

**Servotronics, Inc.**  
**Terms and Conditions of Sale**

1. **Applicability: Entire Agreement.** These Terms and Conditions of Sale (“Terms”) are the exclusive terms and conditions that apply to the sale of products by Servotronics, Inc. (“SELLER”) to buyer (“BUYER”) unless SELLER has entered into a separate written agreement with BUYER governing the purchase and sale of products that expressly supersedes these Terms. These Terms constitute the entire, final, and only agreement between SELLER and BUYER relating to the subject matter hereof and any prior or contemporaneous representations, affirmations of fact, course of dealings, promises or conditions in connection therewith or usage of the trade not expressly incorporated herein shall not be binding on either party. These Terms are incorporated by reference into all quotations and offers made, and all purchase orders accepted, by SELLER. Any terms and conditions contained in or referenced in BUYER’s purchase order, confirmation, or other procurement documents which are different from, inconsistent with, or in addition to those included in these Terms are objected to by SELLER and rejected without notice to BUYER. Fulfillment of any order by BUYER does not constitute acceptance of any of BUYER’s terms and conditions and does not serve to modify or amend these Terms. SELLER expressly limits its acceptance of any purchase order submitted by BUYER to these Terms.

2. **Acceptance of Orders.** BUYER may place orders for products to be purchased hereunder by submitting one or more written purchase orders to SELLER. Each purchase order must state with particularity the product being ordered, SELLER’s part numbers, the quantity requested, and the requested shipment date (which must be within SELLER’s applicable quoted lead time) and location. No purchase order shall be binding on SELLER unless and until SELLER accepts such purchase order in writing or SELLER ships the applicable products under such purchase order. SELLER shall not be obligated to accept any orders from BUYER.

3. **Price.** BUYER shall purchase the products from SELLER at the prices set forth in SELLER’s binding quotation for the applicable products. SELLER’s prices are subject to change at any time without notice, except to the extent set forth in a binding quotation submitted by SELLER or in a purchase order or written agreement accepted by SELLER. Prices are exclusive of any property, sales, use, excise, and value-added taxes, insurance, shipping, handling, related services provide by SELLER (if any), special packaging instructions, fuel surcharges, import and export duties, and all other amounts, all of which shall be invoiced by SELLER and paid by BUYER. Any taxes and duties, when applicable, shall be paid by BUYER.

4. **Payment Terms.** Unless otherwise agreed by SELLER in writing, payment terms are 30 days from date of SELLER’s invoice. All payments must be made in U.S. Dollars and shall be without setoff or deduction. SELLER shall be entitled to charge interest on all past due amounts, which for the avoidance of doubt includes any past due amount created by partial payments of invoices, at a rate equal to the lesser of 1.5% per month or the maximum rate allowed by applicable law, with such interest compounding monthly. A fee in an amount equal to the maximum amount allowable under law shall be assessed with respect to all dishonored checks. Collection costs, including, but not limited to, reasonable legal fees and expenses incurred by SELLER shall be payable by the BUYER as accrued. The foregoing remedies are in addition to all other remedies available to SELLER under these Terms or otherwise.

5. **BUYER’s Default.** Upon any default by BUYER, SELLER shall be entitled to exercise any or all remedies available to it under these Terms and under applicable law, including, but not limited to: (a) suspending performance of the subject order or any other order

for products by BUYER and/or its affiliated or related parties; (b) canceling pending orders, refusing to accept future orders and/or stopping of all products in transit; (c) acceleration of any amounts due by BUYER to SELLER; (d) recovering damages; (e) entering upon any place or places where any goods may be located and taking possession on BUYER's premises or removing the goods or any part thereof to such other premises as SELLER may desire; (f) terminating these Terms and any one or more purchase orders as set forth in Section 32 below; and (g) exercising all remedies available to it under the Uniform Commercial Code and other applicable laws.

