

Bay Plastics Machinery Company LLC
TERMS AND CONDITIONS OF PURCHASE

Each purchase order that Bay Plastics Machinery Company LLC or its affiliate issues is pursuant to these Terms and Conditions of Purchase (“Terms”). In these Terms, “Buyer” means Bay Plastics Machinery Company LLC “goods” and “services” refer to the goods or services described in the purchase order (“purchase order”) that are to be purchased by Buyer from the seller named in the purchase order (“Seller”), and “Contract” refers to any contract formed pursuant to the purchase order.

1. **Formation of Contract.** The terms set forth in the Contract are the sole terms for the purchase of goods and services by Buyer, and shall apply to the exclusion of any inconsistent or additional terms contained in Seller's quotation, proposal or acknowledgment, or otherwise proposed by Seller. Seller's acceptance of these terms shall be conclusively presumed by Seller's shipment of the goods or performance of the services requested under the purchase order, or by Seller's return to Buyer of an acknowledgment of the purchase order. Any contract made for the purchase of goods or services by Buyer is expressly conditional on Seller's assent to the terms stated in the purchase order. Notification of objection to any additional or inconsistent terms is hereby given to Seller. Although Buyer may submit more than one purchase order to Buyer at the same time, or with the same delivery date, each purchase order is a separate transaction and the purchase orders shall not constitute an open account.
2. **Price.** Unless Buyer agrees otherwise in writing, Buyer shall not be required to pay any late charge, interest, finance charge or similar charge. The price to be paid by Buyer and stated on the purchase order shall not be increased unless specifically authorized in writing by issuance of a revised purchase order signed by Buyer. Payment terms, including discount periods, shall run from the latest of (1) the scheduled date for delivery or performance or (2) the actual date of delivery of conforming goods or performance of conforming services. Seller warrants that the prices charged Buyer and stated on the purchase order are no higher than prices charged on orders placed by others for similar quantities on similar conditions. Any discount offered by Seller for a particular product shall apply to all like items or products in the same family. In the event that Seller reduces the invoice price of a particular product, Seller shall pay to Buyer (either in the form of a credit against future invoices or by cash payment, at Buyer's election) the difference between the price at which Buyer purchased any of such goods in its inventory prior to the price change and the new price. Any discrepancies in Buyer's favor that are detected up to two years from the date of invoice shall, at Buyer's election, either be deducted from future invoices or promptly paid by Buyer to Seller. Seller shall be deemed to have waived any claim for payment if it does not invoice Buyer within sixty (60) days from the date the goods are received by Buyer.
3. **Prepayment.** If Buyer pays any part of the purchase price of the goods before Seller ships them to Buyer, then (1) title (but not risk of loss) to each item of the goods shall pass to Buyer upon identification of the item to the Contract, (2) to the extent necessary to protect Buyer's title to the goods, Seller grants Buyer a security interest in the goods to secure Seller's obligation to deliver them to Buyer and all of Seller's other present and future obligations to Buyer and (3) upon request, Seller shall obtain from each person that holds a security interest in or lien upon the goods a written agreement releasing that security interest or lien or subordinating it to Buyer's interest in the goods.
4. **Packing and Cartage.** No charge for packing or cartage will be allowed except as stated on the purchase order. A detailed packing list shall be included with each order. Seller shall require the carrier to indicate Buyer's purchase order number on the freight bill. Any bill of lading shall indicate that the goods were tendered to the carrier in a sorted and segregated manner.
5. **Taxes.** No sales, use, excise or other taxes, whether federal, state or local, shall be added to the purchase price unless otherwise stated on the purchase order.
6. **Delivery.** Delivery shall be made in the quantities and at the times specified by Buyer to Seller. Buyer may from time to time change delivery schedules. Unless otherwise agreed to by Buyer, Buyer shall not be liable for payment for goods delivered in excess of the quantities or after the times specified in Buyer's delivery instructions to Seller. Unless otherwise stated on the purchase order, all shipments shall be F.O.B. Buyer's facilities set forth on the purchase order. When delivering goods, Seller shall comply with all applicable customs and/or export laws, rules and regulations. Buyer will have the right to inspect and test goods after delivery. At Buyer's option, nonconforming goods may be returned as stated herein. Time of delivery or performance is of the essence, and Buyer's stated delivery or performance date and the date for performance of any other obligation of Seller shall not be extended or excused for any reason, including anything that Seller cannot control. If Seller delivers more goods than Buyer ordered, then, unless Buyer agrees otherwise in writing, Buyer shall not have to pay for the excess. Unless otherwise stated on the purchase order, Seller shall deliver all of the goods in a single delivery and not in installments. Buyer's acceptance of a delivery that contains less than the required quantity shall not relieve Seller of its obligation to deliver the balance of the ordered goods at the price and on the terms that the purchase order specifies. However, Seller shall be liable for all costs associated with the delivery of the balance of the goods. If Seller delivers the goods before the scheduled delivery date, then Buyer may, at Seller's expense and risk, either store them or return them to Seller. Seller agrees that five (5) percent of the invoiced price of the goods is a reasonable storage fee. Buyer's acceptance of an early delivery shall not change the payment terms. Seller shall not back order any goods without Buyer's prior written consent.
