



TERMS AND CONDITIONS OF PURCHASE

BY ACCEPTING A PURCHASE ORDER (HEREINAFTER CALLED A "PURCHASE ORDER") FROM BK MEDICAL HOLDING COMPANY, INC. OR ANY OF ITS SUBSIDIARIES (HEREINAFTER COLLECTIVELY CALLED "BK MEDICAL"), AND/OR PERFORMING THEREUNDER, SELLER AGREES TO BE BOUND BY AND TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF PURCHASE SET FORTH IN SUCH PURCHASE ORDER (INCLUDING THOSE IN ANY AMENDMENTS THEREOF, SUPPLEMENTS THERETO, AND SPECIFICATIONS AND OTHER DOCUMENTS REFERRED TO THEREIN) AND THE TERMS AND CONDITIONS SET FORTH IN THIS DOCUMENT (COLLECTIVELY, THESE "TERMS AND CONDITIONS"). ACCEPTANCE BY BK MEDICAL OF THE GOODS, SERVICES OR WORK DELIVERED UNDER THE PURCHASE ORDER SHALL NOT CONSTITUTE AN AGREEMENT TO ANY OF SELLER'S TERMS OR CONDITIONS. PLACEMENT OF A PURCHASE ORDER DOES NOT AND SHALL NOT BE DEEMED TO CONSTITUTE ACCEPTANCE BY BK MEDICAL OF ANY OFFER TO SELL, ANY QUOTATION OR ANY PROPOSAL. REFERENCE IN THE PURCHASE ORDER TO ANY SUCH OFFER TO SELL, QUOTATION, OR PROPOSAL SHALL IN NO WAY CONSTITUTE A MODIFICATION OF ANY OF THE TERMS AND CONDITIONS OF THE PURCHASE ORDER OR THIS DOCUMENT. SELLER SHOULD ACCEPT EACH SUCH PURCHASE ORDER BY SIGNING AN ACCEPTANCE STATEMENT AND RETURNING IT TO BK MEDICAL PROMPTLY. PERFORMANCE OF THE WORK CALLED FOR BY SUCH A PURCHASE ORDER, EVEN IN THE ABSENCE OF SUCH AN ACCEPTANCE STATEMENT, SHALL BE DEEMED ACCEPTANCE OF THE PURCHASE ORDER. ANY ATTEMPTED ACKNOWLEDGMENT OF THE PURCHASE ORDER CONTAINING TERMS AND CONDITIONS INCONSISTENT WITH OR IN ADDITION TO THE TERMS AND CONDITIONS OF THE PURCHASE ORDER OR THIS DOCUMENT IS NOT BINDING UPON BK MEDICAL UNLESS SPECIFICALLY ACCEPTED BY BK MEDICAL IN WRITING.

1. **Modifications:** Changes, modifications, waivers, additions or amendments to the terms and conditions of the Purchase Order shall be binding on BK Medical only if such changes, modifications, waivers, additions or amendments are in writing and signed by a duly authorized BK Medical representative.
2. **Applicable Law:** The validity, interpretation and performance of these terms and conditions and any purchase made hereunder shall be governed by the laws of the state of Commonwealth of Massachusetts. Where not modified by the terms herein, the provisions of Massachusetts' enactment of Article 2 of the Uniform Commercial Code shall apply to this transaction. The United Nations Convention on the International Sale of Goods (the Vienna Convention) is deemed waived and shall not apply. In the event of any dispute arising hereunder, the parties hereby submit to the jurisdiction of the state and federal courts located in Essex County, Massachusetts.
3. **Compliance with Law:** Seller agrees that at all times it will comply with all applicable federal, state, municipal and local laws, orders and regulations. If requested by BK Medical, Seller agrees to timely certify compliance with such laws in such forms as BK Medical reasonably may request.
4. **Ethical Conduct:** Seller agrees to provide the goods and perform the services purchased under the Purchase Order with the highest ethical standards. BK Medical will not do business with any entity or person that BK Medical believes has engaged in unethical practices. BK Medical expects its suppliers to abide by this policy and not to engage in any activity that results or may result in a conflict of interest, embarrass BK Medical, or harm BK Medical's reputation. Seller will: (i) maintain transparency and accuracy in corporate record keeping and (ii) act lawfully and with integrity in handling competitive data, proprietary information and other intellectual property. Seller will not engage in corrupt practices, including public or private bribery or kickbacks.
5. **Antidiscrimination and Humane Treatment of Workers:**

