

TERMS AND CONDITIONS OF PURCHASE: GOODS AND SERVICES

1. Definitions and interpretation

Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa. The headings in these Terms are for convenience only and shall not affect their construction or interpretation. The following terms shall have the following meanings:

- 1.1 "Amendment Order" means a written instruction which amends an Order.
- 1.2 "Completion Date" means the date(s) specified in the Order by which Performance must be completed.
- 1.3 "Contract" means the contract (incorporating these Terms and the Order) between Chemsil and Supplier for the purchase of Items.
- 1.4 "Employees" means any and all employees, directors or other personnel of Supplier and its Subcontractors.
- 1.5 "Goods" means materials or other goods to be supplied under the Contract as specified in the Order
- 1.6 "Items" means Goods and/or Works (as the case may be).
- 1.7 "Laws" means all applicable laws and regulations.
- 1.8 "Incoterm" or "incoterms" means the terms of trade for international sales of goods published by the International Chamber of Commerce applicable at the date of the formation of a contract of sale between Chemsil and Supplier.
- 1.9 "Chemsil" means Chemsil Silicones, Inc. and/or Chemtec Chemical Company, with offices at 21900 Marilla Street, Chatsworth, CA 91311.
- 1.10 "Order" means Chemsil's purchase order or written agreement with Supplier regarding the purchase of Items together with all documents referred to therein and including any variations thereto made by an Amendment Order.
- 1.11 "Performance" means delivery of Goods in accordance with the relevant Incoterm and/or provision of Works.
- 1.12 "Price" means the price payable to Supplier for the Items.
- 1.13 "Site" means Chemsil's premises and/or any other place where Performance is to occur.
- 1.14 "Subcontractors" means Supplier's agents and permitted subcontractors.
- 1.15 "Supplier" means the person, firm or company to whom the Order is issued.
- 1.16 "Terms" means these terms and conditions of purchase - goods and services, together with any amendments hereto.
- 1.17 "Works" means any and all work to be undertaken by Supplier under the Contract, as specified in the Order.

2. Formation and Incorporation

2.1 These Terms are the only terms and conditions on which Chemsil is prepared to deal with Supplier, and shall govern the Contract to the entire exclusion of all other terms and conditions. No terms and/or conditions endorsed upon, delivered with or contained in Supplier's quotation, acknowledgment or acceptance of an Order, brochure, specification or other document shall form any part of the Contract and Supplier waives any right which it might otherwise have to rely on any such terms and/or conditions that conflict with these Terms. Any variation to these Terms shall have no effect unless expressly agreed by the parties in writing and signed by a duly authorized representative of each party.

2.2 Each Order is an offer to purchase the Items subject to these Terms, and acceptance by Supplier of an Order, whether expressly or by conduct, shall be deemed to be an acceptance of (and not a counter offer to) such offer.

3. Amendments to Orders; Force Majeure

3.1 Chemsil may at any time make changes to an Order (which may include, without limitation, changes in specifications, design, shipment, quantities, and place or time of Performance). Chemsil shall issue an Amendment Order in respect of such changes, and if such changes result in an increase in the costs of, or the time required for, Performance by Supplier, an equitable adjustment shall be made to the Price or the Completion Date (or both). Any such adjustment must be approved in writing by Chemsil before Supplier proceeds with any such changes.

3.2 Chemsil may by written notice reduce the quantity or change the nature of Items, cancel the Order or require Supplier to suspend Performance if Chemsil is prevented from, or delayed in, the carrying on of its business (or any part thereof) through any circumstances beyond its reasonable control. Supplier shall not be entitled to any additional remuneration, compensation or other right or benefit in respect of such reduction, cancellation or suspension.

3.3 Without prejudice to the generality of clause 3.2, the following are included as events beyond Chemsil's reasonable control: act of God, fire, explosion, flood, epidemic or accident; power failure or breakdown of plant or machinery; governmental actions, war or threat of war, acts of terrorism, national emergency, riot, civil disturbance, or sabotage; import or export regulations or embargoes; labor unrest, disputes or strikes; and inability to obtain or difficulties in obtaining materials, transport, fuel, parts, machinery or labor.