7. **Inspection.** All goods and services described in the purchase order shall be subject to Buyer's inspection and approval. Buyer reserves the right to reject any items not conforming to the terms of the purchase order. Any goods rejected shall be held for Seller's instruction at Seller's risk and if Seller so directs, will be returned at Seller's sole costs. All costs of returning nonconforming goods shall be at Seller's expense. Payment for goods shall not constitute acceptance. Acceptance of any goods shall not relieve Seller from any of its obligations and warranties under the Contract.
8. **Buyer's Property.** Any designs, drawings, specifications, methods of manufacture, intellectual property, documents and other information and any tools, jigs, dies, fixtures, patterns and equipment, or other property that Buyer furnishes to, or acquires from, Seller in connection with Seller's manufacture of the goods or performance of the services (“Buyer Property”) are and shall at all times be Buyer's sole and exclusive property. Seller shall (1) maintain the Buyer Property in good condition, (2) clearly mark the Buyer Property as property of Buyer, (3) not commingle the Buyer Property with property of Seller or third parties, (4) allow Buyer to inspect and examine the Buyer Property at any time, and (5) return the Buyer Property to Buyer upon its request. Seller shall maintain property damage insurance on the Buyer Property covering the period when the Buyer Property is on Seller's premises or under Seller's control. Seller shall return to Buyer all Buyer Property immediately upon completing the manufacture of the goods.
9. **Changes.** Buyer may at any time, by written notice to Seller, change the purchase order as to (1) designs or drawings of or specifications for the goods or services, (2) time or place of delivery or performance, (3) method of packing or shipment, or (4) quantity of the goods or extent of the services. If this causes a change in Seller's cost or time of performance, then an equitable adjustment shall be made in the price or time for delivery or performance, or both, if Seller gives Buyer a written request for an adjustment within 20 days after Buyer notifies Seller of the change.
10. **Warranty.** Seller represents and warrants to Buyer, and agrees, that (1) the goods will conform to specifications provided by Seller and will be safe for use in conformance with such specifications, (2) the goods and services shall be merchantable, fit for the purposes for which Buyer intends them, free from all liens, encumbrances, and claims, (3) the goods and services, and Buyer's exploitations thereof, shall not infringe any patent, trademark, copyright, or other proprietary right, anywhere in the world, (4) the goods and services shall be manufactured, sold, distributed, delivered and/or performed, as applicable, in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, industry standards or other standards, labeling, transporting, licensing, approval

or certification requirements in the United States, and Seller shall obtain and maintain all necessary permits, registrations, and licenses to accomplish same, (5) services will be provided only by qualified or licensed personnel, (6) the goods and services shall conform to any samples, drawings, specifications, performance criteria standards or other requirements that are referred to on the face of the order or that Buyer has otherwise specified or agreed to in writing, (7) the prices of the goods or services and any discounts, advertising allowances or other merchandising payments or services that the Contract requires Seller to provide to Buyer are as favorable to Buyer as the lowest prices and the highest discounts, advertising allowances or other merchandising payments or services that Seller provides to other buyers of comparable goods or services, (8) the goods and services shall be safe and free from defects in material and workmanship, and (9) Seller has and follows, and will continue to have and follow, adequate quality and security procedures that will assure that the goods and services will comply with the foregoing warranties, representations and agreements. If Buyer requests it, Seller shall give Buyer certificates of compliance with applicable laws and regulations. Buyer's approval of a sample, drawing, specification or standard shall not relieve Seller of any of its warranties under this paragraph, including, without limitation, its warranties of merchantability, fitness and compliance with laws. Seller's warranties extend to future performance of the goods and services. Seller agrees to notify Buyer immediately upon discovery of any known or suspected deficiency in the goods or services. These warranties may not be limited or disclaimed. This warranty shall be in addition to any other warranty stated in the purchase order or available to Buyer under applicable law.