- a. Seller will employ workers on the basis of their ability to do the job and not on the basis of their personal characteristics or beliefs.
 - b. Seller will assure that products (including parts) will not be produced, manufactured, mined, or assembled with the use of forced, prison, or indentured labor, including debt bondage, or with the use of illegal child labor in violation of International Labor Conventions for minimum age (ILO-C138) and child labor (ILO-C182). Seller will not require workers to remain in employment for any period of time against their will. If Seller provides housing or eating facilities, it will assure the facilities are operated and maintained in a safe and sanitary manner.
 - c. Seller will operate safe, healthy and fair working environments, including managing operations so that overtime does not create inhumane working conditions. Seller will pay workers at least the minimum legal wage. Seller will assure that workers are free to join, or refrain from joining, associations of their own choosing, unless otherwise prohibited by law.
 - d. **Seller shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, with respect to Products that are purchased pursuant to, or in support of, any U.S. government prime contract, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.**
6. **Release of Information:**
- a. "Confidential Information" means any and all: (i) information disclosed by one Party (the "Disclosing Party") to the other Party (the "Receiving Party") in connection with this Agreement, whether such disclosure is in writing, electronically, orally, or otherwise including, but not limited to, information which relates to research, concepts, product plans, products, services, customers, markets, algorithms, formulae, software, developments, inventions, technologies, processes, designs, drawings, engineering, hardware configuration information, business or contractual obligations of the Disclosing Party; and (ii) documents, drawings, specifications, designs, and information created in the course of development work specifically for BK Medical. Confidential Information shall not include any information that is: (w) publicly known or available without breach of an obligation of confidentiality; (x) already legitimately known by the Receiving Party at the time of disclosure by the Disclosing Party; (y) disclosed to the Disclosing Party by a third party without breach, and not subject to, an obligation of confidentiality; or (z) independently developed by the Receiving Party without reference to, or reliance upon, the Confidential Information.
 - b. The Receiving Party agrees to maintain the Confidential Information in confidence and to use the Confidential Information only for the purposes of this Agreement, and to protect the Confidential Information with at least the same degree of care that it protects its own confidential information of a similar nature, and in any case with no less than a reasonable standard of care. The Receiving Party agrees that the Confidential Information shall not be decompiled, disassembled, or otherwise reverse engineered in any way by the Receiving Party, nor shall the Receiving Party use any similar means to discover its underlying composition, structure, source code or trade secrets.
 - c. Neither party hereto shall, without the prior written consent of the other party (which shall not be unreasonably withheld or delayed), publicly announce or otherwise disclose (except to the U.S.



