



Highlandsdiversified.com

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1. CHANGES

Buyer may make changes as to packing, testing, drawings, specifications or descriptions, types, deliveries (postponement only), destinations and reasonable changes in quantity by written notice to Seller without notice to Seller's sureties or assignees. If any changes in price will result therefore Seller must give Buyer written notice within thirty (30) days of receipt of change and equitable adjustment will be made therefore, provided however, nothing in this clause shall excuse the Seller from proceeding with the work to be performed here under as changed.

2. VARIATION IN QUANTITY

No variation in quantity of any item called for by this contract will be accepted unless specified elsewhere in this contract.

3. INSPECTION, REJECTION AND ACCEPTANCE

Buyer reserves the right to inspect and test by its own inspectors, customers or those designated by Buyer, all raw materials, work in process, completed materials, jigs, fixtures, etc. at Seller's plant. Seller will provide necessary facilities therefore at its own expense. Final inspection and acceptance or rejection of the items herein will be at place of designation unless otherwise specified herein. Physical receipt of delivery or prior payments is not final inspection and acceptance. **Returns of defective items, rejects or unauthorized shipments will be at Seller's Risk and expense. Buyer reserves the right to charge the seller storage or handling fees for shipments that are not authorized for delivery to the Buyer.** Inspection, failure to inspect, acceptance or payment will not affect any warranty herein. Buyer's count of items is conclusive.

The Seller shall bear the cost of inspecting rejected material. Material not in accordance with our specifications will be held at the Seller's risk, awaiting the Seller's disposition. Transportation charges covering any defective products returned shall be at Seller's expense and the risk shall be on the Seller.

Seller agrees that all records of inspection shall be kept complete and available to the Buyer during performance of this contract and for three years after completion of this contract.

4. RISK AND RESPONSIBILITY

Seller assumes all risks for (a) loss or damage until delivery to, and acceptance by Buyer at point of designation, regardless of point of inspection, unless some other point of delivery is specifically set forth herein, (b) loss or damage to property of, or death or bodily injury of third parties, (c) loss or damage on returns of excess quantities, premature deliveries or rejects, (d) loss or damage to materials, or other property furnished Seller by Buyer.

Seller shall hold Buyer harmless against any and all claims arising out of the handling or use of defective materials whether or not inspection and or acceptance has taken place, if materials hereunder are of an explosive, inflammable, toxic, or otherwise of a dangerous nature. Seller shall hold Buyer harmless against any claims asserted against Buyer on account of any personal or property damage, or loss or death caused by the handling or use of such material or by the transportation thereof until completion of unloading at designation and acceptance by the Buyer.

5. PAYMENT, INVOICES AND SHIPPING INSTRUCTIONS

(a) The Seller shall be paid upon the submission of proper invoices or vouchers, the prices stipulated herein for supplies delivered and accepted or services rendered and accepted, less deduction, if any, as herein provided. Unless otherwise specified payment will be made on partial deliveries accepted by the Buyer when the amount due on such deliveries so warrants. Render invoice or shipping notice within 24 hours after shipment Buyer's order number, part number, and package number to appear on invoice and Bill of Lading, Bill of Lading or express receipts must accompany invoice. Invoice in duplicate

(b) Each package must contain the following: Buyer's purchase order number, Buyer's part number, item, quantity, and weight. No charges will be allowed for packing and carting

(c) If Seller's deliveries are behind the agreed schedule, Buyer may require Seller to ship by express shipments in which instance Seller must assume the increased freight cost regardless of FOB point. Buyer reserves the right to cancel all or any part of this order upon which deliveries have been delayed beyond specified delivery dates. The Seller will assure that proper classification of parts and/or materials is applied to the Bill of Lading at the time of shipment to provide the lowest freight rates practical consistent with meeting contractual delivery requirements.

(d) 100% On-Time delivery is required on all shipments.

(e) All shipments to the Buyer require a valid open purchase order with a current delivery date for the specific product identified on the order. Changes in delivery dates or qty will be communicated to the Seller through a documented process including, but not limited to a new purchase order, material release, E-mail or other documented method. Unauthorized shipments will not be accepted, received or processed by the Buyer. Blanket purchase orders or releases against a blanket purchase order must be authorized for shipment by the Buyer or they will be considered an unauthorized shipment and subject to storage and handling fees. Receipt of the product from the carrier does not constitute acceptance by the buyer. Product is considered accepted only after the product received is matched to a valid purchase order or PO release.

6. SUBCONTRACTING AND ASSIGNMENT

Seller agrees that no part of the work to be performed by it will be subcontracted without Buyer's prior written consent. The Seller agrees not to make any assignment or purported assignment of this contract or any invoices due or to become due hereunder without the prior written consent of the Buyer and should the Seller breach this condition, the Buyer at its option may cancel this contract without any obligation to make any further payments hereunder.

7. TAXES

Seller agrees, unless otherwise indicated herein, the prices include all applicable Federal, State, and local taxes from which the Seller, on this transaction is not exempt. The Seller agrees to use any tax exemption certificates supplied by the Buyer and to make any appropriate application for refund if any exempt tax has been paid. Upon refund, the contract price shall be appropriately adjusted or as applicable; the refund shall be paid to the Buyer.

