

**COMPONENT SALES TERMS FOR  
SCHWEITZER ENGINEERING LABORATORIES, INC.**

**1. TERMS OF CONTRACT.**

- 1.1 These Terms shall govern all sales of Components to Buyer by SEL, unless otherwise agreed by SEL in writing. All sales are expressly limited to these Terms and are conditional on Buyer's assent to these Terms. Buyer's assent to these Terms shall be deemed given upon the occurrence of any of the following: (a) Buyer's failure to object to these Terms in writing within three (3) days from the date of its receipt of them, (b) Buyer's issuance of a purchase order or transmission of an order using electronic data interchange ("EDI") for Components, or (c) Buyer's acceptance of delivery of Components. SEL expressly objects to any additional or different terms proposed by Buyer, unless expressly agreed to in writing by SEL.
- 1.2 Orders sent using EDI shall be deemed a writing of Buyer and shall be deemed received and accepted by SEL when: (a) sent by Buyer via the technical format specified or approved by SEL in writing, (b) accessible on SEL's computer system in an intelligible form, and (c) SEL issues an electronic order acknowledgement.
- 1.3 No contract will be deemed to be formed until SEL sends a sales order acknowledgment to Buyer.
- 1.4 SEL may modify these Terms at any time without prior notice provided that no such modification shall apply to any order for Components that has been accepted by SEL prior to the modification(s). The latest version of the Terms will be posted on SEL's website at [www.selinc.com/termsandconditions/unitedstates](http://www.selinc.com/termsandconditions/unitedstates), and Buyer should review these Terms prior to purchasing any Components.
- 1.5 All orders are subject to SEL's ability to obtain, on appropriate terms and within a reasonable amount of time, any export or import license or permit required by applicable law or regulation.
- 1.6 SEL shall have the right to cancel any order at any time for failure of Buyer to agree to these Terms or for a breach by Buyer of these Terms. If SEL cancels an order due to Buyer's breach of these Terms, then Buyer shall pay SEL a Cancellation Charge.

**2. DEFINITIONS.** For the purposes of these Terms:

- 2.1 "Buyer" means the person or entity identified on the SEL sales order acknowledgment.
- 2.2 "Cancellation Charge" means a sum equal to twenty-five percent (25%) of the order price.
- 2.3 "Components" mean the goods listed on the SEL sales order acknowledgment, which references these Terms, and includes Standard Components and Custom Components.
- 2.4 "Custom Component(s)" means the unique parts manufactured by SEL in accordance with Buyer's specifications and specified on the SEL sales order acknowledgement.
- 2.5 "Purchase Date" means the date of the original invoice issued by SEL to Buyer for Buyer's purchase of Components.
- 2.6 "SEL" means Schweitzer Engineering Laboratories, Inc. and its affiliates, subsidiaries, and divisions.
- 2.7 "Standard Component(s)" means the ordinary parts manufactured by SEL in accordance with SEL's specifications and specified on the SEL sales order acknowledgment.
- 2.8 "Terms" means these Component Sales Terms for Schweitzer Engineering Laboratories, Inc.
- 2.9 "Tool(s)" means, collectively, all tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation, including engineering specifications and test reports, used by SEL in connection with the manufacture of Custom Components, together with any accessions, attachments, parts, accessories, substitutions, replacements, and appurtenances thereto.

**3. PRICES, TAXES, AND PAYMENT TERMS.**

- 3.1 Each quotation or proposal is valid for thirty (30) days, unless specified otherwise by SEL in writing. For all other sales, the prices shall be the prices in effect on the date of the SEL sales order acknowledgement. SEL may modify quoted pricing if Buyer fails to provide required information missing from a purchase order within fifteen (15) days of a request for correction from SEL. Prices are exclusive of any freight, packing, or insurance charges and any customs, sales, use, value-added, property, or similar taxes, tariffs or duties, unless specified otherwise by SEL in writing. SEL may modify pricing for prepaid orders if Buyer does not complete payment to SEL within thirty (30) days of SEL receiving the purchase order.
- 3.2 If Buyer claims a tax or other exemption or direct payment permit, Buyer will provide a valid exemption certificate or permit with the purchase order. If Buyer does not provide a valid exemption certificate or permit

with the purchase order, then Buyer shall be responsible for paying or seeking reimbursement for the taxes invoiced.

