

## GENERAL TERMS AND CONDITIONS OF PURCHASE

1. Invoicing. Two copies of SELLER'S Invoices, together with the original bills of lading properly signed shall be mailed to LION ELASTOMERS LLC ("PURCHASER"), ATTN: Accounts Payable Department no later than the day on which shipment is made. An individual invoice shall be issued for each shipment applying against this purchase order and must show purchase order and line item number.
2. Packing, Charges & Information. No charge for boxing, crating, packing, labeling, cartage, or other extras of similar nature will be allowed unless specifically agreed to in writing in advance by PURCHASER. SELLER shall, in any event, be liable for damage to any material which has not been properly, packaged or labeled. Each package must contain a memorandum showing SELLER's name, address, contents of package, item number and purchase order number of PURCHASER.
3. Warranties. SELLER expressly warrants that all goods, articles, materials, and/or work covered by this purchase order will conform to the specifications, drawings, samples, and other descriptions furnished or adopted by PURCHASER, and that all such goods, articles, materials, and work will be merchantable, of good quality and workmanship, and free from any defects. PURCHASER shall have the right to inspect and test any goods or materials before acceptance if such inspections and tests are made within a reasonable time or as provided in the specifications. SELLER shall pay the cost of inspection and testing of goods or materials rejected and all transportation charges thereon. SELLER further warrants that goods, articles and/or materials furnished hereunder were manufactured and sold in compliance with all federal, state, and local laws.
4. Final Agreement. No agreement or other understanding, in any way modifying the terms and conditions of this purchase order, will be binding upon PURCHASER unless made in writing and signed by PURCHASER or its authorized representative.
5. Cancellation-Written Notice. PURCHASER may cancel this order by written notice to SELLER. SELLER's obligation to make shipments on the dates specified herein shall be subject to force majeure and to the obligation to comply with priority control by the governmental agency having jurisdiction over priority of deliveries. Notwithstanding any of the above and foregoing, PURCHASER reserves the right to cancel all or any part of the undelivered portion of this order if SELLER does not make deliveries as specified, time being of the essence of this contract, or if SELLER breaches any of the terms hereof including, without limitation, the warranties of SELLER. In the event there is a breach of contract either because deliveries are not timely made for any other reason, SELLER agrees to pay all damages sustained by PURCHASER including, but not limited to direct damages, engineering costs or charges, attorney's fees and lost profits. SELLER's liability for each occurrence shall be limited, however, to the full policy limits and/or maximum dollar value under any and all potentially applicable policies of insurance, including but not limited to the dollar value of SELLER's umbrella or excess liability insurance plus the dollar value of SELLER's commercial general liability insurance. SELLER WILL NOT BE LIABLE FOR ANY LOST REVENUES OR LOST PROFITS IN EXCESS OF THE LIMITATION OF LIABILITY SET FORTH IN THIS AGREEMENT. IN NO EVENT WILL PURCHASER OR SELLER BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES.
6. Immediate Cancellation. In the event of the insolvency of the SELLER, its successors or assigns, or an assignment by the SELLER for the benefit of its creditors, PURCHASER shall have the right to immediately cancel this purchase order.
7. Patents. SELLER warrants that the products hereby sold or the use of them do not infringe upon or violate any patent, copyright, trade secret, or any other proprietary right of any third party; in the event of any claim by any third party against PURCHASER, or those selling or using products of PURCHASER, PURCHASER shall promptly notify SELLER and SELLER shall defend such claim in PURCHASER's name, but at SELLER's expense and shall indemnify PURCHASER against any loss of profits, costs, expense, reasonable attorney fees, damages or liability arising out of such claim whether or not such claim is successful. During the pendency of any such claim against PURCHASER, PURCHASER may withhold payment of any sums otherwise required to be paid hereunder.
8. Work Performed at PURCHASER's Location. If this purchase order involves work to be performed upon property owned or controlled by PURCHASER (the "Premises"), it is agreed that SELLER will keep the Premises and work free and clear of all mechanic's and materialmen's liens and will furnish PURCHASER with proper affidavits and/or waivers certifying thereto. The work will remain at SELLER's risk prior to written

## GENERAL TERMS AND CONDITIONS OF PURCHASE

acceptance by PURCHASER, and SELLER will replace at its own expense all work damaged or destroyed by fire, water, force, or violence of the elements or any other cause whatsoever.