**6. Shipment.** Unless otherwise agreed in writing by SELLER, products will be shipped FCA Origin (Incoterms 2010) SELLER's plant or warehouse by mode of transportation selected by SELLER and using SELLER's standard packaging. All shipping dates are approximate unless SELLER has agreed to a guaranteed shipping date in writing signed by SELLER. SELLER shall not be liable for any delays in shipment or early shipment, however caused. SELLER reserves the right to make deliveries in installments, without penalty or liability, and to modify orders based on product availability. SELLER reserves the right to ship products up to five (5) working days prior to the requested shipment date. SELLER may ship products freight collect.

**7. Non-Delivery.** The quantity of any installment of products as recorded by SELLER on dispatch from SELLER's place of business is conclusive evidence of the quantity received by BUYER on delivery unless BUYER can provide conclusive evidence proving the contrary. SELLER shall not be liable for any non-delivery of products (even if caused by SELLER's negligence) unless BUYER gives written notice to SELLER of the non-delivery within thirty (30) days of the date when the products would in the ordinary course of events have been received. Any liability of SELLER for non-delivery of the products shall be limited to replacing the products within a reasonable time or adjusting the invoice respecting such products to reflect the actual quantity delivered. BUYER acknowledges and agrees that the remedies set forth in this Section 7 are BUYER's exclusive remedies for any non-delivery of products.

**8. Title and Risk of Loss.** Title and risk of loss passes to BUYER upon tender of the products to the carrier at SELLER's facility. As collateral security for the payment of the purchase price of the products, BUYER hereby grants to SELLER a lien on and security interest in and to all of the right, title, and interest of BUYER in, to and under the products, wherever located, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. The security interest granted under this provision constitutes a purchase money security interest under the New York State Uniform Commercial Code. BUYER shall remain responsible for payment in full notwithstanding any loss or damage to the products once risk of loss or damage has transferred.

**9. BUYER's Acts or Omissions.** If SELLER's performance of its obligations under these Terms and Conditions is prevented or delayed by any act or omission of BUYER or its agents, subcontractors, consultants, or employees, SELLER shall not be deemed in breach of its obligations hereunder or otherwise liable for any costs, charges, or losses sustained or incurred by BUYER, in each case, to the extent arising directly or indirectly from such prevention or delay.

**10. Inspection; Rejection of Products.**

a. BUYER shall inspect the products within five (5) days of receipt ("Inspection Period"). BUYER will be deemed to have accepted the products unless it notifies SELLER in writing of any Rejected Products during the Inspection Period and furnishes such written evidence or other documentation as reasonably required by SELLER. "Rejected Products" means products which are rejected to BUYER, it being agreed that the following are the only reasons for which BUYER may reject a product: (i) product shipped is different than identified in BUYER's purchase order; (ii) product is damaged; or (iii) product's label or packaging incorrectly identifies its contents.

b. If BUYER timely notifies SELLER of any Rejected Products and SELLER, acting reasonably, confirms BUYER's findings, then SELLER shall, in its sole discretion, either (i) replace such Rejected Products with conforming products, (ii) repair such Rejected Products, or (iii) credit or refund the price for such Rejected Products, together with any reasonable shipping expenses incurred by BUYER in connection therewith. BUYER shall ship, at its expense and risk of loss, the Rejected Products to SELLER's facility. If SELLER exercises its option to replace Rejected Products, SELLER shall, after receiving BUYER's shipment of Rejected Products, ship to BUYER, at SELLER's expense, the replaced products to the previously agreed shipping location.

c. BUYER acknowledges and agrees that the remedies set forth in Section 10(b) are BUYER's exclusive remedies for the delivery of Rejected Products. All sales of products to BUYER are made on a one-way basis and BUYER has no right to return products purchased hereunder to SELLER.

**11. No Order Cancellation.** Orders, once submitted, may not be cancelled for any reason without SELLER's written consent.

**12. No Requirements Contracts.** SELLER shall in no event be liable for or bound to provide BUYER'S requirements of goods.

**13. Special Tooling.** In the event that SELLER manufactures or purchases special tools, dies, or equipment in connection with BUYER's order, such tools, dies, and equipment, unless otherwise agreed to in writing by SELLER's authorized representative, shall remain the exclusive property of SELLER, notwithstanding that part of the cost thereof is included as a part of the specified price.