TERMS AND CONDITIONS OF PURCHASE

- Government, when the Purchase Order references a U.S. Government contract or subcontract number), the existence or the terms of the Purchase Order, or release any publicity regarding the Purchase Order. Unless expressly agreed upon in writing by BK Medical, nothing in the Purchase Order shall be construed as granting, conveying or conferring any rights to Seller, either express or implied, (a) in any BK Medical intellectual property or rights; (b) to use BK Medical's trademarks, trade names, name or logo on any marketing literature, websites, presentations, press releases or any other media form or in connection with any product, service or promotion; or (c) to use BK Medical as a reference account. This provision shall survive expiration, termination or cancellation of the Purchase Order.
- d. In the event that the Receiving Party becomes compelled by law or regulation to disclose any Confidential Information (whether by oral questions, interrogatories, requests for information or documents, subpoena, or similar process or otherwise), the Receiving Party will, to the extent permitted by law or regulation, provide the Disclosing Party with prompt notice so that the Disclosing Party may seek a protective order or other appropriate relief and/or waive the right to demand compliance with the provisions of this Agreement. The Receiving Party agrees, to the extent permitted by law or regulation, to cooperate with the Disclosing Party in its efforts to seek such protective order or other appropriate relief.
- e. Upon the expiration or termination of this Agreement, the Receiving Party shall within thirty (30) days either: (a) destroy all Confidential Information disclosed to it by the Disclosing Party, including all copies thereof in whatever form, whether electronic or otherwise; or (b) return all Confidential Information in its possession to the Disclosing Party, including all copies thereof in whatever form, whether electronic or otherwise, and not use Confidential Information for any reason thereafter. The Receiving Party shall certify such destruction or return, in writing, to the Disclosing Party.
- f. Notwithstanding the foregoing, any knowledge or information that Seller may disclose to BK Medical shall not be deemed to be Confidential Information and shall be acquired by BK Medical free from any restrictions as to use or disclosure thereof, unless BK Medical shall have agreed to accept Confidential Information from Seller pursuant to a duly executed nondisclosure agreement defining BK Medical's obligations with respect to such information.
7. **General Indemnity:** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SELLER SHALL AND DOES AGREE TO INDEMNIFY, DEFEND, PROTECT AND SAVE BK MEDICAL, ITS OFFICERS, DIRECTORS, EMPLOYEES, SERVANTS, AGENTS, AFFILIATES, SUBCONTRACTORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "INDEMNIFIED PERSONS"), HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, SUITS, DEMANDS, LOSSES, JUDGMENTS, INCIDENTAL, CONSEQUENTIAL, DIRECT AND INDIRECT DAMAGES, PENALTIES, FINES, LIABILITIES, COSTS AND EXPENSES, (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES, CONSULTANTS' FEES, COURT COSTS AND EXPENSES) ("CLAIMS"), ARISING OUT OF OR RELATED IN ANY WAY TO: (i) THE WORK PERFORMED AND/OR GOODS PURCHASED UNDER THE PURCHASE ORDER; (ii) ANY ACT, OMISSION, NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY IN TORT, OR BREACH OF ANY WARRANTY, EXPRESS OR IMPLIED, OF SELLER, ITS CONTRACTORS, SUBCONTRACTORS, SERVANTS, OR AGENTS, OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM, OR ANYONE THEY CONTROL OR EXERCISE CONTROL OVER; (iii) FAILURE OF SELLER, ITS EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, SERVANTS, OR AGENTS TO COMPLY WITH APPLICABLE LAWS AND REGULATIONS ON OR AFTER THE EFFECTIVE DATE OF THE PURCHASE ORDER;
