

**SFL INDUSTRIES**  
**PURCHASE ORDER STANDARD TERMS AND CONDITIONS**

1. **Definitions Applying to the Purchase Order Standard Terms and Conditions:** In order to interpret these purchase order standard terms and conditions, in whole or in part, certain capitalized terms shall have meanings as set forth below; other terms that are defined in the Supply Agreement to which these standard terms and conditions are attached shall have the meanings attributed to them in the Supply Agreement.

- 1.1 "SFL Industries" shall refer to SFL Industries or its related group affiliate, the originator of the P.O.
- 1.2 "Claims" shall refer to and include all actual and potential legal, equitable, statutory and administrative claims, causes of action, rights of indemnity, rights of contribution, liens and remedies of every nature, known or unknown or foreseen or unforeseen, regardless of whether any of them may have accrued or may accrue in the future.
- 1.3 "Goods" shall refer to the goods or goods and services identified in the P.O. References to Goods will be interpreted broadly to include transfers of information associated with goods and performance of services associated with Goods regardless of whether the predominant purpose or primary thrust of the P.O. is the provision of goods or services.
- 1.4 "Include," in any form, shall be used as a term of enlargement, not of limitation and shall, as necessary, incorporate the phrase: "but not in limitation of the foregoing," and need not be capitalized.
- 1.5 "Laws" shall refer to all federal, state and local statutes, laws, ordinances, rules and regulations, as well as judicial decrees, and orders of government agencies, in all cases as they now exist and as they may be passed, enacted, promulgated, amended, revised, re-codified, ordered or otherwise changed hereafter.
- 1.6 "Person" shall refer to any individual, sole proprietor, partnership (limited, limited liability or general), limited liability company, corporation, unincorporated association or any other similar or commonly recognized legal entity, and need not be capitalized.
- 1.7 "P.O." shall refer to this purchase order or the accompanying purchase order, in all events including these Terms and Conditions, whether such P.O. be transmitted in writing, by phone, electronically or otherwise.
- 1.8 "Purchase" shall be interpreted to include both purchase and lease transactions and need not be capitalized.
- 1.9 "Seller" shall refer to the seller identified on the P.O., the vendor of the Goods.
- 1.10 "Specifications" shall refer to all specifications, descriptions, drawings, artwork, samples, part numbers and names and other detail and data identifying or describing the Goods.

2. **SFL Industries' Offer and Seller's Acceptance:** The P.O. constitutes an offer by SFL Industries to purchase the Goods from Seller according to the Specifications, instructions and conditions set forth in or accompanying the P.O. If the P.O. follows any previous offer or proposal from Seller, SFL Industries' acceptance of any such offer or proposal is expressly made conditional on Seller's assent to the additional or different terms contained in the P.O. Absent SFL Industries' express written acceptance or confirmation of any such previous offer or proposal from Seller, the P.O. is not acceptance or confirmation of any previous offer or proposal from Seller, and the P.O. shall be deemed to be a rejection and counter-offer with respect to any such previous offer or proposal. Acceptance of any of the Goods shall not be construed as an acceptance or confirmation of any such previous proposal or offer. Seller shall be bound by the P.O. when it commences production or delivers to SFL Industries any of the Goods ordered, or when it performs any other act constituting legal acceptance, whether or not any such acceptance or confirmation purports to state terms and conditions additional to or different from those stated in the P.O. SFL Industries expressly objects to and rejects any such different or additional provisions, and none of such provisions shall be deemed to be a part of the P.O. or the contract between the parties respecting the subject matter of the P.O. No additional or different terms offered by Seller shall become part of the P.O. or the contract between the parties, the offer being expressly limited to the terms of the P.O.