11. **Indemnification.** Seller shall indemnify and hold Buyer and its directors, officers and employees ("representatives") harmless (and defend Buyer and its representatives if it requests) as to any claims, liabilities, losses, damages and expenses (including, without limitation, attorneys' fees and other legal expenses) brought against or incurred by Buyer or its representatives because of (1) any breach by Seller of any of its warranties to, or agreements with, Buyer, (2) the purchase, shipment, storage, delivery, sale or other handling of the goods, (3) any claim that any of the goods or services, or any derivative thereof, infringes any patent, trademark, trade name, copyright or other intellectual property right, anywhere in the world, (4) claim of unfair trade or of unfair competition, arising out of the manufacture, sale or use of the goods, or (5) any death, injury or damage to any person or property alleged to have been caused by the goods or services or by Seller's manufacture of the goods or performance of the services. SELLER'S OBLIGATION UNDER THIS PARAGRAPH SHALL INCLUDE THE OBLIGATION TO INDEMNIFY AND HOLD BUYER HARMLESS FOR BUYER'S NEGLIGENCE, WHETHER ACTIVE, PASSIVE, CONCURRENT OR OTHERWISE, IN THE PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THE PURCHASE ORDER AND THE CONTRACT. Nothing shall limit Seller's responsibility to indemnify Buyer and its representatives.
12. **Confidentiality of Furnished Information.** Seller shall not sell or offer to sell or otherwise provide to anyone other than Buyer any goods made in accordance with any drawings, designs or specifications that Buyer furnishes to Seller or that incorporate, embody or are made in accordance with any of Buyer's intellectual property. Seller shall maintain the confidentiality of, and shall not disclose or use or permit to be disclosed or used or to be viewed by any third party (including any of Seller's suppliers) or to use for itself for any purpose other than performing the Contract, any nonpublic or proprietary information regarding Buyer or its business, operations, plans, strategies, including the existence and terms of the Contract, the goods, any designs of or specifications for the goods, any Buyer Property or any information concerning Buyer's business, operations or activities, including, without limitation, information concerning Buyer's present or proposed products, product developments, plans, strategies, finances, know-how, sales, customers and marketing or sales techniques ("Confidential Information"), except that Seller may disclose Confidential Information to a third party (other than a competitor of Buyer or a subsidiary or affiliate of a competitor) to the extent disclosure is necessary in order for Seller to perform its obligations under the Contract. If Seller breaches or threatens to breach this paragraph or Paragraph 7, then Buyer's remedies at law will be inadequate. Therefore Buyer shall have the right of specific performance or injunctive relief, or both, in addition to any and all other remedies and rights at law or in equity, and Buyer's rights and remedies shall be cumulative.
13. **Intellectual Property.** All inventions (whether or not patentable), devices, technologies, ideas, improvements, processes, systems, trademarks, trade names, trade dress, service marks, names, software and other works and matters that Seller creates or develops in the course of Seller's performance of the services or Seller's design or development of the goods for Buyer, including all proprietary rights in the foregoing ("Intellectual Property") shall be Buyer's sole property, and Seller assigns, and agrees to assign, to Buyer all right, title and interest that Seller now has or in the future acquires in the Intellectual Property. All copyrightable works that Seller creates or develops in the course of Seller's performance of the services or Seller's design or development of the goods for Buyer shall be considered "works made for hire" within the meaning of the federal Copyright Act of 1976, as amended, and under the equivalent laws of any other country. To the extent that any such copyrightable work is not considered a "work made for hire," it shall be the sole property of Buyer, and Seller assigns, and agrees to assign, to Buyer all right, title and interest that Seller now has or in the future acquires in it and in all copyright rights in it. Seller shall sign and deliver to Buyer all assignments and other documents, and Seller shall take all other actions, that Buyer requests for the purpose of perfecting Buyer's ownership of and title to the Intellectual Property and in any copyrightable work that is not considered a "work made for hire" and in all copyright rights in it. If the goods or their design are subject to any pre-existing patent rights or other proprietary rights that Seller holds, then Seller grants to Buyer an irrevocable, non-exclusive, royalty-free license of the patent rights and other proprietary rights to the extent necessary to enable Buyer to modify, repair or rebuild any or all of the goods. This license is in addition to all licenses impliedly granted to Buyer as a purchaser of the goods. Seller shall not use Buyer's name or any trademark, trade name, service mark or trade dress that Buyer owns or that is licensed to Buyer or to any affiliate of Buyer, without Buyer's express, written consent, and Seller shall not sell to anyone other than Buyer any goods bearing any such trademark, trade name, service mark or trade dress.