- OR (iv) BREACH BY SELLER, ITS EMPLOYEES, AGENTS, CONTRACTORS OR SUBCONTRACTORS OF THE TERMS AND CONDITIONS OF THE PURCHASE ORDER (COLLECTIVELY, THE "LIABILITIES"). SUCH LIABILITIES INCLUDE, BUT ARE NOT LIMITED TO, INJURIES TO, SICKNESS OR DEATH OF ANY PERSON (INCLUDING SELLER'S OR ANY SUBCONTRACTOR'S EMPLOYEES), CLAIMS BASED ON STRICT LIABILITY AND CLAIMS FOR PROPERTY LOSS OR DAMAGE TO REAL AND/OR TANGIBLE PERSONAL PROPERTY. THE OBLIGATIONS OF SELLER UNDER THIS INDEMNIFICATION PROVISION SHALL APPLY TO ALL CLAIMS AND ALL LIABILITIES EVEN IF SUCH CLAIMS OR LIABILITIES ARE CAUSED OR CONTRIBUTED TO BY THE NEGLIGENCE OR STRICT LIABILITY OF ANY INDEMNIFIED PERSON. THE INDEMNIFICATION PROVISIONS IN THIS SECTION SHALL NOT BE LIMITED BY A LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE BY OR FOR SELLER UNDER WORKER'S COMPENSATION ACTS, DISABILITY BENEFIT ACTS OR OTHER EMPLOYEE BENEFIT ACTS. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THIS PROVISION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THE PURCHASE ORDER.
8. **Insurance:** Seller shall obtain and maintain in force insurance coverage in amounts acceptable to BK Medical, including, but not limited to, Commercial General Liability (CGL) insurance, Worker's Compensation insurance as required by the state in which Seller does business and Employer's Liability insurance.
9. **Inspection Quality System:**
- a. Seller agrees to permit BK Medical and BK Medical's customer (or Government representatives if the Purchase Order references a U.S. Government contract or subcontract number) to verify the quality of goods and services being provided under the Purchase Order at any production stage in Seller's facility. Verification may consist of a physical assessment or surveillance of Seller's facilities and quality programs and/or a source inspection. Deficiencies identified during such verification shall be corrected by Seller in the most expeditious manner possible. Seller shall provide all reasonable facilities and assistance for the safety and convenience of personnel engaged in such verification. Seller shall include in each subcontract Seller makes hereunder appropriate provisions to the same effect. Any inspection performed by BK Medical or BK Medical's customer as set forth herein shall not constitute acceptance of the goods and services and shall not waive BK Medical's right to return material to Seller that exhibits or develops defects.
- b. Unless otherwise provided in Purchase Orders issued by BK Medical, Seller shall ensure that the manufacturing processes used meet the technical requirements of the drawings, specifications, engineering changes and added requirements applicable to the Purchase Order, and shall meet BK Medical's quality requirements as may be communicated from time to time in BK Medical's Supplier Quality Manual. Seller shall maintain an inspecting system sufficient to verify that it is meeting the technical requirements. Further, at BK Medical's request, Seller shall provide objective evidence that such inspecting system has been implemented and is in operation.
10. **Acceptance and Warranty:**
- a. **Goods.** Unless otherwise specified herein, acceptance of material by BK Medical will not be until after arrival at the BK Medical facility specified in the Purchase Order and after reasonable inspection by BK Medical. Any goods rejected by BK Medical may be returned to Seller at Seller's expense for full credit of the purchase price. Inspection may be performed at BK Medical's option on a statistical sampling basis. The entire lot may be rejected based on defects revealed by such sampling. At BK Medical's option, the rejected lot will be either returned to Seller for replacement or credit or 100%



TERMS AND CONDITIONS OF PURCHASE

screened by BK Medical with the cost of such screening paid by Seller. The inspection performed at BK Medical on receipt of goods is a conditional acceptance, and shall not waive the BK Medical's right to return material to Seller that exhibits or develops defects during or after installation or testing of the end product.

