS may terminate the Purchase Order for its convenience, in whole or in part, at any time prior to

shipment by (written or electronic) notice to Vendor. Upon receipt of such termination notice, Vendor shall promptly comply with the directions contained in such notice and shall, as required, (a) take action necessary to terminate the work as provided in the notice, minimizing cost and liabilities for the terminated work, and (b) continue the performance of any part of the work not terminated by NPAS.

8. **ASSIGNMENT.** Vendor may not assign, transfer or subcontract this Purchase Order or any right or obligation hereunder without NPAS's written consent.
9. **EXCUSABLE DELAY.** Fires, floods, strikes, accidents, shortages, or other causes beyond the reasonable control of the parties, which prevent Vendor from delivering, or NPAS from receiving, any of the goods and services covered by this Purchase Order, shall suspend deliveries until the cause is removed, subject, however, to NPAS's right of termination hereinabove.
10. **PACKAGING, PACKING LIST, AND BILL OF LADING.** Vendor shall be responsible for proper packaging, loading and tie-down to prevent damage during transportation. NPAS's weight and /or count will be accepted as final and conclusive on all shipments not accompanied by a packing list. Unless otherwise
11. **INSPECTION AND AUDIT.** All goods and services furnished hereunder will be subject to inspection and test by NPAS, its customers, higher tier contractors, and (in the case of goods and/or services purchased for a U.S. Government contract or subcontract) the U.S. Government at all reasonable times and places, but not limited to the facilities of Vendor and the Vendor's subcontractors and will be subject to NPAS's final inspection and approval within a reasonable time after delivery. NPAS may reject goods and services not in accordance with NPAS' instructions, specifications, drawings, data, or Vendor's warranty (expressed or implied), or for untimely delivery. NPAS may return rejected goods to Vendor at Vendor's expense and NPAS shall have no further obligation for such goods. Payment for any goods or services shall be deemed acceptance and in no event shall NPAS incur any liability for payment for rejected goods for service, provided, however that NPAS continues to reserve all of its rights and remedies as to defects in the product found after acceptance.
12. **CORRECTIVE ACTION.** Acceptance of this Purchase Order obligates the Vendor to perform, upon request, a corrective action investigation when discrepant material is received by NPAS. A written report shall be furnished, within a reasonable time period, which is specific and conclusive to prevent a re-occurrence of the discrepancy.
13. **COUNTERFEIT PARTS.** Only new and authentic materials are to be used in products delivered to National Patent Analytical Systems, Inc. (NPAS). No counterfeit or suspected counterfeit parts are to be contained within the delivered product. Parts shall be purchased directly from the Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM), or through the OCM's/OEM's franchised distributor. Documentation must be available that authenticates traceability to the applicable OCM/OEM. If suspect/counterfeit parts are furnished under NPAS' purchase order or any other written agreement between the NPAS and Vendor, and found in any of the goods delivered hereunder, such items will be impounded by NPAS. The Vendor shall promptly replace such suspect/counterfeit parts with parts acceptable to the NPAS and Vendor shall be liable for all costs relating to the removal and replacement of said parts. NPAS reserves all contractual rights and remedies to address grievances and detrimental impacts caused by suspect/counterfeit parts.
14. **CONFLICT MINERALS.** In accordance with Section 1502 of the Dodd-Frank Wall Street Reform Act, Vendor agrees to provide "conflict free" minerals and disclose whether products they manufacture or contract to manufacture contain "conflict minerals" that are "necessary to the functionality or production" of those products. "Conflict minerals" refer to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. Vendors must provide certification on CFS smelter compliance and a completed EICCGeSIDD survey if requested, at no additional charge to NPAS.
15. **RECORD RETENTION.** Vendor shall create an internal production order based on NPAS Purchase Orders. Vendor's tools and/or methods of manufacture shall be added to its internal production order to provide a record of manufacture. Vendor's internal production order shall be traceable to the NPAS Purchase Order and shall be retained at Vendor's facility for a period of ten years from the date of Product shipment. Vendor's internal production order is the record of manufacture for NPAS. It also serves as Vendor's record of manufacture and Product acceptance.
16. **WARRANTIES.** By accepting this Purchase Order, Vendor warrants:
 - a. that the goods and services furnished will be free from defects in materials and workmanship, merchantable and

in full conformity with NPAS's specifications, drawings, and data and Vendor's descriptions, promises, or samples, and that such goods will be fit for the NPAS' intended use, and that Vendor will convey good title to the goods, free and clear from all liens, claims, and encumbrances. Upon NPAS' request, Vendor shall furnish NPAS with a formal waiver or release of all liens by NPAS and/or NPAS' suppliers.