- 3.3 Payment terms are net thirty (30) days from date of invoice if credit is approved by SEL. All invoices shall be deemed accurate unless Buyer advises SEL in writing of an error within ten (10) days of receipt of the invoice. If Buyer advises SEL of an error: (a) any amounts corrected by SEL shall be paid within fourteen (14) days of correction or within thirty (30) days of the original payment due date, whichever is later; and (b) all other amounts shall be paid by Buyer by the original payment due date. Buyer must pay for all Tools to be created by SEL before SEL will commence manufacturing of any Tool or Custom Component. All payments shall be made in United States Dollars, unless specified otherwise in writing by SEL. Any payment made by Buyer may be applied to amounts due before being applied to current orders, at SEL's sole discretion.
- 3.4 Buyer must meet the then-current SEL credit requirements to purchase on credit. If, in the judgment of SEL, the financial condition of Buyer at any time prior to delivery does not justify the payment and/or credit terms offered by SEL, SEL may require payment in advance or suspend or cancel any outstanding order.
- 3.5 SEL may suspend or cancel any outstanding order if Buyer fails to make a payment when due and until such payment is made and may impose a late charge equal to the lesser of one and one-half percent (1.5%) per month or the highest applicable rate allowed by law on all amounts not paid when due. SEL shall not be liable for any liquidated or other damages if SEL suspends or cancels an order due to the Buyer's late payment or credit issues. If SEL cancels an order because of Buyer's credit issues or late payments, Buyer shall pay SEL a Cancellation Charge.
- 3.6 Partial shipments will be invoiced and are payable as they occur in accordance with these Terms. Delays in delivery or non-conformities in any installments shall not relieve Buyer of its obligation to make timely payments.
- 3.7 Buyer's failure to pay amounts due is a breach of these Terms, and any acceptance by SEL of late payments shall not be deemed a waiver of such breach. To the extent allowed by law, SEL shall be entitled to recover all costs incurred in collecting amounts due from Buyer, including, without limitation, legal fees, disbursements, and other costs.
- 3.8 If Buyer requires SEL to use a specific system to process regular business transactions (e.g., invoices, shipment notifications, purchase orders), SEL may charge Buyer for any transaction, setup, or subscription fees charged to use such system.

#### **4. DELIVERY, PASSAGE OF TITLE AND RISK OF LOSS, ACCEPTANCE, AND STORAGE.**

- 4.1 Delivery dates are approximate, based upon prompt receipt of all necessary information from Buyer, and constitute neither a contractual obligation nor a representation to the Buyer. If drawing approval is required, drawings must be returned on schedule to maintain estimated shipping dates. SEL shall pack and ship Components according to its standard procedure, and all shipments shall be sent to Buyer using the SEL standard freight forwarder or carrier. Buyer shall pay for any increased costs due to special packing, shipment (including freight forwarders or carriers required by Buyer) or insurance requests, as well as any detention or demurrage charges. Seller reserves the right to make partial shipments of Components and/or to ship Components early unless otherwise stipulated in Buyer's purchase order.
- 4.2 Except as otherwise provided in Section 4.4 and unless otherwise stated in the SEL Sales Order Acknowledgment: (a) for Components shipped to addresses within the continental United States, shipping terms shall be F.O.B. destination (U.C.C. § 2-319 shall apply), and title and risk of loss or damage shall pass to Buyer upon delivery to Buyer's place of business; and (b) for Components shipped to addresses outside the continental United States, Free Carrier (FCA) Incoterms® 2020 shall apply, and title and risk of loss or damage shall pass to Buyer at the SEL factory upon delivery to the freight forwarder or carrier.
- 4.3 Buyer must unpack and examine Components immediately and, if damage is discovered, notify SEL within three (3) business days of delivery. In any event, Buyer shall be deemed to have accepted the Components no later than fifteen (15) days after shipment.
- 4.4 When Components are ready for shipment and shipment cannot be made due to Buyer's request, upon SEL's prior written approval, SEL may submit an invoice for such Components payable upon receipt thereof and may store such Components on Buyer's behalf. In such event and notwithstanding Section 4.2 herein, title and risk of loss shall pass to Buyer upon moving such Components to storage. Additionally, all expenses incurred by

SEL in connection with such storage, including without limitation demurrage, cost of preparation for storage, storage charges, insurance (if SEL chooses, in its sole discretion, to purchase such insurance), and handling charges shall be payable by Buyer upon submission of invoices for such by SEL.