4. Standards of Goods and Works

4.1 Supplier warrants that Goods shall: conform strictly as to quantity, quality and description stated in the Order and/or in any applicable specification supplied by Chemsil to Supplier; comply with the Laws (and be manufactured, packaged and delivered in accordance therewith); be free from defects in design, materials and workmanship; be in strict compliance with any samples, patterns, drawings or specifications stated in the Order and/or in any applicable specification supplied by Chemsil to Supplier; be capable of meeting any standard of performance specified in the Order and/or in any applicable specification supplied by Chemsil to Supplier; and be fit for the express or implied purpose for which they are to be supplied under the Order.

4.2 Supplier warrants that Goods shall (in addition to the requirements of clause 4.1) be packaged and marked in accordance with Chemsil's instructions.

4.3 Supplier warrants that Works shall: conform strictly with the requirements stated in the Order and/or in any applicable instruction, drawing or specification supplied by Chemsil to Supplier; be provided in accordance with the Laws; be provided using the best

quality materials and workmanship; be provided using all due care, skill and diligence in accordance with best industry practice in which services similar to the Works are carried out; and in respect of any applicable subject matter of Works, produce an end result which is capable of meeting any function and/or standard of performance which has expressly or by implication been made known to Supplier.

4.4 Supplier warrants that all Employees who are engaged in the provision of Works at any time shall possess suitable skills, qualifications and experience and shall, while engaged in the provision of Works: comply with Chemsil's reasonable directions and co-operate fully with Chemsil's employees and contractors; maintain strict discipline and good order; and shall not engage in behaviour or activities which are or could be detrimental to Chemsil's business or reputation.

4.5 Chemsil reserves the right to require Supplier to remove from the Site all or any Employees who do not comply with the provisions of clause 4.4. Supplier shall provide replacements for such Employees as soon as reasonably practicable and at no extra cost to Chemsil. Any request by Chemsil to remove Employees pursuant to this clause 4.5 shall be without liability to Supplier and shall not remove or diminish any of Supplier's obligations under the Contract.

4.6 Precise conformity of Items with the provision of these Terms is of the essence of the Contract, and Chemsil shall be entitled to reject any Items which do not so conform, however slight the breach.

5. Conflict Minerals

The Supplier shall ensure that conflict minerals are not necessary to the functionality or production (as defined under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Securities and Exchange Commission Rules issued pursuant to that Act) of the Goods supplied to Chemsil. Upon Chemsil's request, the Supplier shall promptly provide to Chemsil a signed certification, in such form as Chemsil may from time to time require, confirming compliance with the provisions of this clause.

6. Inspection, Testing and Documentation

6.1 Chemsil and its representatives shall be granted access to any premises of Supplier (and those of Subcontractors) and be allowed to inspect and/or test Goods at any time prior to acceptance or delivery.

6.2 Supplier shall make available at its own expense all equipment, materials, services and facilities necessary for carrying out such tests on Goods as Chemsil may require. If requested by Chemsil or its representatives, Goods shall be completely assembled for tests and/or dismantled for inspection before dispatch.

6.3 If, as a result of any such inspection or testing, Chemsil is not satisfied that Goods will comply in all respects with the Contract and so notifies Supplier promptly after the relevant inspection or testing, Supplier shall take all necessary steps to ensure compliance.

6.4 Notwithstanding any inspection or testing in accordance with this clause 6, Supplier shall remain fully responsible for Goods and any such inspection or testing shall not remove, diminish or otherwise affect Supplier's obligations under the Contract (including, without limitation, its responsibility for any defects subsequently found in materials and/or workmanship).

6.5 Supplier shall (at its expense) provide in respect of the Items all applicable certificates (including, certificates of analysis, tests, inspection or origin), material safety data sheets ("MSDS"), operating and safety instructions, warning notices, customs documentation and (on request or where otherwise expressly or by implication required) written assurance that Goods are and will continue to be in compliance with the Laws. All such certificates and documentation shall be provided whenever requested by Chemsil (and no later than the time of Performance). Supplier warrants the accuracy of such certificates and documentation, and assumes all responsibility for maintaining its accuracy and notifying Chemsil of any changes thereto. Supplier further acknowledges that Chemsil is entitled to rely on such certificates and documentation in order to satisfy its own obligations whether in contract or under the Laws. Supplier agrees to protect, defend, indemnify and hold harmless Chemsil, its officers, directors, managers, employees or invitees from and against all claims, demands, and causes of action of every kind and character arising from any failure to maintain the accuracy of the list described above.