**14. Rescheduled Shipments.** For any request by BUYER to reschedule shipment of products, such request must be approved in writing by SELLER, and shall be subject to SELLER's right to charge BUYER for all additional costs and expenses incurred to meet such rescheduled shipment date.

**15. Discontinued Products; Product Design.** SELLER reserves the right to cease manufacturing or supplying any products at any time in its sole discretion. Seller reserves the right to make changes to the designs and specifications of its products or manufacturing processes with respect to its products at any time without notice; provided that such changes do not materially alter the fit, form or function of the products or require that BUYER revise any drawings with respect to such products which were previously agreed to by BUYER and SELLER. If BUYER requests any changes to the designs, specifications or manufacturing

processes with respect to products, any such request must be approved in writing by SELLER and SELLER's approval shall be conditioned upon BUYER's liability for all costs and expenses relating to implementation of such changes. Any changes or recommendations made by BUYER with respect to the products shall be the sole property of SELLER. SELLER and its affiliates and licensees shall be entitled to use and incorporate any such changes or recommendations into the products and/or develop new products, and SELLER shall have the right to seek intellectual property protection with respect to any such changes or recommendations and/or new products and commercialize the same without making payment, or providing other consideration, to BUYER. BUYER shall not disassemble or reverse engineer the products.

**16. Intellectual Property.** BUYER acknowledges and agrees that unless otherwise set forth in a written agreement executed by BUYER and SELLER, SELLER (or its licensors, as applicable) will be the exclusive owner of and shall retain all intellectual property rights in and to the products and all designs, including, but not limited to, those used to create, which are embodied in, used in and in any other way related to the products and all designs. The sale of the products to BUYER shall not be construed as granting BUYER any license under any patent, trademark, copyright, or other intellectual property right of SELLER or in or to the products. BUYER shall indemnify, defend and hold harmless SELLER and its affiliates and their respective directors, officers, agents, and employees from and against any and all sums, costs, liabilities, losses, claims, fines, penalties, and other expenses (including attorneys' fees) that any of the foregoing may incur, or be obligated to pay, as a result of BUYER's infringement or alleged infringement of any of SELLER's intellectual property rights.

**17. Limited Warranty; Disclaimer.**

a. SELLER warrants that products it manufactures will materially conform to agreed upon specifications and be free from material defects in material and workmanship under conditions of normal use for eighteen (18) months from the date the products are tendered to the carrier. In the event BUYER determines that the products are in breach of this warranty, BUYER shall promptly notify SELLER in writing. SELLER shall not be liable for a breach of the foregoing warranty unless: (i) BUYER gives written notice of the defective products, reasonably describing the alleged defects and providing such other information as SELLER reasonably requests, to SELLER within thirty (30) days of the time when BUYER discovers or ought to have discovered the defect; (ii) if applicable, SELLER is given a reasonable opportunity after receiving the notice of breach of the warranty set forth in this Section 17(a) to examine such products and BUYER (if requested to do so by SELLER) returns such products to SELLER's place of business at SELLER's cost for the examination to take place there; and (iii) SELLER reasonably verifies BUYER's claim that the products are defective. For any products which are returned by BUYER to SELLER as allegedly defective but which SELLER reasonably determines are not defective, BUYER shall be liable to SELLER for payment of SELLER's then-current standard administrative processing charge and for all costs to ship the allegedly defective products back to BUYER. If SELLER confirms an alleged defect and SELLER provides replacement or repaired products, SELLER shall ship the same to BUYER, at SELLER's expense, to the previously agreed shipping location.

b. The warranty set forth in Section 17(a) shall not apply to any product which has been subjected to any misuse, neglect, accidental damage or that contains defects which are in any way attributed to improper storage, installation, or to alterations or repairs made by any party not authorized by SELLER, or for any products for which BUYER has made

further use following providing notice of the defect to SELLER. The warranty set forth in Section 18(a) shall not apply to any product which has been disassembled, modified, physically or otherwise damaged, or subjected to conditions exceeding the applicable specifications or rating.