3. **Shipping Instructions:** Whenever requested to do so, Seller will identify the Goods in the manner specified by SFL Industries. Seller shall properly and carefully package the Goods in strict accordance with SFL Industries' instructions, if any, and in all cases, in a manner appropriate for the Goods so as to minimize risk of damage in transit. Packing slips must accompany the shipment. Invoices, packing slips and containers must bear the P.O. number, stock number, vendor lot number, and description of Goods in a clearly visible position. Invoices and packing slips must be marked "complete" when final shipment is involved. SFL Industries shall have the right at any time to specify the carrier or method of transportation, and agrees, unless necessitated through fault or choice of Seller, to compensate Seller for the excess cost of any specific transportation over the transportation cost for shipment in the manner specified in the P.O. SFL Industries shall also have the right to require special, express or air shipments if Seller fails or will fail to meet the delivery requirements of the P.O. and Seller shall pay or reimburse SFL Industries for any resulting additional transportation costs. Unless expressly stated otherwise, Goods shipped pursuant to the P.O. are DDP (Incoterms 2010) and must be shipped to assure arrival at "ship to" point free of damage and deterioration. Notwithstanding anything in the foregoing to the contrary, title to and risk of loss of the Goods shall pass to SFL Industries only upon receipt of the Goods by SFL Industries, and any rightful rejection or revocation of acceptance of any Goods by SFL Industries shall immediately shift the risk of loss of such Goods, wherever located, to Seller. No charges will be allowed for boxing, packaging or cartage unless agreed upon in writing or set forth specifically in the P.O. All containers, pallets, drums, carboys or like packaging materials must be in good condition, clean, free of insects, rodents and foreign material and adequate for the purpose intended and if they are to be returned, must be shipped by Seller on a no charge or consignment basis. Seller accepts all responsibility for the information provided on any Certificate of Origin, letter or affidavits, including but not limited to, any liabilities resulting from inaccurate data on these documents or failure to comply with such requirements. Seller will comply in all respects with importation requirements at Seller's sole expense and will be responsible to pay all tariffs, duties and taxes and separately identify on its invoice any such impositions that SFL Industries agreed to pay under the P.O.

4. **Delivery:** Deliveries must be made at the times specified in the P.O. unless SFL Industries is promptly notified and agrees in writing to alternate dates. Time is of the essence; Goods not timely delivered are non-conforming and shall constitute a breach of the P.O. notwithstanding any other provision of these Terms and Conditions that may allow Seller to replace nonconforming Goods. Seller also agrees to pay whatever additional cost, expense, loss or damage SFL Industries sustains as a result of any delay or any other deviation from the P.O. in addition to any other damages or relief to which SFL Industries may be entitled. If, for any reason, Seller is compelled to use material other than what is required by the Specifications, Seller must promptly notify SFL Industries in writing; SFL Industries then shall have the option to cancel the P.O. without penalty or to agree in writing to the modification. Any consequent delay beyond the date for delivery stated in the P.O. shall be a breach of the P.O. Unless by special arrangement authorized in writing by SFL Industries, SFL Industries shall not be liable for material processed in excess of fabricating, processing or shipping instructions issued by SFL Industries. Any over-shipments are made at Seller's risk and shall be a breach of the P.O., including minimum requirements, without advance written agreement and SFL Industries reserves the right to reject and return the same at Seller's expense. SFL Industries shall have the right to cancel any future delivery on the P.O. for any reason upon ten (10) days' notice to Seller.

