

1 GENERAL:

These Terms and Conditions shall apply to all goods and services purchased by BPI Medical, Inc. (Ben's Precision Instruments Inc.).

Deviating conditions shall only apply to the extent when agreed to in writing, or separate contractual agreement, that shall apply exclusively to the agreement(s) for which they are made.

2 REQUEST FOR QUOTATION:

All requests for quotations and all information furnished by BPI may contain industrial secrets, shall be treated with confidentiality and may only be used for the submission of a quotation.

3 AGREEMENT:

An agreement shall be deemed to have been concluded when BPI accepts the written quotation by means of placing a written purchase order.

Purchase orders from BPI represent a legal agreement between BPI and its Supplier. The following items shall form an integral part of the agreement:

- 1 the Purchase Order from BPI
- 2 these General Terms and Conditions
- 3 the Quotation

In the event of any contradiction between the different documents the documents shall prevail in their numerical order, with 1 taking precedence over 2 and 2 over 3.

If the Supplier has provided a verbal offer, the agreement shall be deemed to have been concluded by the Supplier accepting the Purchase Order from BPI in written acknowledgement of said order.

Agreements shall only be amended and/or supplemented in writing.

4 SUPPLIER QUALITY:

1. INSPECTION SYSTEM REQUIREMENTS:

The Seller shall provide and maintain an inspection system in conformance with:

- NADCAP
- ISO 9001, latest revision
- AS9100, latest revision
- or other Quality System approved by BPI

2. CONTROL OF CHANGES:

Seller agrees not to make any change in materials or design details or other product which would affect the part or any component part thereof without prior written Buyer approval. The Seller will identify, on the Certificate of Conformance and/or packing sheet, the as built revision level of the end item product being delivered.

3. SUPPLIER CORRECTIVE ACTION:

Seller shall, on request, on forms designated by Buyer, provide statements of corrective action on failures of seller's hardware or quality system. Corrective action statements, at Buyer's option may require approval signature by Buyer and Government Quality representative. All rejected articles resubmitted by seller to Buyer shall bear adequate

identification including reference to Buyer's rejection document.

4. RIGHT OF ENTRY:

(1) The Buyer, their customer and regulatory authorities shall be granted the right of access to all seller's facilities involved in the order and all applicable quality records.

(2) The right to verify at the seller's premises that subcontracted product conforms to specified requirements. Such verification shall not be used by the seller as evidence of effective control of quality by the supplier.

5. SHELF LIFE AND TEMPERATURE SENSITIVE

MATERIALS: The Seller shall identify all materials and articles which have definite characteristics of quality degradation with age or environment. The Seller shall affix this information directly on the material container or article. This identification shall indicate the date useful life was initiated and the date or cycle at which the useful life will be expended. When environment is a factor in determining useful life, the identification shall include the storage condition (i.e., temperature, humidity, etc.) required to achieve the stated life. A minimum of 75% of the applicable material/article shelf life shall remain upon receipt of the material by Buyer or the material is subject to rejection and returned to the seller.

6. PACKAGING:

Unless otherwise specified by the item drawing, specification or purchase order, the seller is responsible for assuring that all items are delivered without damage or deterioration and are efficiently and economically packed for the method of transportation and type of handling involved. Unit and intermediate packaging will be employed as necessary to prevent damage or deterioration.

7. MATERIAL SAFETY DATA SHEETS:

Materials(s) noted on this purchase order must be supplied in accordance with OSHA's hazard communication standard 29CFR1910-1200, OSHA instruction CPL2-2.38 dated August 5, 1985 and Washington State codes 296-62-05413 a "Materials Safety Data Sheets". All first time orders MUST be supplied with "Materials Safety Data Sheets". Materials not received in compliance with aforementioned OSHA requirements and Washington State codes will be subject to immediate rejection and return at supplier's expense.

In addition, if Seller is aware of any additional precautions and/or handling techniques instituted with regard to other customers, seller is required to request to submit those safeguards with MSDS.

