



GENERAL PURCHASE ORDER TERMS AND CONDITIONS

1. Order Acceptance and Acknowledgement - Each PO shall be deemed accepted by Supplier if any shipment of Products is made, performance of services commences or if the PO is acknowledged by Supplier. Supplier will not reject a PO unless it has provided at least thirty (30) days prior written notice to National that it will no longer accept a PO after a specified date.
2. Standards of Behavior - National expects all employees and Suppliers to conduct themselves and associated business transactions with the highest levels of honesty, integrity and ethical behavior. As such, all incentive programs, rewards, trips, gifts, etc. must have the appropriate Sourcing Management approval prior to acceptance or participation.
3. Changes to Supplier Prices - Changes to Supplier Prices must be communicated to National at least (60) days prior to the planned incorporation date. Supplier is also required to provide the proposed Price changes in an electronic excel file that includes the current price, the proposed new price, the percent variance (+/-) between the two prices and rationale substantiating the price change. All price changes must be accepted by National prior to shipment or invoice of product at the new price.
4. MSDS Documentation – All required MSDS documentation must be supplied to the Safety Compliance Representative at the applicable National facility with the initial delivery for all materials so classified by OSHA regulations. MSDS documentation for materials that are provided on a repetitive basis must be updated by the supplier on the annual basis.
5. Age-Sensitive Materials – All materials provided by Suppliers to National that are susceptible to performance degradation over time must be clearly identified on the product packaging and associated shipping paperwork as 'Age-Sensitive', along with the manufacturer's suggested expiration date. Under no circumstances is the Supplier to provide Age-Sensitive material that has less than 1 year of remaining shelf-life unless pre-authorized by National.
6. Certificate of Compliance – Supplier will submit a statement on their shipping documents or separately certifying that the product provided meets all of the industry and purchase order requirements they are shipping against.
7. Termination - National may terminate all or part of any purchase order issued hereunder for *Cause* (failure to meet performance expectations or other business commitments, or to resolve issues after repeated notification of default) effective (30) days following written notice to Supplier. Any such written notice of termination shall specify the cause, effective date and the extent of any such termination. Disposition of liability for remaining inventory or work-in-process will be negotiated between National and the Supplier. National or the Supplier may terminate all or part of this agreement for *Convenience* effective 30 days after formal written notice to the other party. Disposition of liability for remaining inventory or work-in-process will be negotiated between National and the Supplier.
8. Complete Agreement -When this Order is signed by a Buyer or Buyer's Authorized Purchasing Representative, it shall constitute a complete and exclusive statement of the terms of the agreement between Seller and Buyer with respect to the content of the purchase order. Authorized signatures include the use of Fax, email and electronically generated signatures.
9. Delivery – Product deliveries shall be completed strictly in accordance with the quantities and schedules specified in the Order. If, at any time, it appears Seller may not meet the defined delivery schedule, Seller shall immediately notify Buyer of the estimated duration of and reasons for any delay. In such event, Seller shall make every effort to mitigate the delay (or such portion thereof as Buyer requires) by appropriate methods, including incurring expenditures for overtime and expedited shipment by air or other means of expedited transport. Any costs incurred by Seller to avoid such delay shall be borne solely by Seller, unless the delay in delivery arises out of causes beyond the control and without the fault or negligence of Seller or its subcontractors. The delivery date(s) will not be advanced or delayed without agreement between the parties.

10. Inspection, Rejection and Remedy of Defects - Buyer shall have the right to inspect and verify any item furnished pursuant to this Order. Inspection of product by the Buyer after delivery shall constitute final acceptance, except as regards latent defects or those that aren't visible until the product is used during the production process or delivered to the customer. If Buyer rejects any goods, Buyer shall then be relieved of any obligation to pay that portion of any received Supplier invoice. In the event Buyer rejects any goods, Buyer shall be entitled to require the Seller to provide other goods that comply with the terms of this Order.