5. **Inspection and Rejection:** Seller shall provide and maintain an adequate inspection system covering the supplies, processing methods, special tooling, materials, workmanship, and final product ordered under the P.O. Seller shall make its inspection records of all work and materials available to SFL Industries during the performance of the P.O., and for four (4) years thereafter. SFL Industries shall have the reasonable right and opportunity to inspect and test all supplies, processing methods, special tooling, materials, workmanship and final product ordered under the P.O. to the extent practicable at all times and places, including during the periods of manufacture. SFL Industries shall not be deemed to have accepted any Goods until the expiration of a reasonable period of time for inspection after delivery which period of time shall not be less than ninety (90) days after delivery and SFL Industries may thereafter reject or revoke acceptance of nonconforming Goods. Seller acknowledges and agrees that SFL Industries may inspect any commercial lot of Goods consisting of numerous units of the same product by inspecting only a reasonable sampling of such units and that SFL Industries may reject or revoke acceptance of any other units of such commercial lot which SFL Industries at a later time discovers to be nonconforming. If any Goods delivered are nonconforming in materials or workmanship or otherwise, SFL Industries shall have the right, notwithstanding payment or any prior inspection or test, either to reject or revoke acceptance of such nonconforming Goods and to require that Seller promptly replace or correct any such nonconforming Goods at Seller's expense. If Seller fails to promptly replace or correct such Goods after SFL Industries requests Seller to do so, SFL Industries, in its sole and absolute discretion, either may (i) by contract or otherwise, replace or correct such Goods and charge to Seller the increased cost occasioned to SFL Industries thereby; (ii) accept the delivery of such Goods, or accept such service, subject to a reduction in price reflecting the reduced value attributable to nonconformance; or (iii) effect a cancellation for default subject to payment by Seller to SFL Industries of any damages resulting from such failure, as provided in section 13. Seller assumes all transportation and handling costs and the risk of damage to or loss of nonconforming Goods.

6. **SFL Industries Security Interest in Rejected Goods:** Seller grants SFL Industries a security interest in any of the Goods which SFL Industries rightfully rejects or with respect to which SFL Industries justifiably revokes acceptance, to secure payment by Seller of any portion of the purchase price paid by SFL Industries and any damages suffered or losses incurred by SFL Industries arising out of or relating to the defect or nonconformity giving rise to such rejection or revocation of acceptance.

7. **Warranty:** Seller represents and warrants that all Goods: (i) will conform to the Specifications; (ii) will be properly labeled to disclose all materials used therein; (iii) will be free of lead paint and other chemicals and substances prohibited, restricted or limited by any applicable Law ("Restricted Substances") unless Seller specifically discloses to SFL Industries in writing the presence and quantity of such Restricted Substances and SFL Industries agrees in writing to accept the Goods with such Restricted Substances; (iv) will, in all respects, conform to all applicable Laws, in particular meet the requirements of the European Machinery Directive 2006/42/EC as amended from time to time; (v) will be manufactured in compliance with all applicable Laws; (vi) will be merchantable, of good quality and workmanship, free from defects and fit for the purposes intended; (vii) will not be manufactured in whole or in part by any sub contractor unless approved in writing in advance by SFL Industries; and (viii) will not infringe the patent, trademark, copyright, trade dress or other intellectual property rights of any person. Seller additionally warrants that none of the Goods contain any conflict materials (which are tin, tantalum, gold and tungsten originating in the Democratic Republic of the Congo or an adjoining country) and that it complies with the conflict mineral provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and requires that all suppliers of materials used in the Goods provide similar written warranties to Seller. Seller also warrants that all Goods and any related articles to be furnished pursuant to the P.O. shall comply with all Laws that regulate or control consumer health and safety, product safety, and environmental protection. Seller agrees to supply to SFL Industries all information, in particular instructions, and all other documents and information required to be supplied under the P.O. and all Laws applicable to the Goods prior to delivery of Goods and related articles. Seller shall provide updates when changes are made to these documents or at any time upon SFL Industries request.

8. **Certification:** Where specified, unless otherwise agreed to in writing, Seller will provide all certifications of Specifications to SFL Industries satisfaction.