14. **Defective Goods.** If any of the goods or services fail to satisfy any warranty given by Seller under the Contract or otherwise imposed on Seller by law, then Buyer may, at its option, (1) return nonconforming goods (including, but not limited to, unordered, excess, late or substitute goods) to Seller, at Seller's risk and expense, and require Seller either to give Buyer full credit against the price or promptly to repair or replace the goods at Seller's risk and expense, (2) notify Seller that it must pick up or arrange for the return of the nonconforming goods, and if it fails to do so within 30 days from such notice, then Seller shall be deemed to have waived its ownership of and title to the goods, which shall then vest in Buyer without charge and free and clear of any interest of Seller, (3) retain nonconforming goods, set off losses against any amount that Buyer owes Seller, and assess a reasonable administrative and handling fee for any nonconforming goods retained, (4) repair or replace nonconforming goods and charge Seller with the expense, or (5) cancel the purchase order for those goods and services and may cancel all or any part of the balance of the Contract evidenced by the purchase order and Seller shall promptly refund any payments made for the nonconforming goods together with interest on those amounts at the current prime lending rate at Buyer's bank.
15. **Services.** If the purchase order covers services, then (1) Seller is an independent contractor, and nothing in the Contract is intended to create an employer/employee relationship or a joint venture relationship between the parties, and (2) Seller shall furnish, at Seller's expense, all labor, materials, equipment, transportation, facilities and other items that are necessary to perform the services.
16. **Work on Premises.** If Seller's performance of services or delivery or installation of goods involves operations by its employees or subcontractors on Buyer's premises or the premises of a customer of Buyer, then (1) Seller shall at all times enforce strict discipline and maintain good order among all persons engaged in the activity on Buyer's premises and shall cause them to comply with all fire prevention, security, and safety rules and regulations in force at Buyer's premises and (2) Seller shall keep the premises free from accumulation of waste materials and rubbish that its employees or subcontractors cause and upon completion shall promptly remove all of Seller's equipment and surplus materials. Buyer, at any time, may request the removal of Seller's employees or subcontractor from Buyer's premises. Upon such request, Seller shall cause the employee or subcontractor to vacate the premises immediately.
17. **Default.** If at any time (a) Seller defaults in the performance of any of Seller's obligations to Buyer under the Contract or under any other agreement between Seller and Buyer, (b) Seller repudiates the Contract or (c) any warranty or representation that Seller made to Buyer in or in connection with the Contract is false or misleading, then Buyer may terminate the Contract, in whole or part, without liability to Seller, and Seller shall promptly pay to Buyer all damages that Buyer incurred as a result of the termination and as a result of the event or circumstance on the basis of which Buyer terminated. Buyer's termination under this

paragraph shall terminate only Seller's obligation and right to deliver goods or provide services other than as this paragraph requires and shall not terminate or impair Seller's other obligations, or any of Buyer's rights, under the Contract. In addition to Buyer's rights described in these Terms of Purchase, Buyer has all of the other rights and remedies that the law gives to buyers, including the right to recover incidental and consequential damages that result from Seller's breach. Such damages shall include, but are not limited to, the actual costs that Buyer incurs relating to the handling and shipping goods that are returned to Seller. Buyer shall not lose any right just because it does not exercise it. Buyer shall have the full statutory period of limitations to bring any action that arises out of Buyer's agreement with Seller. A reasonable time for Buyer to notify Seller of any breach is not less than two years from when Buyer discovers the breach.

18. **Governmental Declaration.** If any governmental agency declares that any goods may be unfit or unsafe for the intended use(s) of the goods, then, without limiting other rights and remedies that are available to Buyer under these Terms of Purchase or applicable law, (1) Seller shall give Buyer written notice of the declaration and shall furnish to Buyer copies of the declaration and of all relevant notices, documents and correspondence, (2) Buyer may terminate the order or the Contract, without liability to Seller, by giving written notice to Seller, which shall be effective immediately or on any later date that the notice specifies, (3) if Buyer does terminate, then Buyer's obligations under the Contract shall terminate immediately and Buyer shall have no obligation to pay Seller damages or other compensation by reason of the termination, (4) whether or not Buyer terminates and/or reinstates the Contract, Seller shall pay to Buyer an amount equal to all damages that Buyer incurs by reason of the declaration by the governmental agency and any delay in performance that it caused and/or any termination of the Contract by Buyer, and (5) Seller shall be responsible for all costs associated with removing any goods from the stream of commerce.