8. DEFAULT

Failure to comply with either the time requirements, quantity requirements, or with any other provision contract will subject the Seller to default.

The Buyer may by written or electronic/telegraphic notice of default to the Seller terminate the whole or any part of this contract if (a) the Seller fails to make delivery of acceptable materials within the time specified herein, or (b) the Seller fails to perform any of the other provisions of this contract, or (c) the Seller so fails to make progress as to endanger performance of the contract in accordance with its terms, or (d) if the Seller performs or has performed against it any act of bankruptcy or insolvency, or seeks relief under any Federal, State, or local statute pertaining thereto including, but not limited to, assignment for the benefit of creditors, petition for bankruptcy (voluntary or involuntary), reorganization, receivership, or is unable to pay its bills.

In the event the Buyer terminates this contract in accordance herewith, the Buyer may make such repurchase(s) or take such action as is deemed necessary under the circumstances and the Seller shall be liable to the Buyer for all costs and damages as is provided in law and equity, further the rights and remedies of the Buyer as provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law and equity or elsewhere under this contract. No action or inaction on the part of the Buyer nor failure of the Buyer to insist upon performance of any of the terms of this contract nor the failure to exercise any right hereunder shall be construed as a waiver of that or any other right or term provided under this contract.

9. CANCELLATION

Buyer reserves the right to cancel all or any part of this purchase order at any time by written or electronic communication. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. In the event of cancellation of an order or any part thereof by Buyer without cause, Buyer's liability, if any, will be limited to a reasonable termination charge mutually agreed by Seller and buyer. These charges shall not exceed the costs for labor and material of Seller incurred to the time of cancellation.

10. PATENT INDEMNITY

It is agreed by the Seller to fully protect, hold harmless, and indemnify the Buyer and stands all expense or loss including counsel fees from any and all suits at law or equity, and from all damages, claims, and demands for actual or alleged infringement of any United States or foreign patent, trademark, or copyright.

11. WARRANTY

(a) In addition to all other warranties express or implied in law, the Seller warrants that the items delivered hereunder will conform to all specifications, drawings, samples, symbols or other descriptions furnished by Buyer, and will be merchantable of good material workmanship, and free from defect. In case any such item shall be defective or otherwise not in conformity herewith, Seller shall at Buyer's option and in addition to all other remedies of Buyer, credit Buyer for such nonconformity or defects or at Seller's expense, replace, repair or correct any such article. Seller agrees to make all corrections to the satisfaction of Buyer.

(b) Should it become necessary because of Buyer's commitments or requirements to accept items which do not conform to all specifications required by this contract, payment will be made at an equitable reduction in price.

(c) This warranty shall survive acceptance and shall inure to the benefit of Buyer, its successors, assigns, customers and users of its products.

(d) ***All key suppliers should have a goal to seek and attain, at a minimum, certification of the ISO9001:2015 STANDARD. Certification to IATF 16949:2016 is highly recommended with section 1 of IATF 16949:2016 forming the fundamental quality system requirement.***

12. BUYER-OWNED PROPERTY

All materials, tools, jigs, fixtures, specification, methods, processes, data, designs, drawings, and other property owned or paid for by Buyer shall remain the property of Buyer subject to removal at any time. All such property shall be identified and marked as Buyer's property used only for Buyer's contract and shall be covered by adequate liability, damage and fire insurance (including extended coverage) for the fair and reasonable value. Seller shall assume full liability for and maintain and repair the same and return the same to Buyer in good condition, reasonable wear and tear accepted. Seller shall provide Buyer with inventories thereof as Buyer may request and certify to Buyer that all use thereof is expended on the Buyer's order or orders.

Seller shall not use, reproduce or disclose the contents of any designs, data, information, drawings, etc. delivered hereunder except as is necessary for the performance of this contract.

13. COMPLIANCE WITH LAW

Seller must comply with all applicable laws, governmental orders and regulations in performing this contract.

Seller guarantees that all materials delivered hereunder and every part and ingredient thereof were produced under terms and conditions of employment which satisfy all requirements of the U.S. Fair Labor Standards Act of 1938 as amended.

All purchased materials must satisfy current governmental and safety constraints on restricted, toxic, and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.

14. JURISDICTION, VENUE AND GOVERNING LAWS

This contract shall be construed pursuant to the laws of the State of Alabama. Any and all suits for any and every breach of this contract must be instituted and maintained in any court of competent jurisdiction in Etowah County, Alabama.

15. ACKNOWLEDGEMENTS, AMENDMENTS, EXCEPTIONS

This purchase order shall be an enforceable contract on the terms stated herein upon the earliest of the following items:

(1) Buyer's receipt of the acknowledgement of the Seller's accepting this order on such terms.

(2) The acceptance by the Buyer of goods produced pursuant to this order. No modifications or amendment of this purchase order shall be binding unless made in writing and signed by both parties. If Buyer tenders to Seller a written modification or amendment it shall be deemed accepted unless rejected in writing within twenty days from date of such written modification or amendment.

16. LIENS

All items to be delivered hereunder, and all property to be returned to Buyer, shall be free and clear of any and all liens and encumbrances whatsoever.