9. **Intellectual Property/License/Confidential Information:** All information conveyed by SFL Industries regarding prices, costs, discounts, inventions, planned and existing products, packaging, customers and distributors as well as information regarding SFL Industries business or finances, production methods, know-how and other information used by SFL Industries is proprietary and confidential and to the extent that the Goods include or embody any of SFL Industries intellectual property, including trademarks, service marks, trade dress, copyrighted material or any other material, information or data which, in the form and manner presented, are proprietary to SFL Industries, all such information and intellectual property shall be deemed "Confidential Information" and, as applicable, trade secret information, and Seller shall have only a limited, temporary, revocable, non-exclusive license (not including any have-made license) to use the Confidential Information only for the time period and to the extent necessary to complete the P.O. Seller must: (i) employ safeguards at least as stringent as it employs for protection of its own confidential information but no less than a reasonable degree of care to protect such Confidential Information; (ii) not permit the use or disclosure of any Confidential Information to any person other than those employees of Seller who have a need to know to fulfill the P.O.; (iii) not reproduce, copy, reverse compile, reverse engineer or misuse or misappropriate any Confidential Information and (iv) promptly report to SFL Industries in writing any attempted use of the Confidential Information in violation of this section. When no longer required to fulfill the P.O., Seller will return such Confidential Information or destroy it and provide acceptable proof thereof as SFL Industries directs. Seller acknowledges that any breach of the provisions of this section would cause irreparable harm and therefore SFL Industries, in addition to all other relief available at law or in equity or under the P.O., shall be entitled to equitable relief including injunctions and any other or additional relief available under the Uniform Trade Secrets Act as enacted in Indiana, including attorney's fees even if the Confidential Information under consideration does not amount to a trade secret under that act.

10. **Indemnity:** Seller agrees to indemnify and hold SFL Industries harmless from and against any and all Claims for any and all injuries or damages to any person or property, as well as any other Claims arising out of or related to a breach of any term or condition of the P.O. by Seller, its servants, employees, independent contractors, agents or representatives, including any breach of any express warranty provided in paragraph 7 herein or of any warranty provided or implied by Law. Seller's indemnification obligation shall include SFL Industries attorney's fees and expenses. Seller agrees that, during the course of filling the P.O. and for four (4) years thereafter, it will maintain comprehensive general and product liability insurance, including blanket contractual liability and personal injury liability in an amount not less than five million dollars (\$5,000,000.00) combined single limit. Such insurance shall be written on an occurrence policy form with an insurance company with a current Best rating A, or better. Seller shall cause its insurance policies to be endorsed to include SFL Industries, its officers, directors, employees and agents as additional insureds thereunder. Such endorsement shall stipulate that the required coverage will not be reduced or canceled without thirty (30) days' prior written notice to SFL Industries. Such endorsements shall also stipulate that such coverage is the primary coverage and any other insurance in force for any of the additional insureds shall act as excess coverage only and shall not be required to contribute in the payment of any claim made hereunder to the extent covered by the limits of liability afforded by Seller's insurance hereunder.

Evidence of such coverage shall be supplied to SFL Industries within thirty (30) days of SFL Industries written request. Compliance with the foregoing insurance requirements shall not obviate in any respect Seller's indemnification obligations.

11. **Prices:** In all cases, (i) SFL Industries shall not be billed at prices higher than those stated in the P.O.; (ii) any changes in prices must be authorized in writing by SFL Industries; and (iii) if no price is shown, SFL Industries authorized agent must be notified of the price and must accept such price in writing prior to Seller filling the P.O. Unless otherwise specified on the P.O., the price stated includes all charges for packing, hauling, storage and transportation FOB SFL Industries dock. Except as otherwise required by federal or state Laws, Seller agrees to pay any federal, state or local tax, value added tax or use tax which may be imposed upon the Goods. All taxes applicable to SFL Industries and paid by Seller must be included in and shown separately on the invoice to SFL Industries. Seller agrees that any price reduction made with respect to the Goods subsequent to the date of the P.O. but prior to payment will be applicable to the P.O. Seller represents and warrants that the prices for the Goods will always be the lowest prices paid by or available to other purchasers of Goods in similar or lesser quantities. Unless otherwise stated on the P.O., payment terms shall be terms of 2% 10/net 60 days after the later of SFL Industries receipt of: (i) Seller's invoice or (ii) the Goods. SFL Industries reserves the right to deduct, set-off or otherwise withhold payments determined by SFL Industries to be due and owing by Seller.