Seller warrants that all goods supplied by Seller under the Purchase Order conform to the requirements, specifications, drawings, samples or other descriptions furnished by BK Medical or referenced in the Purchase Order and that they are of good material and workmanship and free from all defects in manufacture or design, and are of merchantable quality and fit for their intended purpose. Such warranties by Seller shall run to the benefit of BK Medical and its customers. BK Medical's approval of designs furnished by Seller shall not relieve Seller of its obligation under this warranty. Seller's warranty shall be effective for a period of time as set forth on the Purchase Order, or if such time is not set forth on the Purchase Order, the warranty shall be effective for three (3) years after the date of BK Medical's acceptance of goods, or for such longer period specified by Seller. Seller agrees that shipment of goods against the Purchase Order constitutes certification that all goods included in this shipment conform in all respects to the applicable requirements, specifications, drawings, samples or other descriptions furnished by BK Medical or referenced in the Purchase Order. Seller will make process control data, inspection and test reports covering the goods and their parts available for review and examination by BK Medical or its authorized representatives to verify conformance to such applicable specifications and drawings. A certificate of conformance must accompany individual shipments when so specified on applicable specifications or drawings, or in the Purchase Order.

Seller shall, at Seller's expense and at BK Medical's option, promptly repair, replace or refund to BK Medical amounts paid for any goods that do not conform to this warranty. All costs associated with returning non-conforming goods shall be borne by Seller. Non-conforming goods shall be returned freight collect to Seller. Seller shall send replacement material freight prepaid and Seller shall also bear the cost of premium transportation when BK Medical indicates that obtaining such replacement material places critical time or delivery schedule constraints on BK Medical. If non-conforming goods from Seller have been incorporated in products sold by BK Medical, or if such non-conformances otherwise cause harm to BK Medical's direct or indirect customers, then Seller shall reimburse BK Medical for all reasonable expenses and for all penalties incurred by BK Medical in connection with any recall or other return of such goods (or items incorporating them).

b. **Services.** Seller warrants and represents to BK Medical that any services to be provided under the Purchase Order will be provided in accordance with sound professional practices and using a standard of skill and care that is no less than that ordinarily exercised by experienced and competent contractors performing services of a similar nature to the services to be provided under the Purchase Order. Further, Seller warrants that the services will be proper and sufficient for the purposes contemplated by the Purchase Order.

11. **BK Medical Property:** Unless otherwise specified herein, Seller conveys to BK Medical full and clear ownership and title to all goods, special drawings, dies, patterns, tooling, intellectual property or other items paid for by BK Medical, and Seller further represents and warrants that it has the right to do so. Seller shall provide such items in good condition. All items, information, and other property, including without limitation all materials, designs, drawings, specifications, software, technical information, and technology made or conceived by BK Medical is owned exclusively by BK Medical, and may not be reproduced, redistributed, or resold without BK Medical's prior written permission. BK Medical retains ownership of any tooling used by BK Medical in the production of any product. Seller shall preserve such items, information, and other property provided by or conveyed to BK Medical in good condition, reasonable

wear and tear excepted, and shall return them when the work on the Purchase Order has been completed or terminated, or at any other time as requested by BK Medical. No special drawing, die, pattern, tool or other item supplied by BK Medical or made by Seller for the use of or delivery to BK Medical, or for use by Seller in supplying BK Medical, shall be used by Seller for any purpose other than supplying BK Medical, without Seller first obtaining BK Medical's written consent, provided, however, that if the U.S. Government has rights in such items under a prime contract with BK Medical, noninterfering use of the items for direct sales to the Government is authorized if written notice is provided to BK Medical prior to such use. If material, equipment, special drawings, dies, patterns, or other items are furnished by BK Medical for performance of the Purchase Order, all risk of loss thereof or damage thereto shall be upon Seller from the time of shipment to Seller until redelivery to and receipt by BK Medical.

12. Rights in Work Product:

a. In the course of its performance under the Purchase Order, Seller may conceive or reduce to practice inventions, discoveries, improvements, concepts, in tangible or intangible form, written materials, documentation, databases, designs, discs, tapes, programs, software, architectures, files and other material (collectively "Work Product"). Any and all rights in intellectual property, including without limitation, copyrights (including mask work rights), patents, design rights, database rights, rights in know-how, trade secrets and other confidential information and other similar rights worldwide, whether registered or not and including any applications for the foregoing (collectively "Intellectual Property") in and to the Work Product shall be the exclusive property of BK Medical from the date of inception. All Work Product shall be deemed "work-for-hire" as defined under United States copyright law and shall be the exclusive property of BK Medical from the date of inception. If the Work Product does not qualify as a "work-for-hire", then in any event all Intellectual Property rights in and to the Work Product, including the copyright, will be deemed automatically transferred to BK Medical from its inception. Seller agrees to assign and hereby assigns to BK Medical Intellectual Property rights in and to all Work Product. BK Medical shall have the exclusive worldwide right to use, edit, translate, publish, transfer or sell the Work Product prepared by Seller in any manner that BK Medical deems fit without further payment to Seller. The Work Product shall be deemed to be BK Medical confidential information and shall not be disclosed to other than BK Medical or used by Seller or others without BK Medical's prior written consent.