## **5. RETURNS AND CANCELLATIONS BY BUYER.**

- 5.1 If SEL provides prior written approval, then Buyer, at Buyer's expense, may return Standard Components up to one (1) year after the Purchase Date, provided that the Standard Components are new, in their original packaging, were stored properly, and have never been used. Buyer shall pay a restocking fee of twenty-five percent (25%) of the price of returned Standard Components if the Standard Components are returned less than six (6) months of the Purchase Date, and fifty percent (50%) if the Standard Components are returned between six (6) months and one (1) year of the Purchase Date. Standard Components may not be returned after more than one (1) year of the Purchase Date. Custom Components may not be returned.
- 5.2 An order for Standard Components may be cancelled by Buyer upon written notice and, if SEL has begun procurement or manufacturing for such Components, payment of a Cancellation Charge. An order delayed at Buyer's request shall be subject to the prices and Terms in effect at the time of release of such delay. An order delayed beyond a reasonable period (as determined in SEL's sole discretion) shall be treated as a cancellation by Buyer and will be subject to a Cancellation Charge. An order for Custom Components may not be cancelled.

## **6. INTELLECTUAL PROPERTY.**

- 6.1 Buyer shall not challenge the validity of any SEL intellectual property, including without limitation any trademarks, service marks, trade dress, patents, copyrights, trade secrets or licenses. Buyer acknowledges that SEL intellectual property is the sole property of SEL. By sale of Components to Buyer, SEL does not transfer any SEL intellectual property rights (including without limitation rights to designs or other work product).
- 6.2 Buyer shall not use, remove, or alter any trademarks, service marks, or trade dress that identify SEL, nor use any trademarks, service marks, trade dress, or any other intellectual property that, in the sole discretion of SEL, is confusingly similar to those of SEL.

## **7. COMPONENT WARRANTY.**

- 7.1 SEL warrants to Buyer that Standard Components are free from defects in material and workmanship for sixty (60) days after shipment of the Standard Components. SEL warrants to Buyer that Custom Components are free from defects in material and workmanship for one (1) year after shipment of the Custom Components. These warranties are conditioned upon proper storage and shall be void in their entirety if Buyer modifies the Components without prior written consent to and subsequent approval of any such modifications by SEL or uses the Components for applications outside of the stated Component specifications.
- 7.2 If a Component fails to conform to this warranty and Buyer promptly notifies SEL of such failure and returns the Component, at Buyer's expense, to the SEL factory (unless another location is agreed upon by SEL) for diagnosis, then SEL shall correct any such failure by, at its sole discretion, either repairing any defective or damaged Component or making available any necessary replacement Component. SEL will pay the freight to return the Component to Buyer (Carriage Paid To (CPT) customer's place of business). Any Component repair shall be covered by this warranty for the longer of thirty (30) days from date of repair or the remainder of the original warranty period. If SEL is unable or unwilling to repair or replace the Component, then SEL and Buyer shall negotiate an equitable resolution such as a prorated refund or credit to the Buyer's account.
- 7.3 TO THE MAXIMUM EXTENT PERMITTED BY LAW, THIS WARRANTY SHALL BE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS, OR IMPLIED (INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE; WARRANTIES ARISING FROM COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE; AND WARRANTIES AGAINST PATENT INFRINGEMENT), EXCEPT WARRANTY OF TITLE.

## **8. INSURANCE.**

- 8.1 Buyer shall maintain commercially reasonable insurance (including waiver of subrogation) against liability and property damage, including, without limitation, all standard commercial, environmental, and, if applicable, nuclear incident insurance. Buyer shall obtain advance consent from SEL prior to using any Components in

connection with any nuclear facility or activity located outside of the United States.

- 8.2 SEL shall maintain for its protection the following insurance coverage: (a) Worker's Compensation, Employer's Liability, and other statutory insurance required by law with respect to work-related injuries or diseases of employees of SEL in such form(s) and amount(s) as required by applicable laws; (b) Automobile Liability insurance with a combined single limit of \$1,000,000 per occurrence; and (c) Commercial General Liability or Public Liability insurance for bodily injury and property damage with a combined single limit of \$2,000,000 per occurrence and \$4,000,000 annual aggregate. Upon request, SEL will provide a certificate of insurance reflecting such coverage.