9. Indemnity. SELLER SHALL PROTECT, INDEMNIFY AND HOLD HARMLESS PURCHASER, ITS DIRECTORS OFFICERS, EMPLOYEES, AND REPRESENTATIVES (EACH AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY LOSS OR LIABILITY, INCLUDING REASONABLE ATTORNEYS' FEES AND LEGAL EXPENSES, ARISING OUT OF ANY CLAIM OR CAUSE OF ACTION FOR LOSS OF OR DAMAGE TO PROPERTY OR INJURIES TO OR DEATH OF PERSONS TO THE EXTENT DIRECTLY OR INDIRECTLY CAUSED BY, RESULTING FROM, OR GROWING OUT OF FAULTY PERFORMANCE OF THIS CONTRACT BY MATERIALS, EQUIPMENT OR PERSONNEL USED OR FURNISHED BY SELLER OR ITS SUBCONTRACTORS OR SUPPLIERS AND SELLER SHALL DEFEND EACH INDEMNIFIED PARTY AT SELLER'S SOLE EXPENSE IN ANY LITIGATION OR ADMINISTRATIVE ENFORCEMENT ACTION INVOLVING THE SAME, PROVIDED, HOWEVER, THAT SUCH INDEMNIFICATION AND HOLD HARMLESS SHALL NOT APPLY TO CLAIMS FOR LOSS, DAMAGE, INJURY OR DEATH TO THE EXTENT SELLER PROVES THEM TO HAVE BEEN CAUSED BY AN INDEMNIFIED PARTY'S NEGLIGENCE. FAULT OF CONTRACTOR SHALL INCLUDE NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY, VIOLATION OF LAW OR GOVERNMENTAL REQUIREMENT, OR BREACH OF THIS CONTRACT. THIS INDEMNITY SHALL SURVIVE THE TERMINATION OR CANCELLATION OF THIS CONTRACT OR ANY PART HEREOF.

Without relieving Contractor of its obligations hereunder, any of the Indemnified Parties, at its election and expense, may participate in the defense of any litigation or administrative enforcement with independent advisory legal counsel.

Should any provision or requirement of this indemnity section contradict or violate any applicable law or statute pertaining to the validity or enforceability of contractual indemnity obligations, then such section shall be amended, modified, or stricken, to the least degree possible, such that the indemnity agreement shall then be in compliance with applicable law, and the remainder of this indemnity section shall remain in full force and effect, to the maximum extent provided for under applicable law.

10. Insurance Requirements. SELLER shall procure and maintain with reputable insurers with AM Best Company's of not less than "A-/VII" policies of insurance written on an occurrence basis or on claims made basis (in which event insurance shall be maintained during the term of this relationship and for a period of two years following expiration or earlier termination of this relationship), or self-insurance acceptable to PURCHASER with limits not less than those indicated for the respective items as follows:

- Statutory Workers' Compensation and Occupational Disease Insurance, including Employer's Liability Insurance and, if applicable, coverage under the Longshoremen and Harbor Workers' Compensation Act, the Jones Act or other Maritime Employer's Liability, complying with laws of each jurisdiction in which any work is to be performed or elsewhere as may be required. Employer's Liability Insurance (and Maritime Employer's Liability, if applicable) shall be provided with a limit not less than \$1,000,000 each accident/\$1,000,000 each person for disease/\$1,000,000 aggregate for disease (or whatever limit is required as underlying insurance by Umbrella or Excess Liability);
- Commercial Liability Insurance with combined single limits for Bodily Injury, Personal Injury & Property Damage of not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate specific to this location, and including Personal Injury Liability of not less than \$1,000,000 each occurrence Premises and Operations, Fire Legal Liability, Explosion, Collapse and Underground Damage Liability, Broad Form Property Damage Liability of not less than \$100,000, Contractual Liability of not less than \$1,000,000, Independent Contractors Liability of not less than \$1,000,000, Products-Completed Operations Liability of not less than \$2,000,000 aggregate, and if applicable, Watercraft and Aircraft Liability, as well as coverage on all SELLER's mobile equipment (other than motor vehicles licensed for highway use) owned, hired or used in the performance of any work as authorized by separate contract or Purchaser Order;
- Commercial Automobile Liability Insurance, including Contractual Liability, covering all motor vehicles (owned, non-owned, hired or otherwise used in connection with business operations on or from the premises) licensed for highway use and employed in the performance of any work as

## GENERAL TERMS AND CONDITIONS OF PURCHASE

authorized by separate contract or Purchaser Order, with limits not less than \$1,000,000 each occurrence combined single limit for bodily Injury, Personal Injury & Property Damage combined each occurrence and aggregate.