b. Notwithstanding the above, Seller and its licensors retain all ownership rights in any and all pre-existing Intellectual Property whether in tangible or intangible form, and developed, acquired or prepared by Seller prior to the issuance of the Purchase Order (collectively "Pre-Existing Rights"). To the extent that Seller's Pre-Existing Rights are embedded in or are an integral part of any goods and/or Work Product provided to BK Medical under the Purchase Order, Seller grants to BK Medical and its subsidiaries and affiliates, a perpetual, royalty-free, irrevocable, worldwide, nonexclusive, transferable license (with the right to sub-license) to make, have made, use, reproduce, modify, distribute and display such Pre-Existing Rights. Seller shall notify BK Medical in advance of any Pre-Existing Rights to be embedded in or made an integral part of any goods and/or Work Product provided to BK Medical hereunder.

c. Seller represents and warrants that it has, or will have, prior to commencement of work under the Purchase Order by any employee or third party performing work on behalf of Seller, valid and sufficient arrangements or agreements with such employee or third party such that all rights in and to any and all Intellectual Property made by such employee or third party vests in Seller.

13. Patents and Copyrights:



TERMS AND CONDITIONS OF PURCHASE

- a. Seller agrees to defend, indemnify and to save BK Medical, its officers, agents, employees, and vendees (mediate and immediate) harmless, at Seller's expense, from and against any and all Claims, suits or proceedings, either at law or in equity, that the purchase, use, or sale of goods and/or Work Product required by the Purchase Order violates any license agreement or constitutes an infringement or misappropriation of any Intellectual Property, trademark, service mark or other intellectual property right of any third party. Seller shall not be obligated to defend or be liable for costs and losses to the extent the claim of infringement or alleged infringement is solely due to and would not have occurred but for (a) Seller's compliance with designs for such goods originally furnished by BK Medical to Seller or (b) a modification by BK Medical of Seller's goods that was not authorized by Seller.
 - b. Without prejudice to the immediately preceding section, if any goods or Work Product to be provided by Seller to BK Medical under the Purchase Order is, or in BK Medical's opinion is likely to become, the subject of a claim of infringement and/or misappropriation of any Intellectual Property, trademark or service mark right of a third party, Seller shall, at its sole expense, procure the right for BK Medical to continue using the goods or Work Product. In the event Seller cannot procure such rights, Seller shall, at its option, either modify the goods or Work Product to make it non-infringing and/or to avoid a claim of misappropriation, but still be functionally equivalent, or replace the goods or Work Product with functionally equivalent goods or Work Product that is non-infringing and/or avoids a claim of misappropriation.
14. **Changes:**
- a. From time to time, BK Medical may change any of the drawings, specifications or instructions for work covered by the Purchase Order. In such event, Seller shall attempt to comply with such reasonable change notices. If such changes result in a decrease or increase in Seller's cost or in the time for performance, Seller will notify BK Medical in writing of its request for an adjustment in the price or time of delivery within five (5) business days after its receipt of the change notice. The parties will negotiate in good faith regarding any adjustments in the price and time for performance to be made. Any such adjustments must be agreed by authorized representatives of the parties in writing.
 - b. Seller shall not make any changes in manufacturing, materials, testing, configuration, or otherwise that alter the form, fit or function of the goods sold to BK Medical, nor shall it make any changes to any specifications or requirements, unless it has first obtained BK Medical's prior, written consent.
15. **Termination:** BK Medical may terminate the work to be performed hereunder in whole or in part at any time without cause by written notice to Seller. Such notice shall state the extent and effective date of such termination and, upon the receipt of such notice, Seller will comply with the directions pertaining to work stoppage hereunder and the placement of further orders or subcontracts hereunder. Within three (3) months after BK Medical's termination notice, the parties shall negotiate in good faith with regard to the amount of reimbursement, if any, to be paid to Seller for work performed prior to BK Medical's notice of termination and/or the amount of prepayments to be refunded by Seller to BK Medical for work not performed. Seller shall mitigate its claim to the maximum extent possible, and in no event shall Seller's claim shall exceed the lesser of the fair market value or actual costs of the raw material and "work-in-progress" material that Seller cannot divert to other uses or the authorized work performed prior to BK Medical's notice of termination. No claim shall be asserted against BK Medical nor shall BK Medical have any liability for loss of expected profits, or for any consequential or incidental damages, due to termination. Termination under this provision shall not be deemed a breach of contract. The provisions of this paragraph shall not limit or affect BK Medical's right to terminate the Purchase Order for cause and shall not apply to a termination for cause.
16. **Liability Limitations:** IN NO EVENT SHALL BK MEDICAL BE LIABLE TO SELLER FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE PURCHASE ORDER, EVEN IF BK MEDICAL HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL BK MEDICAL'S LIABILITY TO SELLER FOR ANY BREACH OF ANY PROVISION OF THE PURCHASE ORDER EXCEED THE PURCHASE PRICE FOR GOODS OR SERVICES DELIVERED AND ACCEPTED HEREUNDER.
17. **Prices:**
- a. All per unit prices and total prices set forth on a Purchase Order are firm and not subject to increase except as provided by Section 14 above (Changes). BK Medical may delay payment for any shipment at any increase in price above that indicated on the Purchase Order until the pricing discrepancy is resolved, at which time the payment terms set forth below shall apply. If Seller issues a general price decrease for any equipment and/or materials similar to the items described on the Purchase Order, a comparable price reduction shall automatically apply to the items described in the Purchase Order.
 - b. No extra charges of any kind, including charges for boxing or cartage, will be allowed unless specifically agreed to by BK Medical in writing. Pricing by weight, where applicable, covers net weight of material, unless otherwise agreed.
 - c. Seller shall identify, create and safely retain full and detailed accounts and exercise all such controls as may be necessary or helpful for proper financial management, documentation and compliance under the Purchase Order. Seller's records, books, correspondence, instructions, drawings, receipts, subcontracts, purchase orders, vouchers, memoranda and other data related to the Purchase Order ("Records") shall be preserved for a period of three (3) years after final payment or for such longer period as may be required by law. BK Medical shall have the right to audit or inspect such Seller Records solely for the purpose of ensuring compliance with the Purchase Order.
18. **Payment Terms:** The following payment terms are applicable to the Purchase Order:
- a. **Net Invoices:** Net invoices will be paid 45 days after the invoice date unless otherwise stated on the Purchase Order or agreed to in writing by both parties.
 - b. **Discounted Invoices:** The acceptance of discount offers will be at BK Medical's discretion and any discounted terms will be negotiated by the parties. Discount period will be calculated from the date of BK Medical's receipt of the goods, or receipt of an invoice, whichever is later.
 - c. All schedules of payments above stated are based upon receipt by BK Medical of goods or services or shipment FCA origin of the goods prior to scheduled payment date, whichever is applicable as indicated on the Purchase Order.
 - d. Invoices should include a valid Purchase Order number corresponding to the applicable Purchase Order. Unless otherwise directed by BK Medical in writing, Seller will issue only one invoice per Purchase Order. Provision by Seller of correct address and/or bank information to which payment should be sent will facilitate more efficient payment. Invoices shall be mailed together with bills of lading, express receipts, and other shipping documents attached in duplicate to the Accounts Payable Department. All incorrect invoices will be returned for re-invoicing. Discounts will be taken from receipt of the corrected invoice.
19. **Taxes:**