11. Loss or Damage Caused by Seller - In the event Seller, its employees, agents and/or subcontractors enter premises occupied by or under the control of Buyer in the performance of this Order, Seller shall fully compensate, indemnify and hold harmless Buyer, its officers, employees, agents and contractors, for or from damage or injury of any sort to any person or property, any claim, charge, liability, obligation, penalty, damages, costs or expenses (including reasonable attorneys' fees incurred in connection therewith) arising out of or in connection with any act or omission of Seller, its employees, agents and/or subcontractors on or about such premises. Without in any way limiting the foregoing undertakings, Seller (and its subcontractors at all tiers) shall maintain liability insurance in reasonable limits covering the obligations set forth above and shall maintain proper Workmen's Compensation insurance covering all employees, and contractors performing this Order. In no event shall a liability policy providing less than \$1 million of coverage (per occurrence) be deemed reasonable for purposes of complying with the requirements of this paragraph.

12. Packing, Marking and Shipping - Seller shall pack, mark and ship all goods and supplies in accordance with the requirements of this Order, all applicable transportation regulations and good commercial practice for protection and shipment of the Ordered Items. Seller shall secure the transportation service and rates most advantageous to the Buyer as long as procurement thereof shall be consistent with Seller's foregoing obligations. No separate or additional charge shall be payable by Buyer for containers, crating, boxing, bundling, dunnage, drayage or storage unless specifically stated in this Order. Any expense, damage or liability incurred by Buyer as a result of improper preservation, packaging, packing, marking or method of shipment shall be reimbursed by Seller upon demand. A packing list showing this Order number (and release number, if applicable) shall be included with each shipment, and each container shall be marked to show the Order number. Any transportation charges paid by Seller for which Seller is entitled to reimbursement shall be shown on Seller's invoice as a separate line item and the receipted freight bill shall be attached thereto.

13. Laws - This Order shall be governed in all respects by the laws of the State of Delaware and, where applicable, by the Federal Acquisition Regulations (FAR). Venue for any dispute arising out of this Order or the subject matter thereof or related directly or indirectly to the foregoing shall be in the Superior Court of Delaware.

14. Price - If Seller's price or regular market price of any Ordered Item shall be higher than the price stated in this Order for such Item on the date of shipment, Seller agrees that the Purchase Order price shall prevail. Buyer reserves the right to re-negotiate the pricing for any ordered Item contained in the Purchase Order based on significant shifts in the market pricing.

15. Invoices and Statements - Payment of Seller's invoice is subject to adjustment for over-shipment, shortage and rejection. Individual invoices must be issued for each shipment applying to the Order unless otherwise negotiated or stated in the order. Such invoices must state (a) the P.O. number of this Order, including the Release number if it's a shipment against a Blanket P.O., (b) the quantity of each Ordered Item shipped, (c) description of each Ordered Item shipped and (d) price of each ordered item shipped. One copy of each individual invoice must be plainly marked "ORIGINAL." Any applicable sales tax, duty, excise tax, use tax or other similar tax or charge, for which Buyer has not furnished an exemption certificate must be itemized separately on each invoice. The effectivity of the negotiated payment terms for all items contained in this Purchase Order is the date of Seller's invoice unless the terms are other than FOB Shipping Point. All negotiated discount periods begin on the date of Buyer's actual receipt of the invoice.

16. Public Releases - Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish Buyer with the Ordered Items, or disclose any information contained in or connected with this Order to any person or entity other than Seller and Seller's agents and subcontractors, except as expressly allowed (if at all) herein, and except as may be required to perform this Order.

17. Shipment - Seller shall not ship in advance of the specified Order schedule. If Seller ships product sufficiently ahead of schedule such that ordered items are received by the Buyer in excess of three (3) work days prior to the scheduled dock date, Buyer reserves the right to either 1) return the product to the Seller at the Seller's expense to be debited from their account or 2), extend the payments terms for the received items by the number of days received early. Except as otherwise specified or approved by Buyer in writing, Seller shall ship exact quantities ordered. Seller shall not be liable for delay in shipment due to causes beyond Seller's reasonable control and without Seller's fault or negligence, provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in delay prior to the committed shipment date.