6.6 Supplier shall (at its expense) prepare and submit to Chemsil such drawings, data and other information which Chemsil may require in respect of any Items. Chemsil shall have the right to approve all drawings and data but such approval shall not relieve Supplier of any of its responsibilities under the Contract. Unless otherwise agreed in writing by Chemsil, the Items shall fully comply with the drawings.

6.7 Any drawings, designs, specifications or other documents which are provided to Supplier by Chemsil shall remain the property of Chemsil and must be returned (a) whenever a document is superseded by a further document; and (b) upon the earlier of completion of Performance or termination of the Contract.

6.8 Unless otherwise specified by Chemsil, all information and documentation to be provided by Supplier (or Subcontractors) pursuant to these Terms or otherwise in connection with the Order shall be in the English language.

7. Delivery of Goods

7.1 Supplier shall effect Performance by the Completion Date, time being of the essence of this Contract.

7.2 Goods shall be delivered by the Completion Date and in any manner specified in the Order.

7.3 Supplier shall (at its own expense) provide such data as Chemsil shall deem necessary to ensure that the Order will be completed by the Completion Date.

7.4 If Supplier shall fail to commence Performance on the starting date specified on the Order, or if it appears to Chemsil (in its discretion) that Supplier may not be able to complete Performance by the Completion Date, Chemsil may cancel the Order or any part thereof in accordance with the provisions of clause 15.

7.5 Goods which are supplied earlier than the specified delivery dates will not be accepted or paid for by Chemsil unless so agreed by Chemsil in writing.

7.6 Unless otherwise stated in the Order: (a) Supplier shall be responsible for and bear the cost of packaging, loading, carriage and/or off-loading of Goods; and (b) Goods shall be delivered to Chemsil's usual place of business during normal hours.

7.7 When Goods are delivered to Chemsil in bulk, their weight as measured on Chemsil's weighbridge shall (in the absence of obvious error) be deemed conclusive as to the weight of Goods actually delivered.

7.8 Chemsil reserves, for security purposes, the right to mark Goods immediately on delivery. Notwithstanding any such marking or any signature on Chemsil's behalf for receipt of Goods in good order, Chemsil shall be deemed to have not accepted Goods until it has had 30 days following delivery to inspect them or, if later, within a reasonable time after any latent defect in Goods has become apparent. Supplier specifically waives any objection on the grounds of such marking or such signature to any subsequent rejection of Goods by Chemsil.

7.9 Unless otherwise agreed by Chemsil in writing, all packaging in respect of Goods shall be supplied at no extra cost to Chemsil. Such packaging will not be returned to Supplier unless Chemsil specifies otherwise, in which case Supplier shall promptly remove the relevant packaging at no cost to Chemsil and shall be fully responsible for its disposal.

7.10 Supplier shall provide with each delivery of Goods a prominent delivery note stating the Order number, the number of packages, the contents, quantities and (in the case of part delivery) the outstanding balance remaining to be delivered.

7.11 Where Chemsil agrees to accept Performance in installments, the Contract shall be deemed to be a separate contract in respect of each installment. However, notwithstanding the foregoing, failure by Supplier to effect Performance in respect of any one installment shall entitle Chemsil (at its option) to treat the whole of the Contract as repudiated.

7.12 If Goods are delivered to Chemsil in excess of the Order quantities specified, Chemsil shall not be bound to pay for the excess, which will be at Supplier's risk and be returnable to Supplier (at Supplier's sole risk and expense).

8. Provision of Works

8.1 Works shall be completed by the Completion Date and undertaken in any manner specified in the Order.

8.2 All equipment to be used by Supplier in the provision of Works shall be kept in good and safe operating condition at all times. All equipment and materials to be so used by Supplier shall comply with and be used in accordance with the Laws. Supplier shall be responsible for ensuring that such equipment and materials which belong to it are adequately protected against theft, adverse weather and (to the extent practicable) other loss or damage.

8.3 Supplier shall effect Performance in a clean and workmanlike manner and shall keep such part of the Site on which Works are being performed reasonably clean and uncluttered at all times. Without prejudice to the foregoing, Supplier shall, on completion of Works and whenever required by Chemsil, promptly clear away and remove from the Site its rubbish of every kind and any surplus materials and equipment. Supplier shall ensure that all such rubbish, materials and equipment are removed and (where relevant) disposed of with due diligence and in accordance with the Laws.

