

## **Cartel Electronics Purchase Order Terms and Conditions, 10/2010**

These terms and conditions are incorporated by reference into all Cartel Electronics purchase orders. All orders are subject to these terms and conditions.

**Acceptance.** Seller's commencement of work on the goods subject to this purchase order or shipment of such goods, whichever first occurs, shall be deemed as an effective mode of acceptance of Cartel's offer to purchase contained in this purchase order. Any acceptance of this purchase order is limited to acceptance of the express terms of the offer contained in our PO. Supplier/vendor shall be deemed to have waived objection to any term and condition contained herein upon such acceptance. If this purchase order shall be deemed an acceptance of a prior offer by seller, such acceptance is limited to acceptance of the express terms contained herein. Any of seller's terms and conditions that are in addition to or different from those contained herein are objected to and shall be of no force or effect.

By acceptance of this order the Seller agrees to comply with all applicable Federal Laws including the Civil Rights Act of 1964 and Executive Order 112461, 11375, and amendments thereto, section 503 of the Rehabilitation Act as amended, and 38 USC 2012 of the Vietnam Era Veterans Readjustment Assistance Act as amended.

Seller also agrees to comply with the Fair Labor Standards Act of the Occupational Safety and Health Administration Act and All other applicable state, count, and local laws, ordinances, regulations, and codes (including the procurements of required permits and certificates and compliance with the small and minority business investment act known as Public Law 95-507) in Seller's performance hereunder.

Whether or not Buyer provides a specification, if materials, services, or containers furnished by Seller are required to be constructed, packaged, labeled, or registered in a prescribed manner, Seller shall comply with the applicable federal, state, county, and local laws, ordinances, regulations, and codes. Seller further agrees to indemnify and hold Buyer and its customers harmless from any loss or damage that may be sustained by Buyer by reason of Seller's failure to do so.

**Delivery Terms.** All deliveries shall be made as FOB Cartel Factory. Cartel is not obligated to accept early, late, partial, or excess deliveries.

**Payment Terms.** As communicated to vendor by Cartel dependant on business climate and individual agreement between Cartel and the vendor.

**Cancellation/Termination.** Cartel reserves the right to cancel this purchase order, in the event of default by Seller, without further obligation. Cartel reserves the right to terminate this purchase order for its convenience. In the event of termination for convenience, Cartel will reimburse Seller for sunk costs incurred during the performance of this purchase order which can not otherwise be recovered.

**Time of Performance.** Seller acknowledges that time is of the essence in satisfying the requirements of this purchase order. Cartel may cancel this purchase order without further obligation should Seller fail to deliver within the delivery date specified on the face of this order. Seller and Cartel may mutually agree to modify delivery dates. Such agreement will be evidenced as a change on the face of this order.

**Confidentiality.** Supplier will employ reasonable means to protect and keep confidential Cartel information not generally known or made available and that supplier acquires knowledge of. This includes but is not limited to any of Cartel's or its customer's designs, business plans, pricing information, etc.

**Assignment.** This purchase order may not be assigned without the prior written consent of Cartel.

**Entire Agreement and Modifications.** This purchase order constitutes the entire agreement between Cartel and Seller with respect to the subject matter hereof, and may not be amended by any trade usage or prior course of dealing between the parties. Any alterations to this purchase order including changes to the quantity, description, price and/or delivery date requirements set forth on the face of this order must be documented and approved by both parties in writing.

**Warranty.** Seller shall warranty its products are fit for a particular purpose. Seller's product(s) shall be free from defects in materials and workmanship. Seller shall warranty its product(s) for a period of twelve months from receipt. Cartel shall reserve the right to return defective product, rather than replace, for a full refund of the purchase price and any applicable transportation charges.

**Indemnification.** Seller shall protect Cartel against any and all liability arising out of or in connection to Seller's products or services. Seller will indemnify and hold Cartel harmless against damages, liability, claims, losses, costs, and expenses arising out of or resulting from any defect in the goods or services provided and any act or omission of the seller, its agents, employees, or subcontractors.