## **9. INDEMNIFICATION.**

- 9.1 Buyer shall defend SEL and its subsidiaries and affiliates and each of their directors, officers, employees, representatives, and agents (collectively "Indemnitees") against all claims, demands, and causes of action (collectively "Claims") and indemnify and hold Indemnitees harmless for damages, losses, judgments, liabilities, costs, and expenses (including reasonable attorney fees of in-house counsel and/or outside counsel) (collectively "Damages") to the extent that such Claims and Damages arise directly or indirectly out of the acts or omissions of Buyer, its directors, officers, employees, agents, or representatives (each a "Buyer Party"), including, without limitation: (a) a Buyer Party's modification or integration of any Component; (b) a Buyer Party's specifications; (c) any breach of these Terms by a Buyer Party; (d) a Buyer Party's unauthorized use of Components in connection with a nuclear facility or hazardous activity; (e) a Buyer Party's negligent, grossly negligent, reckless, or unlawful acts or omissions or willful misconduct; (f) a Buyer Party's claim that it is entitled to a tax or other exemption or direct payment permit; (g) a transfer by a Buyer Party to a third party of any Component or right or interest therein to the extent that a Claim is in excess of SEL's obligations under these Terms; or (h) a patent infringement claim arising out of a Custom Component, modification of a Component, or integration of a Component not as intended by SEL.
- 9.2 Buyer's indemnity obligations shall not be limited by any limitation on the amount or type of damages, benefits, or compensation payable by or for Buyer under worker's compensation acts, disability benefits acts, or other employee benefit acts.
- 9.3 Buyer's obligations under this Section 9 shall survive until the applicable statute of limitations for any Claim for which Buyer has a defense or indemnity obligation expires.

## **10. PATENT INDEMNITY.**

- 10.1 SEL shall defend any action brought against Buyer based on a claim that any Standard Component as provided by SEL infringes any United States patent. SEL shall pay any award or settlement recovered against Buyer in any such action and shall reimburse Buyer for reasonable costs incurred by Buyer in the defense of any such action, provided that Buyer gives SEL prompt notice of such action, reasonable assistance in the defense thereof, full opportunity to control all aspects thereof, including settlement, and does not take any position adverse to SEL in connection with such action.
- 10.2 In the event a Standard Component is held to constitute infringement and use of the Standard Component is enjoined (or SEL foresees a substantial risk of such event), SEL shall, at its sole discretion: (a) exchange the Standard Component with a non-infringing Component, (b) acquire the right for Buyer to continue using the Standard Component, (c) modify the Standard Component so that it becomes non-infringing, or (d) issue Buyer a refund for the Standard Component. SEL shall not be liable for damages that arise after SEL offers one of the foregoing remedies in good faith. These remedies shall be the sole and exclusive remedies available to Buyer for claims of infringement.
- 10.3 SEL shall not be liable for any patent infringement claim arising from any Custom Component, modification of any Component, or integration of any Component not as intended by SEL.

## **11. LIMITATION OF LIABILITY AND DAMAGE WAIVER.**

- 11.1 **SEL's aggregate liability under this contract shall be limited to the amount of the purchase order for all claims and damages arising out of such purchase order.**
- 11.2 **Notwithstanding anything in these Terms to the contrary, SEL shall not be liable for special, consequential, incidental, indirect, exemplary, liquidated, or punitive damages, including, without**

**limitation, any loss of profit or revenues, loss of use of Components or associated equipment, cost of capital, cost of substitute components, facilities, services or replacement power, downtime costs, or claims from Buyer's customers for such damages, even if SEL has been advised of the possibility of such damages.**

- 11.3 The above limitation of liability and damage waiver shall: (a) apply to all claims and damages related to this contract, whether such arise in contract, tort (including negligence), or otherwise; (b) survive the expiration or termination of this contract; and (c) apply even if any limited remedy specified in this contract is found to have failed of its essential purpose.
- 11.4 **No claim, regardless of form, arising from these Terms may be brought by Buyer more than one (1) year from the date such claim accrues, and in no event shall SEL's liability under these Terms extend beyond the applicable warranty period.**
- 11.5 If SEL or its subcontractors or suppliers provide Buyer with advice or other assistance concerning any Component or any system or equipment in which any Component may be installed, the provision of such advice or assistance shall not subject SEL to any liability. SEL shall not be liable for any claims or losses resulting from any unauthorized access to Components.

## **12. TRANSFER TO END-USER OTHER THAN BUYER.**

- 12.1 Buyer acknowledges that all commodities, software, or technology provided by SEL are subject to U.S. export jurisdiction. Buyer shall comply with all import and export laws, rules, and regulations regarding the transfer of Components, including but not limited to, the US Export Administration Regulations 15 C.F.R. Parts 730-774. Buyer shall obtain prior authorization from the U.S. Department of Commerce or any other applicable government entities prior to the export, re-export, transfer, diversion, or disclosure any Components provided hereunder to any destination, end-use, or end-user that is restricted or prohibited by U.S. or other applicable laws. Buyer also agrees to comply with U.S. anti-boycott laws and regulations when exporting Components.
- 12.2 Buyer warrants that the shipping information is true and accurate to the best of Buyer's knowledge. The attempted assignment or transfer by Buyer of these Terms or any rights or duties hereunder without prior written consent of SEL shall not relieve Buyer of any obligations to SEL.