8.4 Supplier shall not at any time interfere in any way with the business or other operations of Chemsil, its employees and contractors.

8.5 Supplier shall provide a competent supervisor who shall be available on the Site at all times during which Works are being undertaken and who shall be authorised to receive on behalf of Supplier any directions and instructions from Chemsil.

8.6 Unless otherwise specified by Chemsil in writing, Chemsil will provide, at no cost to Supplier and to the extent necessary to enable Supplier to undertake Works, water and electricity from such points on the Site (and, in the case of electricity, alternating current at such voltages) as shall be specified by Chemsil. All connections to such water and electricity shall be the responsibility of Supplier and must be approved by Chemsil in advance of the relevant Works commencing (but such approval shall not relieve Supplier of any responsibility in respect of such connections). Supplier shall provide, install and maintain such temporary facilities as may be required to enable Works to be carried out in a safe and proper manner (including, for the purpose of illustration but without limitation, adequate lighting). Upon completion of Works (or on any earlier termination of the Contract), Supplier shall remove such connections and facilities and repair any damage caused by such removal.

9. Title and Risk

9.1 Title and Risk in Goods shall pass to Chemsil in accordance with the applicable Incoterm unless otherwise agreed to by the parties.

9.2 All materials, plant and equipment removed from the Site by Supplier in the course of providing Works shall remain the property of Chemsil unless Chemsil specifies otherwise (in which case the property therein shall transfer to Supplier and Supplier shall be fully responsible for the disposal thereof).

9.3 All materials which are provided or paid for by Chemsil and which are to be incorporated in Goods and/or used for Works shall: (a) remain the property of Chemsil but shall be at the risk of Supplier and remain so until acceptance by Chemsil of the Goods in which such materials are incorporated; and (b) where such materials are to be stored at Supplier's premises, be clearly marked by Supplier as Chemsil's property and stored separately from Supplier's property in a safe and proper manner. Supplier hereby irrevocably grants Chemsil the right to enter any of Supplier's premises (and those of Subcontractors) at any time to remove any such materials.

9.4 Supplier shall use any such materials in a proper and economical manner, in accordance with Chemsil's instructions and for no other purpose whatsoever. Any surplus shall be accounted for to Chemsil and disposed of in accordance with Chemsil's instructions. Any waste of, loss of, or damage to such materials caused by poor or inefficient workmanship or practices or by any default of Supplier in storing and maintaining such materials shall be made good at Supplier's expense. Replacements thereof shall be of equivalent quality and specification and shall not be used or substituted without Chemsil's prior approval.

10. Price and Payment

10.1 Unless otherwise stated, the Price shall be (a) inclusive of all charges (including, without limitation, packing, shipping, loading, carriage, insurance and delivery to the relevant Site) and any duties, levies or taxes (other than value added tax); and (b) fixed for the duration of the Contract.

10.2 If, in respect of Works, any part of the Price shall be calculated by reference to day work rates, then the number of staff to be utilized by Supplier shall be subject to prior written agreement with Chemsil.

10.3 Supplier shall not be entitled to make any increases in the Price (whether on account of increased costs to Supplier in respect of materials, facilities, labour, transport, exchange rates or otherwise) and Chemsil shall not be liable to make any extra payment to Supplier in respect thereof unless Chemsil has agreed in writing or such change has been set out in an Amendment Order.

10.4 Unless otherwise stated in the Order, Supplier shall be entitled to invoice Chemsil on or any time after Performance.

10.5 Each invoice shall be in the currency specified in the Order and include the: Order number; reference number of Items; details of hours worked by Employees (in the case of Works where any part of the Price is calculated by reference to day work rates); and all information required to be stated on a tax invoice for VAT or other tax purposes, together with such other information as may be required by Chemsil.

10.6 Unless otherwise specified in the Order (and subject to acceptance of Items by Chemsil), Chemsil will pay Supplier undisputed amounts within 30 days following the end of the month in which Chemsil received a valid invoice.