18. Changes - The Buyer may, at any time by written notice to Seller, change this Order, including changes in method of shipment or packing, and place of delivery. Seller shall proceed immediately to perform this Order as changed if so directed. If any such change causes an increase or decrease in the cost of, or the time required for performance of this Order, an equitable adjustment shall be negotiated between the parties in the price or delivery schedule, or both, and the Order shall be subsequently modified in writing. Any claim for adjustment under this clause must be asserted within 30 days from the date of receipt by the Seller of the notification of change. When property or material is made obsolete, excess or unusable in connection with Ordered Items as a result of changes, then the Buyer shall have the right, but not the obligation, to negotiate a reasonable disposition of the affected materials. No change or proposed change to this Order shall be effective unless such change is in writing and signed by an authorized Buyer's Purchasing Representative.

19. Compliance with Laws - Seller warrants that, in the performance of this Order, it will comply with all applicable Federal, State and local laws. Seller also warrants that it is and will continue during the period of performance of the Order to be in full compliance with OSHA, EEOC, Fair Labor Standards Act (FLSA) and the provisions of the Anti-Kickback Act, as amended, 41 U.S.C. 51-54, and shall hold Buyer harmless from any liability resulting from failure of such compliance. If National advises Supplier that certain products or goods are being sold by Supplier to National pursuant to a subcontract or general contract with the federal government of the United States of America or one of its agencies to which the Federal Acquisition Regulations (FAR) apply, Supplier agrees to comply with all flow-through clauses of the Federal Acquisition Regulations required of Supplier under such subcontract or will advise National of its inability to comply with the FAR prior to accepting or executing such a subcontract.

20. Assignment - To the maximum extent allowed under applicable law, Seller may not assign any of its rights or delegate any of its duties under this Order without the prior written consent of Buyer.

21. Advance Notification of Changes -National must be notified in advance of any proposed changes to the Supplier's manufacturing processes, critical process sources, equipment or facilities that may impact the quality, acceptability, reliability or on time delivery of the product(s) provided to National. This includes any proposed relocations of manufacturing or assembly facilities that include National products. Any such changes have the potential to negatively impact the flow of acceptable product to National or National's customers and must be planned and coordinated between the two parties of this agreement prior to implementation. Failure to do so may result in 'termination with cause' of this Order.

22. Confidential Information - All details of purchase orders, including prices, specifications, discounts, etc., between Buyer and Supplier are considered Supplier and Company *Proprietary and Confidential Information* and as such, will be shared only with appropriate Sourcing department personnel and guarded against open disclosure.

23. Forest Stewardship Council / FSC-Certified Product - National is an FSC certificate holder. If the purchase order relates to products or services to be provided by Supplier involving FSC-certified products, Supplier agrees to comply with the following provisions:

- a) Supplier will track and control all materials outsourced to Supplier for use in FSC-certified products to ensure materials are not at risk of mixing or being contaminated with other materials during the outsourcing arrangement.
- b) Supplier shall use only materials provided by National as FSC products covered by this outsourcing arrangement. All FSC-certified products are owned by National while at Supplier's premise.
- c) Supplier shall maintain records of inputs, outputs and shipping documents with all material processed during the outsourcing arrangement.

- d) Supplier shall not use the FSC/SW/RA trademarks for promotional use or on any products not included in this arrangement.
- e) Supplier shall not further outsource process of the material to any other entity.
- f) Supplier shall allow SmartWood to conduct audits of its operation, including on-site evaluation, as part of its auditing of National as the FSC certificate holder.
- g) If National requests Supplier to apply FSC labels, Supplier shall only apply FSC labels provided by National to the FSC-certified products covered by this outsourcing agreement.
- h) Supplier acknowledges that National shall issue the final invoice for the FSC-certified products following the outsourcing arrangement.