

PURCHASE ORDER: GENERAL TERMS & CONDITIONS

1. ACCEPTANCE

You ("Seller") have received a purchase order ("Purchase Order") from BI Incorporated ("BI"). The Purchase Order is an offer by BI to purchase the goods and/or services identified therein ("Goods") from Seller in accordance with and subject to the terms herein and therein. The Purchase Order is not binding on BI until it is accepted by Seller. Seller will be deemed to have accepted the Purchase Order when it (i) sends BI notice of acceptance in writing, (ii) starts to perform in accordance with the terms of the Purchase Order, and/or (iii) delivers any or all of the Goods covered by the Purchase Order, whichever occurs first. BI may withdraw the Purchase Order at any time before it is accepted by Seller. No contract will exist except as herein provided.

Seller's acceptance is expressly limited to the terms of the Purchase Order and the BI Incorporated Purchase Order General Terms and Conditions ("Terms") set forth here. Any additional or different terms, proposal, statement of work, quote, invoice, acknowledgement or other communication issued by Seller in connection with, or otherwise incorporated by reference into, the Purchase Order will be of no force or effect and will not be considered to be Seller's exceptions to these Terms. The Purchase Order and these Terms may not be altered, amended or changed unless such alteration, amendment or change is in writing and signed by an authorized representative of each party. Furthermore, BI will not be bound by any "disclaimers" or "click to approve" terms or conditions now or hereafter contained in any website used in connection with the Goods or the Purchase Order.

The Purchase Order, together with any documents incorporated herein and therein by reference, constitutes the sole and entire agreement of the parties with respect to the purchase and sale of the Goods, and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Purchase Order.

2. VARIATION

No variation or modification of the Purchase Order or these Terms shall be effective without BI's written consent. No course of prior dealings, no usage of the trade and no course of performance shall be relevant to supplement or explain any terms used in the Purchase Order or these Terms or be deemed to affect any such modification or variation.

3. TERMINATION

BI reserves the right to terminate the Purchase Order at any time with respect to unperformed services by written or electronic notice.

4. DELIVERY

Seller will deliver and/or perform on the date(s) specified in the Purchase Order (the "Delivery Date"). Timely delivery of the Goods is of the essence. If Seller fails to deliver the Goods in full on the Delivery Date, BI may terminate the Purchase Order immediately by providing written notice to Seller and Seller will indemnify BI and its affiliates and their respective current, future and former officers, employees, directors, agents, customers, successors and assigns against any claims, demands, causes of action, losses, damages, direct and indirect costs and expenses or other liability (including costs of product recall), including reasonable attorneys' fees, directly attributable to Seller's failure to deliver the Goods on the Delivery Date. In addition, BI has the right to return any Goods delivered prior to the Delivery Date at Seller's expense and Seller will redeliver such Goods on the Delivery Date.. Any provisions herein for delivery of materials or the rendering of services by installments shall not be construed as making the obligations of Seller severable. Shipments sent C.O.D. without BI's written consent will not be accepted and will be at Seller's risk.

5. PRICE

BI shall not be billed at prices higher than stated on the Purchase Order unless authorized in writing and signed by BI. Seller represents that the prices charged for the items or services covered by the Purchase Order are the lowest prices charged by Seller and that such prices comply with all applicable laws and government regulations in effect at time of quotations, sale and delivery. Seller agrees to notify BI of any price reduction made in materials covered by the Purchase Order subsequent to the placement thereof and prior to delivery and agrees that any such reduction will be applicable to the Purchase Order.

6. QUANTITY

- a. The specific quantity of Goods ordered (if any) must be delivered in full and not be changed without BI's written consent. If Seller delivers more or less than the quantity of Goods ordered, BI may reject all or any of the Goods. Any such rejected Goods will be returned to Seller at Seller's risk and expense. If BI does not reject the Goods and instead accepts the delivery of Goods at the increased or reduced quantity, the total price for the Goods will be adjusted on a pro-rata basis.
- b. BI is not responsible for Seller's inventory. Any inventory remaining after BI has fulfilled its quantity commitment is the responsibility of the Seller.