10.7 Without prejudice to any other remedy which it may have, Chemsil reserves the right to set off any sums due to it from Supplier at any time (whether under the Contract or any other contract between Supplier and Chemsil) against sums payable to Supplier by Chemsil under the Contract.

10.8 Unless otherwise stated, payments under the Contract shall be made in the currency specified in the Order. Chemsil shall be entitled to deduct from any payment all charges, duties or taxes if and to the extent required under any Laws.

10.9 Chemsil and its representatives may, upon thirty (30) days prior written notice, at reasonable times during business hours, at its expense, examine the books and records of Supplier (and its relevant Subcontractors) to the extent necessary to audit and verify the accuracy of any statement, charge or computation made under or pursuant to these Terms or the Contract. However, no such examination may be made more frequently than once each twelve (12) months, and no examination may cover any time periods that were the subject of a prior examination by Chemsil. If any such examination reveals any clerical or mathematic inaccuracy in any billing or payment, the appropriate adjustment in the billing and payment shall be promptly made. The scope of such audit shall be limited to the twenty-four (24) month period prior to the month in which such audit commences. Supplier (and its relevant Subcontractors) shall, at no cost to Chemsil, provide Chemsil with: (a) all assistance which Chemsil reasonably requires for such purposes; and (b) any copies of such documents, information and data which Chemsil may require.

10.10 Supplier agrees to waive any right it may otherwise have to exercise a lien, to make a claim, or seek a judgement or award, against Goods at any time, and acknowledges that its sole right in the event of any failure by Chemsil to pay for any Goods is to seek to recover such payment as a debt.

11. Defects, Breakdowns and Remedies

11.1 Without prejudice to any other remedy which Chemsil may have (whether under these Terms or otherwise), if Items do not conform, or if Supplier fails to comply with any of these Terms, Chemsil shall be entitled to any one or more of the following remedies at its discretion (and in the case of Goods, whether or not any part thereof has been accepted by Chemsil): (a) to rescind the Order (or part thereof); (b) to reject the relevant Goods or Works, in whole or in part (and, in the case of Goods, to return them to Supplier, at Supplier's risk and cost, on the basis that Chemsil shall be entitled forthwith to a full refund or credit, as the case may be, for Goods so returned); (c) at Chemsil's option, to require Supplier (at Supplier's expense) to remedy any defect in the relevant Items or to supply replacement goods, works or documentation and carry out any other necessary work to ensure that the Order is fulfilled in accordance with these Terms; (d) to itself carry out, or to have carried out (in each case, at Supplier's expense), any work necessary to make Goods and/or Works comply with the Contract; (e) to recover from Supplier any additional costs and expenses which Chemsil incurs as a result of Supplier's breach (including, without limitation, in respect of obtaining the relevant Items from another supplier); and (f) to refuse to accept any further Performance which Supplier attempts to make, without any liability to Supplier in respect thereof.

11.2 Supplier shall promptly and properly undertake any maintenance or repairs to Goods which are to be undertaken by it pursuant to these Terms.

11.3 The provisions of these Terms which relate to Goods shall be deemed to apply (so far as is relevant) to any repairs to Goods which are undertaken, and to any replacement goods which are provided, by Supplier pursuant hereto.

12. Safety Obligations

12.1 Supplier acknowledges that hazardous operations are carried out on parts of Chemsil's premises. Supplier shall, in respect of any part of its Performance on the Site, adhere to (and ensure that Subcontractors and Employees adhere to): (a) all rules, regulations and procedures applicable at the Site (including, without limitation, health and safety, drug and alcohol, and the searching of personnel and their vehicles by Chemsil's security staff); and (b) the Laws. Such adherence shall not remove or diminish any of Supplier's obligations under the Contract.

12.2 In the event that Chemsil considers (in its sole opinion) that any such rules, regulations, procedures or Laws have been breached by any Subcontractors or Employees, Chemsil shall have the right to remove the relevant Subcontractors and Employees from Chemsil's premises and prohibit them from returning. Such action by Chemsil shall be without liability to Supplier or Subcontractors and shall not remove or diminish any of Supplier's obligations under the Contract.

12.3 Supplier shall be responsible for the management of operations and the execution of Works at the Site, including health and safety matters. Prior to the commencement of Works, Supplier will prepare, to the extent required by the Laws, a risk assessment, method statement and a suitable health and safety plan. Supplier shall provide copies of such whenever requested by Chemsil (which Chemsil shall be entitled to copy and provide to all relevant third parties).