TERMS AND CONDITIONS OF PURCHASE

- a. To receive payments from BK Medical, Seller must provide BK Medical with valid United States tax documentation declaring status of the beneficial owner of any income generated by the payment. Seller must submit the appropriate US tax declaration status form(s) for payees who are a US resident, corporation or otherwise beneficially owned by a US entity.
 - b. Except for purchases of capital equipment or unless otherwise noted, it is hereby certified that the goods described in the Purchase Order are exempt from sales and use tax, for the reason that such goods are purchased for resale or will become an ingredient or component part of, or be incorporated into, or used or consumed in, a manufactured product produced for ultimate resale. If the goods described in the Purchase Order are purchased tax exempt and subsequent use makes the goods taxable, BK Medical will assess and pay tax to the appropriate state.
 - c. Seller is responsible for all income taxes imposed by any taxing authority or government entity resulting from the provisions under the Purchase Order. Each payment to be made by BK Medical under the Purchase Order shall be subject to any deduction, withholding or set-off of tax as may be required under applicable laws.
20. **Time of Delivery:**
- a. Seller acknowledges that time is of the essence of this contract. Seller will provide prompt notice to BK Medical of any delays in delivery. Failure to meet agreed upon delivery dates shall be considered a breach of contract and, in addition to any other rights available to it under the Purchase Order or at law or in equity, BK Medical may cancel the Purchase Order without penalty if BK Medical specified delivery dates will not be met. Seller agrees to reimburse to BK Medical any penalty and damages imposed upon or incurred by BK Medical to its customers or others by virtue of delays caused by Seller's failure to deliver goods or work on such delivery dates. Late shipments may be rejected by BK Medical and returned to Seller.
 - b. Unless otherwise agreed in writing, Seller shall not make commitments for material or production in excess of the amount or in advance of the time necessary to meet BK Medical's delivery schedule. It is Seller's responsibility to comply with this schedule, but not to anticipate BK Medical's requirements. Goods shipped to BK Medical in advance of schedule may be returned to Seller at Seller's expense. BK Medical may reschedule the delivery of any unshipped product for later delivery within ninety (90) days of the originally scheduled delivery date.
21. **Contingencies:**
- a. Force Majeure. If, despite Seller's best efforts, Seller is prevented from delivering, or if BK Medical is prevented from receiving the goods referred to in the Purchase Order as a result of governmental actions or regulations, except as hereinafter provided, or of fires, strikes, accidents, and other unforeseeable causes beyond the control of the party affected by the contingency, the obligation to receive or deliver shall be suspended for no longer than a reasonable time during which such causes continue to exist. Seller must (a) give BK Medical immediate, detailed notice of the initial situation as soon as possible, (b) deliver ongoing detailed status reports to BK Medical regarding its efforts to fully remedy the situation and (c) deploy all available reasonable resources to mitigate adverse impacts of the delay. Should the condition persist for more than forty-five (45) days, BK Medical may, at its option, cancel the Purchase Order without liability or have Seller resume delivery upon removal of the intervening condition.
 - b. Seller is not excused by this Section from any of its obligations due to any reasonably foreseeable or preventable situation (including, but not limited to, late or insufficient deliveries by other suppliers, personnel turnover, labor disputes or strikes involving Seller's own personnel, third party equipment or software changes).
22. **Over-Shipment:** Seller is instructed to ship only the quantity or quantities specified in the Purchase Order. Any deviation caused by conditions of loading, shipping, packing, or allowances in manufacturing processes, however, may be accepted by BK Medical according to the over-shipment allowance indicated on the Purchase Order. If no allowance is shown, it shall be zero percent (0%). BK Medical reserves the right to return any over-shipment in excess of the allowance at Seller's expense.
23. **Packing and Shipping Instructions:**
- a. Unless otherwise instructed by BK Medical in the Purchase Order, Seller agrees to insure that shipments are properly packed and described in accordance with BK Medical specifications and /or applicable carrier regulations. Shipments will be made in accordance with BK Medical's shipping instructions. BK Medical may assist Seller by providing freight classifications or classifying material. Seller will not insure or declare value on shipments, unless BK Medical specifies otherwise. Seller will ship freight prepaid. Each box, crate or carton will show BK Medical's full street address (not just post office box numbers) and Purchase Order and item numbers regardless of how shipped. Seller will provide a packing list to accompany each shipment, referencing the appropriate Purchase Order and item number. The bill of lading also will reference the Purchase Order and item number. Seller is responsible for packing any shipment correctly based on the carrier/mode utilized. Charges for packing and crating shall be deemed part of the purchase price, and no additional charges will be made therefor unless specifically requested by BK Medical on the Purchase Order. Seller agrees to ship via the carrier specified by BK Medical. Failure to ship via BK Medical specified carrier will subject Seller to misroute debit.
 - b. All premium freight cost incurred by BK Medical or Seller beyond that specified by BK Medical shall be borne by Seller. Seller is responsible for all shipments that are damaged in transit due to improper packaging, improper judgment or any other act or omission of Seller, shipper or carrier.
24. **Export Compliance:**
- a. Seller acknowledges that all products, services, proprietary technical data and information, or any other items provided to Seller by BK Medical or otherwise obtained by Seller from BK Medical pursuant to the Purchase Order may be subject to U.S. Government export control laws and regulations and the export and import regulations of other countries. Seller agrees that, unless prior authorization is obtained from the U.S. Department of Commerce or any other competent U.S. Government agency, neither Seller nor its subsidiaries shall export, re-export, transfer, or release, directly or indirectly, any items, including any products, equipment, software, technology, technical data or technical information (written or otherwise), provided to Seller by BK Medical, any direct product of technology or software provided to Seller by BK Medical, or the BK Medical deliverable, to any destination or country to which the export, re-export transfer or release of any such items provided to Seller by BK Medical, direct product of BK Medical technology or software, or the BK Medical deliverable would be prohibited by the U.S. Department of Commerce Export Administration Regulations (EAR) or any other applicable export control laws or regulations. Without limiting the generality of the foregoing, Seller shall control the disclosure of and access to technical data, technical information and any other items provided to Seller by BK Medical in accordance with applicable U.S. export controls laws and regulations, including but not limited to the EAR.
 - b. If, pursuant to the Purchase Order, Seller provides any item provided to Seller by BK Medical or the direct product of any technology or software provided to Seller by BK Medical or any BK Medical deliverable to any third party who is permitted by BK Medical to