Seller is required to forward a Toxic Substances Control Act (TSCA) certification letter to the Buyer for the product(s) purchased on this purchase order with the statement that every chemical component of the product(s) is listed by the Toxic Substances Control Act Inventory (P.L. 94-94-969).

8. IDENTIFICATION:

Parts, assemblies and components shall be identified as specified on the engineering drawing. When identification is not specified on the engineering drawing, the product shall be identified with the part number specified on the purchase order. When items are too small to easily identify, they may be bagged and tagged with the proper identification indicated on the bag or tag. Raw material procured to Federal, Military, Aerospace or other specification shall be marked and identified per the requirements of the identification specification which is

referenced in the controlling (i.e. Federal, Military, Aerospace, etc.) specification.

9. CALIBRATION SYSTEM REQUIREMENTS:

Seller shall have a calibration system that assures compliance with ANSI / NCSL Z540-1-1994 "American National Standard for calibration". Any deviation or waiver to this requirement must be approved by buyer's Material and Quality Assurance Representatives.

10. CERTIFICATE OF CONFORMANCE:

Each shipment will be accompanied by a legible and reproducible copy of a Certificate of Conformance with the signature of responsible representative stating material, process, or article being shipped meets requirements of applicable drawings or specification cited in Purchase Order. Supplier will include date of manufacture on Certificate of Conformance. If an Outsource Procurement Specification is called out on the Purchase Order, include the revision level.

11. MATERIAL TEST REPORTS:

A legible and reproducible copy of material test reports will accompany each shipment. Test reports will be identified with specification number and heat and/or cure lot number. Chemical and physical test reports will include actual numerical values for each property tested in accordance with the applicable specification. When more than one specimen is required, test results of each is required on the report. Specification and revision will be shown on each test report furnished.

12. CERTIFIED TEST DATA:

A legible and reproducible copy of certified test data will accompany each shipment of material, parts, or assemblies. Test will be identified with specification number and heat and/or cure lot number. Chemical and physical test data will include actual numerical values for each property tested in accordance with the applicable specification. Specification and revision will be shown on each report furnished. Test data will include the following statement (or equivalent): "Test reports are on file and available upon request."

13. APPROVED PROCESS REQUIREMENTS:

A legible and reproducible copy of special process certifications (i.e. testing, heat treat, nondestructive testing, etc.) will accompany each shipment of material, parts, or assemblies. Special processes will be performed by accredited process facilities and, if required by contract, customer (process specification owner) approved sources.

14. FIRST ARTICLE INSPECTION:

A legible and reproducible copy of the Sellers First Article Inspection (FAI) performed on the initial part or lot (as applicable) at the detail, subassembly and/or assembly level will accompany applicable shipments. The results of the FAI shall indicate 100% conformance to engineering drawing characteristics, special processes, functional test and laboratory requirements. Subsequent (Delta) FAI's shall be performed and sent with applicable orders if tooling rework or modification and/or change(s) in supplier's manufacturing method occur. Engineering drawing revisions will require a new FAI incorporating the differences and/or tool proofing inspection.

The First Article Inspection will include a complete, independent, and documented physical and functional inspection process to verify that prescribed production methods have produced an acceptance item as specified by engineering drawings, planning, purchase order,

engineering specifications, and/or other applicable design documents

15. REPORT OF DISCREPANCY:

Any departure from drawing specifications or other purchase order requirements must be documented by the Seller and submitted to the Buyer for consideration and disposition. A copy of this disposition document must accompany each affected shipment.

15.1 REPORT OF ESCAPE:

The Seller upon discovery of a shipment / delivery of nonconforming product must provide a notice of disclosure to the Buyer within 48 hours of discovery.

15.2 NOTIFICATION OF NON-COMPLIANCE

When an out-of-tolerance condition is discovered on a measuring device being calibrated by an approved Calibration Lab used by BPI Medical Inc., that facility will contact BPI Medical Inc. immediately.

16. TRACEABILITY/LOT AND BATCH CONTROL:

Seller must maintain lot and batch control of raw materials to purchased items. Seller must provide positive traceability of manufactured parts and assemblies to raw materials through the use of lot/batch, serial numbers or date of manufacture, as applicable, for all items in the shipment.