12.4 The health and safety plan to be prepared by Supplier pursuant to clause 12.3 shall address (without limitation): (a) arrangements for fulfilling Supplier's health and safety duties; (b) the approach to be adopted for managing health and safety in respect of Works; (c) the technical and managerial approach to be adopted for controlling and dealing with risks identified in the risk assessment undertaken by Supplier (which approach shall include ongoing development and implementation of the health and safety plan); (d) arrangements for monitoring compliance with Laws relating to health and safety; and (e) mechanisms for effecting modifications to the health and safety plan as Works proceed, according to information received from Chemsil and the experience of, and information received from, Employees engaged in the provision of Works.

12.5 Supplier shall provide Employees engaged in the provision of Works all necessary information and training on health and safety, risks to and related issues.

12.6 Supplier shall ensure that only persons who are authorized by Chemsil or Supplier as being required to be present by the nature of their duties have access to areas where Works are being performed. Notification of exclusion of all other persons shall be undertaken by Supplier in the form of signs and/or barriers, or other further reasonable security measures. Consideration shall be given at all times for necessary ingress and egress and access for emergencies.

12.7 Without prejudice to the other Terms herein, Employees engaged in the provision of Works shall (a) be issued by Supplier, at its own cost, all protective clothing and equipment as deemed appropriate by Chemsil (in its absolute discretion); and (b) undergo medicals whenever reasonably required by Chemsil.

12.8 For the avoidance of doubt (but without prejudice to any of the other provisions of this clause 12), Chemsil shall not be responsible for supervising and/or checking any health and safety requirements or risk assessments which are to be undertaken by Supplier pursuant to these Terms. Such responsibility shall remain with Supplier at all times, notwithstanding any supervision or checks which Chemsil or its representatives may undertake from time to time.

12.9 Goods supplied or installed under the Contract shall be so formulated, designed, constructed, finished and packaged as to be safe and without risk to health. Goods shall be supplied with full instructions for their proper use, maintenance and repair, and with any necessary warning notices clearly displayed.

12.10 Prior to any delivery of Goods and any use by Supplier of any equipment or materials on the Site, Supplier shall furnish Chemsil with a full and accurate written list (by name and description) of any harmful/potentially harmful properties, components or ingredients in Goods, equipment and materials. Supplier warrants the accuracy of such list, and assumes all responsibility for maintaining its accuracy and notifying Chemsil of any changes thereto. Supplier further acknowledges that Chemsil is entitled to rely on such information in order to satisfy its own obligations whether in contract or under the Laws. Supplier agrees to protect, defend, indemnify and hold harmless Chemsil, its officers, directors, managers, employees or invitees from and against all claims, demands, and causes of action of every kind and character arising from any failure to accurately list or any failure to maintain the accuracy of the list described above.

12.11 Supplier shall maintain detailed quality control and manufacturing records in respect of Goods for a period of 5 years from the Completion Date.

13 Indemnities and Insurance

13.1 Without prejudice to any other remedy which Chemsil may have (whether under these Terms or otherwise), Supplier shall indemnify and hold harmless Chemsil (and keep it indemnified and held harmless) from and against all direct, indirect and consequential loss, liability, actions, claims, costs, damages and expenses (including legal expenses on an indemnity basis) awarded against or suffered or incurred or paid by Chemsil as a result of or in connection with any of the following matters (save in each case if and to the extent caused by or contributed to by any wilful act or omission of Chemsil): (a) any breach by Supplier of these Terms (including, without limitation, in respect of the warranty in clauses 11.1 and 12.10); (b) any act or omission (including negligence or breach of statutory duty) of Supplier, Subcontractors or Employees in effecting (or purporting to effect) Performance; (c) any claim by any third party that the Items infringe (or any use, resale, exportation or importation of Goods infringes) any patent, design right, copyright, trade mark, trade name or other intellectual property right (except if, and to the extent that, such claim arises from any specifications, drawings, samples or instructions provided to Supplier by Chemsil for the purposes of the Contract); and (d) any claim in respect of liability, loss, injury, death, damage, cost or expense sustained by any third party (including Chemsil's employees and agents).