TERMS AND CONDITIONS OF PURCHASE

- receive such BK Medical items, direct products of BK Medical technology or software or BK Medical deliverables, such as Seller's permitted subcontractors, Seller shall give notice of the need to comply with such laws and regulations to any person, firm, or entity that it has reason to believe is obtaining any item, including any item provided to Seller by BK Medical, the direct product of any technology or software provided to Seller by BK Medical or any BK Medical deliverable, from Seller with the intention of exportation or re-exportation of such item. Seller will be responsible for obtaining any export, re-export licenses or any other government authorizations required for the export or re-export of any item provided to Seller by BK Medical, the direct product of any technology or software provided to Seller by BK Medical or any BK Medical deliverable made by Seller.
- c. Seller will not prepare and execute any import or export documentation or make any certification or representation on behalf of BK Medical relating to the importation, exportation or re-exportation of any item received by Seller from BK Medical, the direct product of any technology or software received by Seller from BK Medical, or any BK Medical deliverable except as specifically authorized by BK Medical employees designated in writing by BK Medical for such purposes. Each party shall secure, at its own expense, such licenses and export and import documents as are necessary for each respective party to fulfill its obligations under the Purchase Order. If government approvals cannot be obtained, BK Medical may terminate, cancel or otherwise be excused from performing any obligations it may have under the Purchase Order.
- d. These clauses shall survive termination or cancellation of the Purchase Order.
25. **Supply Chain Security:** Seller agrees that it will comply with applicable BK Medical supply chain security requirements in providing goods or performing services for BK Medical and that it will provide supply chain security information to BK Medical as requested, including information about Seller's status with regard to the US Customs Trade Partnership Against Terrorism (C-TPAT) initiative, including provision of Seller's C-TPAT Status Verification Token (SVI) number where applicable. If requested by BK Medical, Seller will ship goods using only BK Medical-authorized transportation providers.
26. **Assignment:** Seller shall not assign or transfer its performance obligations without BK Medical's prior written consent, and any attempted assignment or transfer without such consent shall be void. Seller shall not subcontract any portion of the work to be performed by it under the Purchase Order without BK Medical's prior written consent.
27. **Seller Ownership Change:** Seller will notify BK Medical immediately in writing in the event Seller is acquired by or merges with any other company or a majority or controlling interest in Seller is obtained by another company.
28. **Ozone Depleting Substances:** Except where the buyer designated on the Purchase Order (the "Buyer of Record") has given written approval to Seller in advance of shipment, Seller hereby agrees that it has not used or introduced a Class I ozone depleting substance (ODS) or introduced a Class II ODS (as such terms are defined in 40 CFR 82.104), into any product being supplied to or imported by BK Medical under the Purchase Order. Where the Buyer of Record has so agreed to accept product containing or manufactured using an ODS, Seller will label the product with a warning or will otherwise effectively warn BK Medical of such use in accordance with 40 CFR 82, Subpart E. Should Seller choose to warn BK Medical through a mechanism other than a warning label or other warning accompanying the shipment, a copy of such warning shall be sent to the Buyer of Record, or the otherwise appointed representative of the Buyer of Record, in advance of shipment. Breach of this provision will entitle BK Medical to all remedies available for breach of the Purchase Order, including without limitation, the right to reject the product and/or terminate the agreement.
29. **Reservation of Rights:** BK Medical expressly reserves all rights and remedies that are available to it at law or equity, including but not limited to rights and remedies set forth in the Uniform Commercial Code.
30. **Waiver:** Any failure of BK Medical to enforce any of the provisions of the Purchase Order at any time, or for any period of time, shall not constitute a waiver of such provisions nor of BK Medical's right to enforce each and every provision.
31. **Attachments:** Any attachments referenced on the Purchase Order shall be deemed for all purposes to be an integral part of the Purchase Order. In the event of an irreconcilable conflict between such referenced attachments and the terms stated therein, the terms of such attachments shall control.
32. **Government Contract Provisions:** With respect to the Products that are purchased pursuant to, or in support of, any U.S. government prime contract, BK Medical's obligations under this Agreement are conditioned upon Seller not being listed or proposed to be listed as a debarred or suspended government contractor or subcontractor and Seller's agreement to comply with those prime contract clauses that apply to the relationship between the BK Medical and Seller. Seller shall furnish to BK Medical, or directly to the U.S. Government upon request of BK Medical, any certificate required to be furnished by any provision of this Agreement, or any subcontract or purchase order, and any certificate required by any further law, ordinance, or regulation with respect to the Seller's compliance with the FAR or DFARS provisions (including supplemental provisions of implementing agencies) or applicable laws, ordinances, or regulations.
33. **Conflict Minerals:** BK Medical strongly encourages our suppliers to implement responsible sourcing with respect to tin, tantalum, tungsten, and gold and to have them encourage smelters and refiners to obtain a 'conflict-free' designation from an independent, third-party auditor.