**Patent Infringement.** Seller shall indemnify Cartel, its officers, employees and agents against liability, including costs, for actual or alleged direct or contributory infringement of any U.S. or foreign patent, trademark or copyright arising out of this purchase order.

**Independent Contractor/Insurance.** Where Seller's employees, agents or assigns enter Cartel's premises to perform work, such personnel are doing so as independent contractors. Seller is required to provide proof of general liability insurance with coverage of no less than \$1,000,000 per occurrence, including workers' compensation and comprehensive automobile liability coverage. Seller's insurance shall indicate Cartel as the certificate holder/loss payee.

**Force Majeure.** Neither Cartel nor Seller shall be responsible for acts outside of their control including but not limited to a strike, natural disaster, riot or other unanticipated event.

**Waiver.** Cartel's waiver of any breach of any of the terms and conditions set forth herein or on the face of the purchase order, or the waiver of any right, shall not act as a waiver of any other breaches or rights. Price. Seller warrants that the price being charged to Cartel is at least as low as the price being charged to others for comparable goods in comparable quantities. The price specified on the face of this order is the price to be paid. Taxes, shipping, packaging or other charges may not be added unless specifically agreed to in writing by Cartel.

**Inspection.** Cartel reserves the right to inspect, test, and reject the goods at any time, even after the goods have been received and paid for. Cartel will return non-conforming and/or defective goods at Seller's expense. Seller is responsible for meeting the requirements of the purchase as stipulated in the purchase order. Seller will also provide any certificates not necessarily stated on the P.O. but are standard practice as applicable to the manufacturing specs such as IPC6012, including, (not limited to) applicable material certificates of compliance, MSDS documents and so forth.

**Non-Conforming Product Notification.** In the event supplier suspects, or is made aware of, a potential non-conformance in product already shipped to Cartel, supplier shall issue a quality alert to Cartel through Cartel's Purchasing Department. Supplier will work with Cartel to immediately remove and replace, as warranted, such material.

**Process Change Notification.** Supplier shall notify Cartel, in writing, of any changes to supplier's product and/or process that may have a potential impact on the quality of Cartel's finished product, including but not limited to, changes in facilities, equipment and material suppliers.

**Right of Access.** When requested by Cartel, Cartel's customer or a regulatory agency, and when provided with reasonable written notice, supplier shall grant right of access to facilities and applicable records pertaining to Cartel's purchase orders.

**Record Retention.** Suppliers will maintain records pertinent to Cartel transactions, processing and inspection documents and certifications for a period of not less than 3 years. All such records will be made available to Cartel on request during this period.

**Flow Down Requirement.** Supplier will require all of its subcontractors and sub-tier suppliers to comply with Cartel's requirements as outlined in the purchase order, these terms and conditions and other applicable documents.

**RoHS.** Seller expressly warrants that all goods supplied to Cartel comply with the EU directive on the restriction of the use of certain hazardous substances (RoHS) in electrical and electronics equipment, directive 2002/95/EC. If Seller's goods do not meet this requirement, Seller shall mark this purchase order as "RoHS Non-Compliant" and fax it to the to Cartel Purchasing fax number on the face of the purchase order. Seller's goods shipped to Cartel without notification of non-compliance is Seller's express communication of compliance with the RoHS directive. Seller may not ship RoHS non-compliant goods without obtaining prior written authorization from Cartel Purchasing.

**Remedies; Governing Law and Venue; Attorney's Fees.** All remedies are cumulative and any remedies stated are in addition to and do not exclude any remedies allowed by law. This agreement shall be construed and enforced under the laws of the State of California without regard to the conflict of laws principles of that State. Any litigation arising from this agreement shall be instituted in either State or Federal Court located within Orange County, California. In any legal action commenced to enforce the terms and conditions herein, the prevailing party shall be entitled to recover costs and expenses of such litigation, including, without limitation, its attorney's fees.