19. **No Exclusivity.** Each party acknowledges that no representation, inducement or condition not set forth herein has been made or relied upon by either party, and that the Contract order will in no way be construed or interpreted to be an exclusive arrangement between Buyer and Seller.
20. **Termination.** Buyer may suspend the performance of or terminate the purchase order or the Contract, in whole or in part, at any time for any reason by written notice to Seller stating the extent and effective date of suspension or termination. When Seller receives notice of termination it shall, unless otherwise directed by Buyer, stop work and acquisition of materials under the Contract and protect property in Seller's possession in which Buyer has or may acquire an interest. If Seller is not at fault, Buyer agrees to pay termination charges limited, however, to the cost of labor and materials for producing goods under the purchase order incurred by Seller prior to the time Buyer notifies Seller of termination, less any net recovery to Seller on disposition or other use of the goods. Seller shall use its best efforts to mitigate its damages under this paragraph. Buyer shall not be liable in any event for any incidental, consequential, indirect or any other special damages of Seller, including lost profits. Termination under this paragraph shall terminate only Seller's obligation and right to deliver goods or provide services under any provision of the Contract other than this paragraph and shall not terminate or impair Seller's other obligations, or any of Buyer's rights, under the Contract. Notwithstanding the foregoing, Buyer shall not be liable for any suspension or termination resulting from strike, lockout, riot, war, insurrection, fire, flood, act of God, or other cause beyond Buyer's control.
21. **Remedies.** If Seller breaches any provision in the Contract, Seller agrees to reimburse Buyer for all damages suffered, including but not limited to incidental, consequential and other damages, as well as lost profits. The remedies in the Contract order shall be cumulative and in addition to any other remedies allowed to Buyer under applicable law. No waiver by Buyer of any breach or remedy shall be a waiver of any other breach or remedy.
22. **Insurance.** Seller shall maintain insurance coverage, including but not limited to (a) general liability; (b) product liability and product recall (to the extent goods are being purchased under the Contract); (c) professional liability (to the extent professional services are being performed under the Contract), that will fully protect both Seller and Buyer from any and all claims and liabilities of any kind or nature for property damage, personal injury, death and economic damage, to any person, that arises from the goods or their use or the performance of the services or any activities connected with the services. Seller shall maintain employee's liability and compensation insurance that will protect Buyer from any and all claims and liabilities that Seller or any employee or agent of Seller makes under any applicable worker's compensation or occupational disease acts. All insurance that this paragraph requires shall be in amounts and coverages, and shall be issued by insurers, that are satisfactory to Buyer; provided, however, that in any event Seller shall maintain a policy of commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence with an insurer having an A.M. Best rating of "A-" or better. Upon Buyer's request, Seller shall furnish to Buyer certificates evidencing required insurance.
23. **Compliance with Laws.** Seller warrants that it is in compliance and will remain in compliance with all federal, state and local laws, regulations and ordinances relating to the manufacture, sale, performance, and delivery of the goods and services sold to Buyer under the Contract.
24. **Insecurity.** If at any time Buyer has reasonable grounds for insecurity as to Seller's performance, then Seller shall provide adequate assurance of due performance within 10 days after Buyer demands the assurance, which shall be considered to be a reasonable time.
25. **Setoff.** Buyer has the right to setoff any sums due to Seller under the Contract against any sums due from Seller to Buyer under the Contract for damages, refunds or otherwise.
26. **Other Terms.** Buyer shall continue to have all of its rights under the Contract even if it does not fully and promptly exercise them on all occasions. Buyer's failure to exercise, or Buyer's waiver of, a right or remedy on one occasion is not a waiver of that right or remedy with respect to any future occasion. Seller shall not assign its rights or delegate its duties under the Contract without Buyer's prior written consent. Buyer may assign all or part of the Contract to its affiliate without notice to, or the approval of, Seller. The Contract may be amended only by a writing signed by Seller and Buyer. Unless otherwise stated on the purchase order, risk of loss or damage to the goods shall remain with Seller until those goods have been delivered to and accepted by Buyer. If any provision of the Contract is invalid or unenforceable, all other provisions of the Contract shall remain in full force and effect. The sale of goods and services in accordance with the Contract shall be governed by, and interpreted according to, Michigan law. Any state or federal court in Bay County, Michigan, may handle any action based upon or arising out of the Contract, and Seller irrevocably consents that the court shall have personal jurisdiction over Seller and waives any objection that the court is an inconvenient forum. The terms of the Contract shall inure to the benefit of and be binding on the successors and assigns of the parties. There are no other agreements, warranties, terms or conditions relating to the goods or services to be provided under the Contract.

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