13.2 Supplier shall (and shall ensure that Subcontractors shall), for the duration of the Contract and for such period as may be necessary thereafter, maintain the following minimum insurance cover with a reputable insurance company: (a) public liability insurance to a level of cover not less than \$5 million per occurrence or series of occurrences arising from one event (unlimited in the insurance period); (b) product liability insurance to a level of cover not less than \$5 million per occurrence or series of occurrences arising from one event; (c) employer's liability insurance to a level of cover not less than \$10 million per occurrence or series of occurrences arising from one event; and (d) legal liability insurance for automobiles and motorized equipment used or furnished by Supplier and/or Subcontractors. Each such insurance shall contain an 'indemnity to principals' clause with waivers of rights of subrogation against Chemsil and its employees.

13.3 Supplier shall insure Goods (and any materials of Chemsil as referred to in clause 10.5) to the full replacement value thereof against all risks (including fire, explosion and theft) for so long as the risk therein shall be with Supplier.

13.4 Upon request by Chemsil, Supplier shall promptly deliver to Chemsil certificate(s) of all insurance coverage required herein. Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. Should Supplier fail to maintain any such insurance, then Chemsil shall be entitled (but not obliged) to insure against the relevant risks and deduct from any sums due Supplier an amount equal to the premiums paid by Chemsil in respect of such insurances.

14 Intellectual Property Rights

14.1 Chemsil reserves all title to, and all copyright, design rights and all other intellectual property rights in, all specifications, plans, drawings, designs or other information provided (or otherwise communicated) to Supplier by or on behalf of Chemsil in connection with the Order.

14.2 All copyright, design rights, inventions, patents (and the right to make applications for patents) and other intellectual property rights created under or arising out of fulfillment of the Order by Supplier, and all title thereto, shall be assigned to and vested in Chemsil immediately upon the date of the Order or creation of the relevant intellectual property right, as the case may be. Documents provided by Supplier to Chemsil in connection with fulfillment of the Order shall be deemed to be the property of Chemsil from the date on which provided.

15 Termination

15.1 Chemsil may at any time cancel the Order in whole or in part by giving written notice to Supplier, whereupon Supplier shall immediately cease any further fulfillment of the Order (except as otherwise provided in the notice of cancellation).

15.2 In the event of cancellation in accordance with clause 15.1, Chemsil's sole liability to Supplier shall be to pay Supplier on a quantum meruit basis for such part of the Order which has been fulfilled by Supplier to Chemsil's satisfaction as at the date of cancellation, together with the costs of all goods and materials which have been procured

reasonably by Supplier from third parties for the purposes of fulfilling the Order and which Supplier is unable to use as part of its stock-in-trade, and reasonable cancellation charges payable by Supplier in respect of any subcontracts properly in place for fulfillment of the Order, subject always to Supplier taking reasonable steps to mitigate its losses and liabilities. For the avoidance of doubt (but without prejudice to the foregoing) and without limitation, Chemsil shall not be liable to Supplier in respect of such cancellation for any loss of profit or anticipated profit, loss of contract or any other direct, indirect or consequential loss whatsoever.

15.3 Title in Goods (and in any goods and materials procured by Supplier from third parties) paid for by Chemsil in accordance with clause 15.2, or to be so paid for, shall pass to Chemsil on the date of cancellation of the Order.

15.4 Chemsil shall be entitled at any time to terminate the Contract immediately on written notice to Supplier if (a) Supplier breaches any of these Terms (regardless of the nature, type, materiality or duration of any such breach); (b) any distress, execution or other legal process is levied upon any of Supplier's assets; (c) if Supplier becomes bankrupt or insolvent, or has a receiving order made against it, or compounds with its creditors, or (if a corporation) an order is made or a resolution is passed for the winding up of Supplier (other than a member's voluntary winding up for the purposes of reconstruction without insolvency), or if a receiver and manager, receiver, administrative receiver or administrator is appointed in respect of Supplier's business or assets (or any part thereof); (d) anything analogous to the events referred to in clause 15.4(b) or 15.4(c) occurs in any jurisdiction; (e) Supplier ceases or threatens to cease to carry on its business; (f) the financial position of Supplier deteriorates to such an extent that in Chemsil's opinion Supplier's capability to adequately fulfil its obligations under the Contract has been placed into jeopardy; (g) there is a change in control of Supplier after the date of the Order; or (h) Chemsil reasonably anticipates that any of the events mentioned above is likely to occur.