c. Subject to the remainder of this Section 17, SELLER's sole obligation with respect to products determined by it, in its sole discretion, to be in breach of the warranty set forth in this Section 17(a) shall be, at its option, to repair or replace the product or issue a credit for the purchase price of the defective products.

d. THE WARRANTY AND REMEDIES PROVIDED FOR IN THIS SECTION 17 ARE EXCLUSIVE (WITH SUCH REMEDIES CONSTITUTING SELLER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED WARRANTIES MADE IN THIS SECTION 17) AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, ALL OF WHICH ARE EXPRESSLY DISCLAIMED.

e. Products manufactured by a third party ("Third Party Product") may constitute, contain, be contained in, incorporated into, attached to or packaged together with, the products. Third Party Products are not covered by the warranty in Section 17(a) above. For the avoidance of doubt, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO ANY THIRD-PARTY PRODUCT, INCLUDING ANY (i) WARRANTY OF MERCHANTABILITY; (ii) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (iii) WARRANTY OF TITLE; OR (iv) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE. Third Party Products shall carry whatever warranty the third-party manufacturer has conveyed to SELLER and which can be assigned to BUYER.

**18. Limitation of Liability.** TO THE FULLEST EXTENT PERMITTED BY LAW, (a) SELLER SHALL NOT BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF GOODWILL, ARISING OUT OF OR RELATED TO THESE TERMS, INCLUDING, BUT NOT LIMITED TO, THE PURCHASE AND/OR USE OF ANY PRODUCTS, AND (b) UNDER NO CIRCUMSTANCES SHALL SELLER'S TOTAL LIABILITY ARISING OUT OF OR RELATING TO THESE TERMS, INCLUDING, BUT NOT LIMITED TO, THE PURCHASE AND/OR USE OF ANY PRODUCTS, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, BREACH OF WARRANTY OR OTHERWISE, EXCEED THE TOTAL AMOUNT PAID BY BUYER TO SELLER FOR THE PRODUCTS OUT OF WHICH THE CLAIM AROSE.

**19. Confidential Information.** All non-public, confidential or proprietary information of SELLER, including but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts, or rebates, disclosed by SELLER to BUYER, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated, or otherwise identified as "confidential" in connection with these Terms is confidential, solely for the use of performing hereunder and may not be disclosed or copied unless authorized in advance by SELLER in writing. Upon SELLER's request, BUYER shall promptly return all documents and other materials received from SELLER. SELLER shall be entitled to injunctive relief for any violation of this Section. This Section does not apply to information that BUYER can

demonstrate by convincing evidence is: (a) in the public domain through no fault of BUYER; (b) known to BUYER at the time of disclosure; or (c) rightfully obtained by BUYER on a non-confidential basis from a third party.

**20. Compliance with Laws.** BUYER shall comply with all applicable federal, state and local laws, rules and regulations affecting the purchase and use of the products, including, without limitation, any applicable import, export and re-export control laws and regulations. BUYER will obtain import, export, and re-export approvals and licenses required for goods, transfers, services and technical data delivered and will retain documentation to support compliance with those laws and regulations. SELLER will not be liable to BUYER for any failure to provide goods, services, transfers or technical data as a result of government actions that impact SELLER's ability to perform, including: (1) the failure to provide or the cancellation of export or re-export licenses; (2) any subsequent interpretation of applicable import, transfer or export law or regulation after the date of any order or commitment that has a material adverse effect on SELLER's performance; or (3) delays due to BUYER's failure to follow applicable import, export, transfer, or re-export laws and regulations.

**21. Force Majeure.** SELLER shall not be liable for failure or delay in the performance of any of its obligations, including delay in shipment, or any damages resulting therefrom, if such delay or failure is caused by act of God, embargo, governmental regulation, fire, strike or other labor strife, war, riot, terrorism (or threat thereof), equipment failure, delay in transportation, shortage and/or unexpected or unreasonable increase in prices of raw materials or supplies, and other causes beyond the reasonable control of SELLER. The estimated or anticipated delivery date shall be extended for a period of time equal to the delay caused by any of the foregoing events.