- b. that goods or services covered by this Purchase Order shall not infringe any patent, design, mast work, copyright or trademark, of any third party, either directly or contributory. Vendor agrees to indemnify NPAS and hold NPAS harmless from and against all liability, loss, damage and expense, including reasonable counsel fees and cost of litigation, resulting from any claim of infringement and ay litigation relating thereto. In the case where goods or a part thereof are held to constitute infringement and the use of the goods or a part thereof is enjoyed, Vendor shall, at the expense of Vendor, either (a) procure for the NPAS the rights to continue to using the goods, (b) replace the goods so that the goods become non-infringing, or (c) retake the goods and refund the purchase price and transportation and installation cost of the goods to NPAS. Such obligations shall survive acceptance of the goods or services and payment therefore by NPAS.
 - c. that the goods covered by this Purchase Order are in compliance with all laws, regulations, rules, and orders relating to the importation of goods into the United States, the exportation of goods out of the country of origin, the transit of goods through intermediate countries and the sale and use of foreign made goods in the United States. Vendor further warrants that it has obtained all permits, licenses, and certifications necessary for the goods to be exported out of the country of origin, imported in the United States, delivered to NPAS and used or sold within the United Stated.
 - d. that only new and authentic materials (OEM and OCM) are used in products to be delivered to NPAS.
- 17. TITLE; RISK OF LOSS.** Title shall pass to NPAS upon NPAS' receipt of goods at destination. Risk of loss of all goods shall remain in Vendor until receipt by NPAS at destination, unless otherwise specified in this Purchase Order, except for loss occasioned by gross negligence or willful neglect of NPAS or its customer. All goods shall be shipped prepaid, insured for the NPAS's full price and F.O.B to the NPAS's main address.
- 18. CONFIDENTIALITY; LIMITED USE.** Unless otherwise agreed by NPAS in writing, Vendor shall keep confidential and not disclose to any third party, any confidential and/or proprietary materials provided by NPAS to Vendor in connection with Vendor's performance of this Purchase Order or prepared by Vendor specifically for NPAS pursuant to this Purchase Order. Confidential materials include, without limitation all drawings, bills of materials, masters, software, specifications, raw materials, components, data, business information or plans, customer list or other customer information, contracts or customer identity ("Confidential Information"). Vendor shall not make any copies of confidential information except as specifically authorized by NPAS in writing. At the completion of this Purchase Order, or upon NPAS' request, Vendor shall promptly return to NPAS all Confidential Information not consumed in the performance of this Purchase Order, together with any copies in Vendor's possession. Vendor shall use Confidential Information solely for Vendors performance of this Purchase Order for NPAS, and Vendor shall not, without NPAS' written consent, directly or indirectly use Confidential Information or information derived therefrom in performing services or providing goods for any other customer of Vendor, or any other person or entity, or disclose such confidential information in any form or medium.
- 19. RESOLUTION OF CONFLICTS OR INCONSISTENCIES OCCURING IN THE ORDER.** It is Vendor's responsibility to comply with this Purchase Order and all referenced documents, and to clarify with NPAS any inconsistencies or conflicts in any parts of the Purchase Order or referenced documents. Should Vendor fail to contact NPAS to resolve conflicts or inconsistencies, Vendor will be solely responsible for errors resulting from said conflicts or inconsistencies. Where documents are referenced, the version in effect at the time of order placement shall apply.
- 20. NPAS'S TERMS AND CONDITIONS APPLY.** Acknowledgment of the Purchase Order, shipment of any goods, or commencement of work pursuant to the Purchase Order shall be deemed an acceptance of these General Terms and Conditions. No modification of or release from this Purchase Order shall be binding unless agreed to in writing by the parties and specifically labeled as a modification or release. Unless specifically agreed to otherwise by NPAS and Vendor, these terms and conditions supersede any submitted by Vendor in any proposal or acknowledgment.
- 21. EXTRA CHARGES.** No charges for extras or for cartage or boxing or storage will be allowed unless the same has been agreed upon in writing by NPAS. All goods must be forwarded in accordance with NPAS' shipping instructions, otherwise the difference in freight rate will be charged to Vendor.