7. CONTINGENCIES

Failure of BI to take delivery or accept performance of services hereunder for portions thereof when due, if occasioned by Act of God or the public enemy, fire, explosion, perils of the sea, flood, drought, war, riot, sabotage, accident, embargo, government priority, requisition or allocation, interruption of or delay in transportation, partial or complete suspension of BI's operations, compliance with any order or request of any governmental officer, department, agency, or committee, or any circumstance of like character beyond the reasonable control of BI, or labor trouble from whatever cause arising and whether or not the demands of the employees involved are reasonable and within BI's power to concede, shall not subject BI to any liability to Seller. At BI's option, the period specified for delivery of materials or performances of services hereunder shall be extended by the period of delay occasioned by any such circumstance and deliveries or services omitted (or portions thereof) shall be made or performed during such extension, or the total ordered hereunder shall be reduced by the deliveries or services (or portions thereof) so omitted. The provisions of this paragraph shall be effective notwithstanding that such circumstance shall have been operative at the date of the Purchase Order.

8. WARRANTIES

In addition to all warranties established by law, Seller hereby warrants and agrees that:

- a. All materials and services covered by the Purchase Order shall conform to the specifications, drawings, samples or other descriptions furnished or adopted by BI, and shall be merchantable, fit for the purpose intended, of best quality and workmanship and free from all defects. BI shall have the right of inspection and

approval, and may reject and return materials or require reperformance of services at Seller's expense if defective or not in compliance with BI's specifications. Defects shall not be deemed waived by BI's failure to notify Seller upon receipt of materials or completion of services, or by payment of invoice.

- b. Nondisclosure, description or other communication of any sort shall be made by Seller to any third person of the fact of BI's purchase of materials or contract for services hereunder, or of the details and characteristics thereof without BI's prior consent in writing. Anything furnished to Seller by BI pursuant to the Purchase Order, including without limitation, samples, drawings, patterns and materials, shall remain the property of the BI, shall be held at Seller's risk, and shall be returned upon completion of work, and no revelation or reproduction thereof in any form shall be made without BI's prior consent in writing.
- c. All materials sold or services rendered pursuant to the Purchase Order will have been produced, sold, delivered or rendered to BI under terms and conditions which satisfy all the requirements of, and which are in compliance with all applicable laws and regulations. In addition, Seller shall certify on each invoice for materials purchased hereunder that all such materials were produced in full compliance with Section 6, 7, and 12 of the Fair Labor Standards Act of 1938, as amended, and regulations issued thereunder.
- d. The use or sale of any materials delivered hereunder, or any part thereof, does not infringe any existing patent. Seller agrees to exonerate, indemnify and hold harmless BI, its customers, users of its products and its and their successors and assigns, or any of them, from any loss, cost or expense incurred in connection with any claim, suit or action for actual or alleged infringement of any such patent, arising out of or resulting from use or sale of the material ordered hereunder, and Seller further agrees to defend, at its expense, any such claim, suit or action brought against BI, its customers, users of its products and its and their successors and assigns, or any of them.
- e. Seller agrees that the foregoing warranties shall survive acceptance of materials.

9. LOSS IN TRANSIT

Title and risk of loss in transit shall not pass to BI upon delivery to carrier.

10. MARKING

Seller shall mark each package or shipment clearly with BI's name and address, contents and this purchase order number.

11. ASSIGNMENT

Assignment of the Purchase Order, or any interest herein, or any money due or to become due under the terms hereof, without the prior written consent of BI, shall be void.

12. ATTORNEYS' FEES AND COSTS

In the event it becomes necessary for either party hereto to file a lawsuit to enforce any of the terms and costs of this agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

13. GOVERNING LAW

This agreement shall be governed by, subject to, and construed in accordance with the laws of the State of Colorado.

14. EEO COMPLIANCE

Vendor agrees to comply with all applicable federal, state and local laws, including the Civil Rights Acts of 1964 as amended. The Equal Employment Opportunity clause in Section 202 paragraphs 1 through 7 of Executive Order 11246, as amended, relative to Equal Employment Opportunity and the implementing Rules and Regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference. The Affirmative Action Clause in Section 503 of the Rehabilitation Act of 1973, as amended, relative to Equal Opportunity for the handicapped is incorporated herein by specific reference. The Affirmative Action clause in 38 USC Section 2012 of the Vietnam Veteran's Readjustment Assistance Act of 1974, relative to Equal Employment Opportunity for the special disabled veteran and veterans of the Vietnam Era, is incorporated here by specific reference.