**22. Right of Offset.** SELLER shall be entitled to offset any amounts owed by it to BUYER against any payment or compensation that is owing and unpaid by BUYER to SELLER.

**23. Governing Law; Venue; Waiver of Jury Trial.** These Terms, and the underlying obligations of the parties relating to the sale of products by SELLER to BUYER, shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts of laws. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to any sale of products by SELLER to BUYER. Any dispute regarding any order or with respect to these Terms shall be resolved in a court of competent jurisdiction in the County of Erie, State of New York, and BUYER hereby expressly consents to the personal jurisdiction of any court located within the County of Erie, State of New York. THE PARTIES AGREE TO WAIVE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A JURY TRIAL WITH RESPECT TO ANY LEGAL DISPUTE.

**24. Limitation of Actions.** BUYER agrees, to the maximum extent permitted by applicable law, that any claim BUYER may have against SELLER or any of its directors, officers, agents, and employees must be filed within one (1) year of the date on which the claim arose. If BUYER fails to file a claim within this time period BUYER shall be deemed to have waived its right to file a claim or to otherwise seek recourse against any of the foregoing.

**25. Relationship of the Parties.** The relationship of SELLER and BUYER as created by these Terms is that of independent contractors, and nothing herein shall be construed to create or imply the creation of a relationship between the parties as principal and agent, employer and employee, partners and/or joint venturers. Neither party shall have, or

hold itself out as having, the power or authority to bind or create liability for the other party by its negligent or intentional acts or omissions.

**26. Waiver.** No waiver, alteration, or modification of any of the provisions of these Terms shall be binding unless in writing and signed by an authorized representative of SELLER. No delay or failure on SELLER's part in exercising any right, privilege, remedy or option hereunder shall operate as a waiver of such or of any right, privilege, remedy or option.

**27. Severability.** If any provision of these Terms shall be determined to be invalid or unenforceable, such provision shall be invalid or unenforceable only to the minimum extent required, and all other provisions shall remain in full force and effect.

**28. Notices.** All notices or other communications required to be given under these Terms shall be in writing and shall be deemed to have been given upon personal delivery, certified or registered mail, return receipt requested, or by overnight courier with proof of delivery to the parties at the addresses set forth in an accepted order, unless a different address is designated in writing. All notices to SELLER shall be directed to SELLER's "Head of Global Sales."

**29. No Third Party Beneficiaries.** These Terms are for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of these Terms.

**30. Assignment.** BUYER shall not delegate any duties, nor assign any rights or claims under these Terms or any order without SELLER's prior written consent. Any attempted or purported delegation or assignment by BUYER in violation of the foregoing shall be void.

**31. Modification.** SELLER reserves the right to change these Terms at any time by publishing revised Terms on SELLER's website. The revised Terms shall immediately become effective for all sales made after such publication. BUYER can find the latest version of these Terms at <http://servotronics.com/>.

**32. Termination.**

a. No BUYER's purchase order may be terminated in all or part without SELLER's prior written consent.

b. BUYER is, nonetheless, liable for termination charges, which may include (i) a price adjustment based on the quantity of goods delivered, (ii) all costs, direct and indirect, incurred and committed for BUYER's terminated purchase order, and (iii) the full cost of all unique materials or components required for customized goods.

c. In addition to any remedies that may be provided under these Terms, SELLER may terminate these Terms and any or all purchase orders with immediate effect upon written notice to BUYER, if BUYER: (a) fails to pay any amount when due to SELLER and such failure continues for ten (10) days after written notice of nonpayment; (b) has not otherwise performed or complied with any of these Terms, in whole or in part; or (c) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization, or assignment for the benefit of creditors.

**33. Language.** The language of these Terms and of all orders and other correspondence hereunder shall be the English language and the English language version shall control with respect to any Buyer translated versions.

**34. Survival.** The provisions of these Terms which by their nature should survive shall remain in effect and survive any termination or completion of any order, including, but not limited to, the following provisions: compliance with laws, confidential information, governing law, venue, waiver of jury trial and survival.

**LAST REVISED: July 8, 2019**