22. **SUBSTITUTIONS.** No substitutions of materials or accessories may be made without written permission from NPAS.
23. **PROHIBITION ON ACQUISITION OF UNITED STATES MUNITIONS LIST ITEMS FROM COMMUNIST CHINESE MILITARY COMPANIES.** Any supplies or services covered by the United States Munitions List that are delivered under this contract may not be acquired, directly or indirectly, from a Communist Chinese military company. Communist Chinese military company means any entity that is (1) A part of the commercial or defense industrial base of the People's Republic of China; or (2) Owned or controlled by, or affiliated with, an element of the Government or armed forces of the People's Republic of China. United States Munitions List means the munitions list of the International Traffic in Arms Regulation in 22 CFR Part 121.
24. **TRACEABILITY.** The Vendor shall maintain a method of item supply chain traceability that ensures tracking of the supply chain back to the manufacturer and origin of all raw materials, products and components provided to NPAS. This supply chain traceability method shall clearly identify the name and location of all the supply chain intermediaries from the manufacturer to the direct source of the product for the Source and shall include the manufacturer's batch identification for the items such as the date codes and lot codes, serial numbers or other batch identifications. Proof of traceability and copies of such documentation may be required by NPAS at any time, and Vendor agrees to provide same at no additional charge to NPAS.
25. **ORIGINAL EQUIPMENT.** The Vendor may only purchase parts directly from the Original Equipment Manufacturer (OEM) or Original Component Manufacturer (OCM), OCM or OEM authorized distributors or authorized aftermarket manufacturers. Use of product that was not provided by these sources is not authorized unless first approved in writing by NPAS. The vendor must present compelling support for such a substitution, and demonstrate extraordinary effort and action to ensure that the parts thus procured are authentic and conforming parts.
26. **IDEMNIFICATION.** Vendor agrees to indemnify, defend, and hold NPAS harmless from and against all losses, damages, liability, actions, judgments, cost, and expenses (including, but not limited to, reasonable attorneys' fees and other expenses of litigation), suffered incurred, or asserted by or against NPAS (a) by reason of Vendor's breach of a warranty, (b) by reason of Vendor's breach of any term of the Purchase Order, or (c) by reason of personal injury, including death, or property damage sustained by a third party, resulting from or arising out of an act or omission of Vendor, or Vendor's agents employees, or contractors in fulfillment of this Purchase Order.
27. **CUMULATIVE REMEDIES; WAIVERS; SURVIVAL OF WARRANTIES.** The remedies herein reserved to NPAS shall be cumulative, and additional to any other or further remedies provided in law or equity. No waiver by NPAS of any term or condition of this Purchase Order shall be construed as permanent waiver of such term or condition or of any other term or condition. Vendor's warranties shall survive the completion or cancellation of this Purchase Order.
28. **GOVERNING LAW.** This Purchase Order shall be governed by the laws of the State of Ohio, U.S.A., except for its provisions regarding principles of conflicts of laws, and except to the extent that federal communications law shall apply. Any court action arising under this order shall be under the exclusive jurisdiction of the courts of Richland County, Ohio, U.S.A. or in the Southern District of Ohio federal court, as is appropriate.
29. **"GOODS" AND "SERVICES".** The term "goods" as used herein means any and all materials, parts, products, machines, tooling, test equipment, technical data, computer software, computer software documentation, and other tangible items or documentary information furnished or required to be furnished by Vendor under this order. The term "services" means any and all technical assistance, support, maintenance, consultation, construction work, and other effort furnished or required to be furnished by Vendor under this order other than labor furnished in connection with the production of goods.
30. **ENTIRE AGREEMENT.** Unless superseded by a specific signed agreement between NPAS and Vendor, this agreement shall include the Purchase Order, these General Terms and Conditions, and all attachments referred to in the Purchase Order or in the General Terms and Conditions, and it shall constitute the entire agreement of the parties with regard to the subject matter contained herein. All other prior or contemporaneous representations, warranties, covenants, or agreements between Vendor and NPAS, or their representative, with respect to the subject matter are hereby superseded. This agreement may not be modified except by mutual written agreement of the parties. These terms and conditions supersede any contrary terms asserted by Vendor in Vendor's acceptance of the purchase order.