15. INDEPENDENT CONTRACTOR, INSURANCE, INDEMNIFICATION

In supplying any labor or performing any services hereunder, Seller is and undertakes performance hereof as an independent contractor, with sole responsibility for all persons employed in connection therewith, including without limitation, exclusive liability for the payment of all federal, state, and local unemployment and disability insurance, social security and/or other taxes and contributions incurred hereunder from and against which Seller agrees to exonerate, indemnify and hold harmless BI. Seller shall maintain comprehensive

general liability insurance, including acts, errors and omissions, automobile liability insurance, and workmen's compensation and employer's liability insurance with limits of not less than \$100,000 (or \$300,000 at BI's option as specified in the Purchase Order) for bodily injuries and not less than \$25,000 (or \$50,000 at BI's option as specified in the Purchase Order) for property damage. Seller agrees, prior to commencement of any work hereunder, to transmit to BI certificates of insurance or other evidence that such insurance is in effect. BI If the Purchase Order shall require the presence of Seller's employees, subcontractors or others under Seller's control at BI's plant, such persons are to be subject to all applicable rules of said plant, including those for safety and fire protection. Seller shall indemnify, exonerate, hold harmless and defend BI from and against any and all claims, loss, liability, judgments, cost and expense as a result of bodily injury or death and/or property damage arising out of or in any way connected with performance of work or materials procured under this purchase order, unless caused by the sole negligence of the BI.

16. INVOICES

An invoice shall be submitted and shall contain the following information: purchase order number, item number, description of items, sizes, quantities, unit prices, and extended totals in addition to any other information specified elsewhere herein. Bill of Lading or express receipt shall accompany each invoice. Payment of invoice shall not constitute acceptance of supplies and shall be subject to adjustment for errors, shortages, defects in the supplies, or other failure of Seller to meet the requirements of the order. BI may at any time set off any amount owed by BI to Seller against any amount owed by Seller or any of its affiliated companies to BI. BI is not liable for any additional charges due to late payment resulting from inaccurate invoice information. Seller agrees that producing an accurate and acceptable invoice is seller's responsibility.

17. TAXES

Unless otherwise specified, the prices set forth in the Purchase Order include all applicable federal, state, and local taxes. All such taxes shall be stated separately on Seller's invoice.

18. OVERSHIPMENTS

BI will pay only for maximum quantities ordered. Over shipments will be held at Seller's risk and expensed for a reasonable time awaiting shipping instructions. Return shipping charges for excess quantities will be at Seller's expense.

19. PACKAGING AND SHIPMENT

Unless otherwise specified when the price of the Purchase Order is based on the weight of the ordered supplies, such price is to cover net weight of material ordered only, and no charges will be allowed for boxing, crating, handling damage, carting, drayage, storage, or other packing requirements. Unless otherwise specified all supplies shall be packed, packaged, marked, and otherwise prepared for shipment in a manner which is (i) in accordance with good commercial practice, (ii) acceptable to common carriers for shipment at the lowest rate for the particular supplies and in accordance with I.C.C. regulations, and (iii) adequate to insure safe arrival of the supplies at the named destination. Seller shall mark all containers with necessary lifting, handling, and shipping information also, purchase order numbers, date of shipment, and the names of the consignee and consignor. An itemized packaging sheet must accompany each shipment. No partial or complete delivery shall be made hereunder prior to the date or dates shown unless BI has given prior written consent.

20. F.O.B. POINT

Unless otherwise specifically provided on the face of the Purchase Order, the supplies called for hereunder shall be delivered on an F.O.B. origin basis.

21. INSPECTION

Notwithstanding any prior inspection or payments, all items shall also be subject to final inspection and acceptance at BI's plant within a reasonable time after delivery. In case any item is defective in material or workmanship, or otherwise not in conformity with the requirements of the Purchase Order. BI shall have the right either to reject it, require its correction, or accept it with an adjustment in price. Any item which has been rejected or required to be corrected shall be replaced or corrected by and at the expense of the Seller promptly after notice. If, after being requested by BI, the Seller fails to promptly replace or correct any defective item within the delivery schedule, BI (i) may, by contract or otherwise, replace or correct such item and charge to the Seller the cost occasioned hereby, (ii) may, without further notice, terminate the Purchase Order for default in accordance with the clause therefore entitled "TERMINATION FOR DEFAULT," and (iii) may require an appropriate reduction in price.