15.5 Any termination of the Contract (howsoever arising) is without prejudice to the rights and obligations of Chemsil and Supplier under the Contract which accrued prior to termination. The clauses in these Terms which expressly or impliedly have effect after termination of the Contract (including, without limitation, clauses 6.5, 6.7, 10.5, 10.10, 11.1, 11.2, 11.3, 12.11, 13.1, 13.2, 14, 15.2, 15.3, 15.6 and 16) will continue to be enforceable notwithstanding any such termination.

15.6 If, on any termination of the Contract (howsoever arising), any sums are owed to Chemsil by Supplier, Supplier shall pay such sums without any deduction or set-off within 30 days of the date of such termination.

16 Confidential Information

16.1 Supplier shall maintain in strict confidence all information not in the public domain concerning Chemsil, its business and its technical or commercial know-how of which Supplier may become aware pursuant to the Contract or in the course of tendering for, or fulfilling, the Order. Supplier shall only use such information in connection with the Contract and/or the Order and for no other purpose whatsoever. Supplier shall ensure that Subcontractors and Employees are subject to the same obligations of confidentiality as Supplier under this clause 16.1.

16.2 Supplier shall not, without the prior written consent of Chemsil: (a) use Chemsil's name, or any business or premises of Chemsil for any purpose other than for properly fulfilling the Order; (b) advertise or publicly announce that it supplies Items to Chemsil; (c) photograph any part of Chemsil's premises or anything situated thereon or any equipment, plant or materials used for (or to be incorporated as part of) any Items; or (d) authorize or allow Subcontractors, Employees or any other person to do any of the foregoing.

17 Assignment and Subcontracting

17.1 Supplier shall not assign, transfer or subcontract any of its rights and obligations under the Contract (or any part thereof) without Chemsil's prior written consent. Chemsil shall be entitled to grant or withhold such consent in its absolute discretion, and the granting of consent may be subject to such conditions as Chemsil shall determine.

17.2 Chemsil shall be entitled to assign the Contract (or any part thereof) to any person, firm or company.

18 Notices and Documents

Unless otherwise provided herein, any notice, request or demand which either party desires to serve upon the other regarding these Terms or the Contract shall be in writing and shall be considered as delivered when hand delivered or, if mailed by United States certified mail, postage prepaid, three (3) business days after mailing or, if sent by facsimile transmission, when receipt is confirmed by the equipment of the transmitting party; provided, if receipt of a facsimile transmission is confirmed after normal business hours, receipt shall be deemed to be the next business day. Such notice shall be given to the other party at the address or facsimile number stated for Chemsil and Supplier respectively on the Order or to any address subsequently specified in writing for this purpose.

19 General

19.1 If any one or more of the provisions contained in these Terms shall be held, for any reason, to be invalid, void, illegal or unenforceable in any respect, such invalidity, voidability, illegality or unenforceability shall not affect the remaining provisions hereof, and these Terms shall remain unaffected and shall be construed as if such invalid, void, illegal or unenforceable provision had never been contained herein.

19.2 No waiver by either party of any one or more defaults by the other in the performance of any provisions of these Terms shall operate or be construed as a waiver of any other default or defaults, whether of a like or of a different character, nor shall any failure to exercise any power, right, or remedy hereunder be considered as a waiver of such power, right or remedy in the future. No reasonable delay by either party in the exercise of any power, right or remedy will constitute, under any circumstances, a waiver of that party's power, rights or remedies.

19.3 All aspects of the Contract (including, without limitation, its formation, validity, performance and construction) are subject to all present and future valid orders, rules and regulations of any federal, state or any other governmental body having or asserting jurisdiction. FURTHER, ANY CLAIMS RELATING TO OR ARISING OUT OF THIS CONTRACT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO ANY CONFLICT OF LAWS RULES OR PRINCIPLES THEREIN WHICH, IF APPLIED, MIGHT PERMIT OR REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. The terms of the United Nations Convention on Contracts for the International Sale of Goods (Vienna 1980) shall not apply. Chemsil and Supplier hereby irrevocably submit to the jurisdiction of the state and federal courts located in Sacramento, California (the decision of which shall be binding upon them).