## **13. CONTRACT VARIATIONS.**

- 13.1 If Buyer requires approval of drawings, such approval must be received by SEL no later than ten (10) working days after submittal of drawings by SEL to Buyer. Buyer's failure to comply with this requirement may result in additional costs and delays, which shall be Buyer's sole responsibility.
- 13.2 Where Buyer's specifications lack sufficient detail, SEL reserves the right to design Components in accordance with good commercial practice, as determined at the sole discretion of SEL. SEL is not obligated to proceed with any change until both parties agree upon such change in writing.
- 13.3 SEL shall be entitled to an equitable adjustment in the price and schedule in the event of any changes in the law or engineering standards impacting SEL's obligations or performance under these Terms.

## **14. GOVERNING LAW AND DISPUTE RESOLUTION.**

- 14.1 This contract and all matters relating hereto shall be governed by and interpreted in accordance with the laws of the State of Washington, U.S.A excluding conflict of laws principles. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this contract or matters relating hereto.
- 14.2 Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Judgment on the arbitration award may be entered in any court of competent jurisdiction. Arbitration shall be held in Seattle, Washington or another location agreed upon by the parties. Arbitration shall be conducted in English. The prevailing party to a dispute shall be entitled to recover legal fees and other costs (including, without limitation, arbitration fees, disbursements, and collection costs).

## **15. USE OF CONFIDENTIAL INFORMATION.**

- 15.1 In the performance of these Terms, a party may receive documents, materials, data, and other confidential information of the other party or its affiliates. The receiving party shall use confidential information solely in performance of these Terms and any resulting business transaction between the parties.
- 15.2 The receiving party shall use at least the same degree of care (and, in any event, not less than a reasonable degree of care) in protecting the disclosing party's confidential information as it exercises in protecting its own similar confidential information.
- 15.3 Confidential information shall be subject to these Terms for three (3) years following receipt of such confidential information. Confidentiality obligations shall survive the termination of these Terms.

## **16. MISCELLANEOUS.**

- 16.1 The parties agree that SEL is an independent contractor with no employment relationship with Buyer. Nothing in these Terms shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties.
- 16.2 SEL reserves the right to modify or revoke any quote or order to comply with applicable laws and market conditions.
- 16.3 All rights and duties hereunder shall be for the sole and exclusive benefit of Buyer and SEL, and not for the benefit of any third party.
- 16.4 SEL may perform its obligations hereunder personally or through one or more of its affiliates, although SEL shall nonetheless be solely responsible for the performance.
- 16.5 SEL may assign or novate its rights and obligations under these Terms, in whole or in part, to any of its affiliates or may assign accounts receivable to any party without Buyer's consent. Buyer agrees to execute any documents necessary to complete Seller's assignment or novation.
- 16.6 SEL may subcontract portions of the work so long as SEL remains responsible for the work.
- 16.7 Buyer shall notify SEL immediately upon any change in ownership of more than fifty percent (50%) of Buyer's voting rights or of any controlling interest in Buyer.
- 16.8 No waiver of any provision of these Terms shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of these Terms, or the waiver by any party of any breach of these Terms, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- 16.9 The invalidity, in whole or part, of any provision in these Terms shall not affect the remainder of such provision or any other provision and, where possible, shall be replaced by a valid provision that effects as close as possible the intent of the invalid provision.
- 16.10 Neither party shall be liable for failure to perform or delay in performance of any obligation under these Terms (except payment of amounts already due and owing) where such failure or delay results from an event beyond its reasonable control.

**17. NOTICE.** Any notice pursuant to these Terms shall be deemed given when sent by registered mail, certified mail (return receipt requested), or overnight delivery to an authorized officer at the address listed on the SEL sales order acknowledgment or, if no such address is provided, at the registered headquarters of the other party, or when faxed to 1-509-336-7920, or emailed to [legal@selinc.com](mailto:legal@selinc.com) (receipt confirmed).

**18. MERGER AND INTEGRATION.** These Terms and the corresponding SEL sales order acknowledgement embody the whole agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained in this contract. All previous and contemporaneous communications, representations, or agreements, either verbal or written, between the parties, including any terms on Buyer's purchase order, are superseded by these Terms.