22. CHANGES

BI may at any time, by a written order and without notice to sureties or assignees, suspend performance hereunder, increase or decrease the ordered quantities, or make changes within the general scope of the Purchase Order in any one or more of the following:

- a. Applicable drawings, designs, or specifications,
- b. Method of shipment or packing, and/or,
- c. Place of delivery.

If any such change causes an increase in the cost or the time required for performance of the Purchase Order, an equitable adjustment shall be made in order price or delivery schedule, or both, and the order shall be modified in writing accordingly. No claim by the Seller for adjustment hereunder shall be valid unless asserted within twenty (20) days from the date of receipt by the Seller of the notification of change; provided, however, that such period may be extended upon the written approval of the BI. However, nothing in this clause shall excuse the Seller from proceeding with the order as changed or amended.

23. TERMINATION

- a. BI may terminate, for convenience, work under the Purchase Order, in whole or in part, at any time by written notice. Upon any such termination Seller shall, to the extent and at the times specified by BI, stop all work on the Purchase Order, place no further orders hereunder, terminate work under orders outstanding hereunder, assign to BI all Seller's interests under terminated subcontracts and orders, settle all claims thereunder after obtaining BI's approval, protect all property in which BI has or may acquire an interest and transfer title and make delivery to BI of all articles, materials, work in progress or other things held or acquired by Seller in connection with the terminated portion of the Purchase Order. Seller shall proceed promptly to comply with BI's directions respecting each of the foregoing without awaiting settlement or payment of its termination of claim.
- b. Within six (6) months from such termination, Seller may submit to BI its written claim for termination charges, in the form and with the certifications prescribed by BI, it being understood and agreed that no profit shall be allowed if it appears Seller would have sustained a loss on the order. Failure to submit such claim within such time shall constitute a waiver of all claims and a release of all BI's liability arising out of such termination.

- c. The parties may agree upon the amount to be paid Seller for such termination. If they fail to agree, BI shall pay Seller the amount due for articles delivered prior to termination and in addition thereto, but without duplication, shall pay the following amounts:
- i. The contract price for all articles completed in accordance with the Purchase Order and not previously paid for.
 - ii. The actual costs incurred by the Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of the Purchase Order and a sum constituting a fair and reasonable profit on such costs. If it appears Seller would have sustained a loss on the order, no profit shall be allowed under this subparagraph (2) and an adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss.
 - iii. The reasonable costs of the Seller in making settlement hereunder and in protecting property in which BI has or may acquire an interest.
- d. Payments made under paragraph 13(c) exclusive of payment under subparagraph (3) shall not exceed the aggregate price specified in the Purchase Order, less payments otherwise made or to be made. There shall be excluded from any amounts payable to Seller under this Section 13 all amount payable in respect to property lost, damaged, stolen, or destroyed prior to delivery to BI.
- e. The foregoing paragraphs a to d inclusive, shall be applicable only to a termination for BI's convenience and shall not affect or impair any right of BI to terminate the Purchase Order for Seller's default in the performance hereof.

24. RESPONSIBILITY FOR SUPPLIES

Notwithstanding any prior inspections and irrespective of the F.O.B. point named herein, the Seller shall bear all risks of loss, damage, or destruction to the supplies called for hereunder until final acceptance by BI at destination. Further, the Seller shall also bear the same risks with respect to any supplies rejected by BI provided, however, that in either case, the BI shall be responsible for any loss occasioned by the gross negligence of its employees acting within the scope of their employment.

25. WAIVER

The failure of BI to enforce at any time any of the provisions of this contract, to exercise any election or option provided herein, or to require at any time performance by the Seller of any of the provisions herein shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this agreement or any part hereof, or the right of BI thereafter to enforce each and every such provision.

26. COMPLIANCE WITH LAWS

The Seller warrants that no law, rule or regulation of the United States, a state, or any other governmental agency has been violated in the manufacture or sale of the items or in the performance of services covered in the Purchase Order, including transportation, and will defend and hold BI harmless from loss, cost, or damage as a result of any actual or alleged violation. Seller expressly represents and warrants compliance with Executive Order 11246 (and its implementing regulations at 41 CFR Part 60); the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended (and its implementing regulations at 41 CFR part 60-250); and Section 503 of the Rehabilitation Act of 1973, as amended (and its implementing regulations at 41 FR 60-741).