- The additional coverages set forth on Exhibit A attached hereto and incorporated herein.

SELLER shall provide to PURCHASER's Contract Specialist certificates of insurance, on ACORD Form 25, acceptable to PURCHASER prior to commencement of performance hereunder.

All insurance shall (i) provide that coverage shall not be suspended, voided, canceled, non-renewed, reduced in scope or limits except after thirty (30) days' prior written notice has been given to PURCHASER; and (ii) apply separately to each insured and additional insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. The Commercial General Liability and Automobile Liability policies shall be endorsed to add, or shall have an existing blanket endorsement so as to add PURCHASER as an additional insured; provided, however, that PURCHASER shall be named as an additional insured only with respect to any claims arising out of or related to any work as authorized by separate contract or Purchaser Order and/or SELLER's obligations thereunder; and shall provide that the coverage afforded to PURCHASER as an additional insured will be primary and non contributory to any other coverage available to it, and that no act or omission of PURCHASER shall invalidate the coverage.

All policies except Workers' Compensation & Professional Errors and Omissions policies shall be endorsed to name PURCHASER and SELLER as additional insured covering both ongoing and completed operations hazards. CG 20 10 07 04 is acceptable but endorsement CG 20 37 07 04 must also be included.

Each certificate must also include a waiver of subrogation.

All policies except Professional Errors & Omissions shall be endorsed to waive subrogation in favor of PURCHASER and/or SELLER. The insurance requirement set forth herein shall not in any way limit SELLER's liability arising out of the performance of any work as authorized by separate contract or Purchaser Order or otherwise, and shall survive the termination/cancellation of the relationship.

11. Assignment. This contract may not be assigned by SELLER without PURCHASER's written consent.
12. Purchaser's Responsibility. The responsibility of the PURCHASER is limited to specific orders furnished to SELLER by PURCHASER.
13. Alterations. No changes or alterations, however small, are to be made without first obtaining written authority from the PURCHASER.
14. Governing Law. The interpretation and performance of this contract shall be governed by the law of the State of Texas.
15. Fair Labor Standards Act. SELLER agrees that the goods will be produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act, as amended and of Regulations and Orders of the U.S. Department of Labor issued under Section 14 thereof and the Equal Opportunity Clause outlined through the provisions of paragraphs (1) through (7) prescribed by Executive Order 11246 of September 24, 1965, and the rules and regulations of the Secretary of Labor, and agrees to so certify on its invoices if so directed by a stamp placed on the face of this contract.
16. Conflict of Interest. SELLER is advised that PURCHASER does not normally do business with SELLER's whose owners, officers, directors, employees or consultants are employees of PURCHASER or members of the immediate family of PURCHASER's employees; this purchase order is conditioned on the absence of such a relationship, and SELLER agrees to notify PURCHASER in writing of any such relationship before accepting or performing any part of this purchase order.
17. Statutory Employer. Without in any way changing or altering SELLER's status as an independent contractor of PURCHASER hereunder, the PURCHASER and the SELLER hereby recognize the PURCHASER as a statutory employer of the SELLER's employees (whether direct or statutory) and subcontractors pursuant to

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La. R.S. 23:1061, and agree that the work to be provided under this purchase order or contract is an integral part or essential to the PURCHASER's ability to generate goods, products or services.

18. Safety Requirements. By acceptance of this purchase order, contractor acknowledges their obligation to obtain, understand, and comply with all applicable safety procedures and requirements.

LION ELASTOMERS LLC  
1615 MAIN ST.  
PORT NECHES, TX. 77651

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**Vendor**

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**Signature**

**Date**

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**Printed Name**

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**Title**