12. **Events of Default:** Seller shall be deemed to be in default in case of: (i) delay in or failure of delivery of Goods; (ii) delivery of Goods that are nonconforming in any other way; (iii) breach of warranty; (iv) breach of any provision of the P.O.; or (v) any other act or omission, whether pursuant to agreement or otherwise, which gives SFL Industries reasonable grounds to be insecure with respect to Seller's performance of the P.O. Seller further shall be deemed to be in default upon the occurrence of any of the following events, or of any other comparable event: (i) insolvency of Seller; (ii) Seller's filing of a voluntary petition in bankruptcy; (iii) the filing of any involuntary petition to have Seller declared bankrupt provided it is not vacated within sixty (60) days from the date of filing; (iv) the appointment of a receiver or trustee for Seller provided such appointment is not vacated within sixty (60) days from the date of such appointment; or (v) the execution by Seller of an assignment for benefit of creditors.

13. **SFL Industries Remedies Upon Seller's Default:** Upon default by Seller, SFL Industries will be entitled to recover its costs of cover, lost sales and profits, other incidental and consequential damages, and will be entitled to all other rights and remedies available under the P.O., the UCC and at law and in equity and may: (i) reject or revoke acceptance of any or all of the Goods, whether or not such Goods are nonconforming and whether or not the condition or delivery thereof otherwise relates to, pertains to, concerns or gives rise to such event of default; (ii) terminate the P.O. without obligation or liability whatsoever with respect to Goods not yet delivered to SFL Industries at the time of such termination; or (iii) do both. SFL Industries decision to pursue any remedy shall not be deemed to be an election not to pursue any other remedy at the same time or any other time. In all cases, SFL Industries shall be entitled to recovery of its reasonable attorney's fees and expenses.

14. **Conflicts:** To the extent that there are conflicts between these Terms and Conditions and the accompanying P.O. or purchase agreement not including these Terms and Conditions, the conflicts shall be resolved in favor of the accompanying P.O. or purchase agreement without including these Terms and Conditions.

15. **General:** Except to the extent the P.O. may be referred to or incorporated by reference in any separate agreement between SFL Industries and Seller, the P.O. shall constitute the complete understanding and contract between Seller and SFL Industries with respect to the subject matter hereof. SFL Industries shall not be bound by any purported rescission or modification of such contract, and shall not be deemed to have waived any provision of or default under such contract, unless rescission, modification or waiver is set forth in writing signed by an authorized representative of SFL Industries. No waiver of any provision of or default under such contract in any particular instance shall be deemed or construed a waiver of any other provision or default, whether similar or otherwise, in any other instance. All provisions of the P.O. providing for any act or activity or forbearance following fulfillment of the P.O. (including sections 7, 8, 9 and 10) shall survive fulfillment of the P.O. until such time as the provisions have been fulfilled or satisfied or until the period of time which is included in such provisions specifically or by reference or pursuant to the applicable statute of limitations has expired. Nothing in the P.O. shall be construed so as to make the parties partners or joint venturers; the relationship of the parties is that Seller is an independent contractor manufacturing the Goods for SFL Industries. The P.O. is not assignable by Seller but may be assigned by SFL Industries. If any provision of the P.O. is held invalid by any court in a final decision from which no appeal can be taken, such provision shall be deemed modified to eliminate the invalid element and as so modified, such provision shall be deemed a part of the P.O. The invalidity of any provision of the P.O. shall not affect the force and validity of the remaining provisions. The contract between the parties shall be governed in all respects by and interpreted in accordance with the Laws of the Belgium without application of its conflict of laws provisions. Seller agrees to the exclusive jurisdiction of the courts located in Brussels and waives all defenses based on inconvenient forum.