27. NON-DISCLOSURE OF CONFIDENTIAL MATTER

Materials purchased hereunder with BI's specifications or drawings shall not be quoted for sale to others without BI's written authorization. Such specifications, drawings, samples, and other data furnished by BI shall be treated as confidential information by the Seller, shall remain BI's property and shall be returned to it on request.

28. ASSIGNMENTS

No right or obligation under the Purchase Order (including the right to receive monies due hereunder) shall be assigned by Seller without the prior written consent of BI, and any purported assignment without such consent shall be void. BI may assign the Purchase Order at any time if such assignment is considered necessary by BI in connection with a sale of BI's assets or a transfer of its obligation.

29. NOTICE OF LABOR DISPUTES

Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of the Purchase Order, Seller will immediately notify BI of such dispute and furnish all relevant details. Receipt by BI of such notice shall not constitute a waiver of the delivery schedule hereunder.

30. PATENT LICENSE

The Seller, as part consideration for this purchase order and without further cost to the BI, hereby grants and agrees to grant to BI and, to the extent requested by BI, to the government, an irrevocable non-exclusive, royalty-free right and license to use, sell, manufacture, and cause to be manufactured products embodying any and all inventions and discoveries made, conceived, or actually reduced to practice in connection with the performance of the Purchase Order.

31. GOVERNMENT CONTRACTS

If the Purchase Order is issued for any purpose which is either directly or indirectly connected with the performance of a prime contract with the government or a subcontract thereunder, the terms which the Federal Acquisition Regulation, or other appropriate regulations, require to be inserted in contracts or subcontracts will be deemed to apply to the Purchase Order.

31. CHILD LABOR AND FORCED LABOR

Seller warrants that it does not employ children, prison labor, indentured labor, bonded labor or use corporal or other forms of mental and physical coercion as a form of discipline. Moreover, Seller agrees that it will not conduct business with vendors employing children, prison labor, indentured labor, bonded labor or who use corporal punishment or other forms of mental and physical coercion as a form of discipline. In the absence of any national or local law, BI and Seller agree to define "child" as less than 15 years of age. If local minimum age law is set below 15 years of age, but is in accordance with exceptions under International Labor Organization (ILO) Convention 138, the lower age will apply.

32. CONFLICT MINERALS

With respect to any and all Goods (if any) delivered under the Purchase Order, Seller warrants that such Goods will at no time contain any "conflict minerals" (e.g., columbite-tantalite (coltan), cassiterite, gold, wolframite or their derivatives), sourced from any of the "Covered Countries" (e.g., the Democratic Republic of the Congo) as such terms are defined in the Dodd-Frank Wall Street Reform and the US Consumer Protection Act. Seller will immediately notify BI if at any time the foregoing representation becomes inaccurate or incomplete.

33. INTELLECTUAL PROPERTY

Seller acknowledges and agrees that any and all work product, including any deliverables, it conceives, creates, develops or reduces to practice, in whole or part, while fulfilling the Purchase Order, including without limitation, all "works of original authorship" and all content, inventions, improvements, enhancements, designs, ideas, source code, software applications, formula, processes, techniques, discoveries, or know-how, whether or not patentable or copyrightable, are "works for hire" and is and/or shall become and remain the sole and exclusive property of BI and BI shall be the sole owner of all patents, copyrights and other rights in connection therewith throughout the world. To the extent any such works are not deemed works for hire, Seller hereby assigns to BI, Seller's entire right, title, and interest in any invention, technique, process, device, discovery, improvement, or know-how, whether patentable or not, hereafter made or conceived solely or jointly by Seller while working for or on behalf of BI, which relates to, is suggested by, or results from matters set forth in any active purchase order or statement of work and depends on either:

- a. Seller's knowledge of confidential information it obtains from BI; or
- b. The use of BI's equipment, supplies, facilities, information, or materials.

34. NOTICE

Except as otherwise expressly set forth in the Purchase Order or these Terms, all notices shall be in writing and signed by a duly authorized representative of the party. Notices shall be sent by certified mail, overnight international courier with tracking, or physically delivered by messenger. Notices shall be deemed received within five (5) days if sent by certified mail, and within one (1) day if sent by overnight international courier, and day of if delivered by messenger. Notices to Seller shall be sent to the address listed on the Purchase Order. Notices to BI shall be sent to:

BI Incorporated, Director of Supply Chain
6265 Gunbarrel Ave., Suite B, Boulder, CO 80301