17. SUPPLIER RECORDS:

The Seller shall maintain records of product delivered to buyer for a period of ten (10) years.

18. KEY CHARACTERISTICS:

The Seller shall maintain applicable statistical control charts for key characteristics identified by the customer drawings. A copy of the for key characteristics statistical control charts must accompany all items in the shipment to Buyer.

19. SUPPLIER FLOW DOWN TO SUB-SUPPLIER:

The Seller shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

20. CONFLICT MATERIALS:

Supplier warrants that Goods will at no time contain any "conflict minerals" as such term is defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, including, without limitation, columbite-tantalite (coltan), cassiterite, gold, wolframite or their derivatives, or any other mineral or its derivatives determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC). Supplier will immediately notify Buyer if at any time the foregoing representation becomes inaccurate or incomplete.

5 DELIVERY

The Supplier shall deliver goods within the agreed period to the agreed price.

On-time delivery (OTD) will be measured and monitored by BPI based on the Suppliers acknowledgement. The OTD window will be 4 days early to 1 day late.

6 RISK OF LOSS

The risk of loss shall be transferred to BPI with effect from the moment of delivery.

In the event that BPI rejects the goods, finds them not to be in order during inspection, or invokes its right to dissolve the agreement on reasonable grounds or its right to have goods replaced, the risk of loss attaching to the goods shall

be determined to have remained with the Supplier throughout.

7 INVOICES AND PAYMENTS:

All prices and charges shall be fixed unless the agreement specifies the circumstances which may lead to price adjustments, as well as in which way such adjustments are to take place.

The supplier shall send all invoices to the address specified by BPI in its order with reference to the purchase order number, part number and quantity when applicable.

Payment from BPI will be based on the terms as specified in the purchase order with the supplier or as outlined in a separate written agreement.

BPI will pay only for goods or services received and may pay a proportional part of an invoice if it has not received the agreed quantity of goods or services.

8 FORCE MAJEURE

Any delay or failure in the performance by either Party hereunder shall be excused if and to the extent caused by the occurrence of a Force Majeure. For purposes of this Agreement, Force Majeure shall mean a cause or event that is not reasonably foreseeable or otherwise caused by or under the control of the Party claiming Force Majeure, including acts of God, fires, floods, explosions, riots, wars, hurricane, sabotage terrorism, vandalism, accident, restraint of government, governmental acts, injunctions, labor strikes, other than those of Seller or its suppliers, that prevent Seller from furnishing the materials or equipment, and other like events that are beyond the reasonable anticipation and control of the Party affected thereby, despite such Party's reasonable efforts to prevent, avoid, delay, or mitigate the effect of such acts, events or occurrences, and which events or the effects thereof are not liable.

9 CHILD LABOR / FORCED LABOR

Supplier 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. In the absence of any national or local law, Buyer and Supplier 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. Buyer has the right to audit Supplier's premises to ensure compliance with this warranty.

10 WARRANTY

Without prejudice to the provisions contained in an agreement the Supplier warrants that:
-software,firmware and databases shall be free of viruses and other foreign items at time of delivery, testing, and /or inspection.
-the goods are suited to the purpose for which BPI ordered and received them.
-all services rendered and goods delivered in the context of the agreement satisfy all relevant laws and regulations in the

field of hazardous materials, certifications, and standardization.
-the supplier possesses the permits and licenses required for the performance of this agreement.

11 CONFIDENTIALITY

The Supplier shall treat as confidential the information which it receives, such as specifications, technical information, company information of a confidential nature, and shall not disclose such information to any person(s) other than its own employees in the performance of an agreement.

12 DISSOLUTION

BPI shall be entitled to dissolve any agreement and related purchase orders by means of registered letter, without notification of default or court intervention, If the supplier applies for or is granted a bankruptcy, the supplier's business enters into liquidation, the supplier ceases its operations, or a supplier can no longer be deemed capable of meeting its obligations under an agreement.

Termination or dissolution of this agreement shall not prejudice the provisions of these Terms and Conditions with regard to intellectual property, warranty, confidentiality and the settlement of disputes.