CONNECTED PRODUCTS GENERAL TERMS AND CONDITIONS OF SALE

This Connected Products General Terms and Conditions of Sale ("Agreement") is by and between Zurn Industries, LLC with an address at 511 W. Freshwater Way, Milwaukee, WI 53204 ("Zurn") and the customer that purchases a Zurn Connected Product ("Customer").

CUSTOMER UNDERSTANDS AND AGREES THAT BY ORDERING AND/OR USING THE CONNECTED PRODUCTS OR SERVICES, IT AGREES TO THE TERMS AND CONDITIONS IN THIS AGREEMENT.

For good and valuable consideration, the parties agree as follows:

 Orders for Connected Products. Zurn manufactures and sells, and Customer desires to purchase, certain products, which have the option to pair with an internet connected device ("Connected Products"). Customer agrees to purchase from Zurn the Connected Products set forth in the quotation ("Order") pursuant to this Agreement. Each Order sets forth the applicable Connected Products, pricing, and other purchasing details. Orders become binding upon the parties and a part of this Agreement upon the signature of the authorized representatives of both parties. Orders may only be modified upon the signed written agreement of both parties.

2. Software.

- a. **Software Ownership.** The software embedded in the Connected Products, if any ("Software"), is not sold to Customer. Zurn and its licensors own all right, title and interest in and to, and retain ownership of, the Software.
- b. **Software Use Rights.** Zurn grants to Customer a perpetual, terminable, non-assignable, non-exclusive right to use the Software solely for its intended operation with the Connected Products, in the United States. Any third-party Software embedded in the Connected Products may be subject to additional third-party terms and conditions.
- c. **Restrictions.** Customer may not: (i) decompile, reverse engineer, disassemble, copy, adapt, translate, distribute or modify the Software, or attempt to derive or access the Software's source code; or (ii) resell, lease, sublicense or otherwise transfer or make the Software available to a third party.
- d. **Updates.** Zurn may, but is not required to, provide updates or upgrades to the Software in its sole discretion. In the event Customer has an active Subscription Service Agreement in effect and maintains an internet connection, Zurn may automatically update or upgrade the Software in the Connected Products in its sole discretion. If either (a) Customer disconnects the Connected Products from the internet or (b) Customer's Subscription Service Agreement is terminated, Customer will not receive applicable updates or upgrades (if any) and therefore the Connected Products may not work properly.
- 3. **Documentation.** Customer may use the published specifications for the Connected Products provided by Zurn ("Documentation") and make only one copy for back-up purposes, for Customer's use of the Connected Products for its intended purposes.
- 4. **Subscription Services, Support and Data.** The Connected Products contain internet connected functionality, which is governed by the Connected Products Subscription Service Agreement

("Subscription Service Agreement") executed by the parties. The Subscription Service Agreement sets forth the terms, conditions and pricing of such subscription services, the details regarding the data and analytics information collected by Zurn and its licensors from the Connected Products, and the ownership of such data and analytics information. The connected functionality of the Connected Products will only be enabled by Zurn to the extent that subscription services are purchased from Zurn. Zurn only provides support and maintenance for Connected Products if Customer purchases subscription services pursuant to a Subscription Service Agreement, and the details of such are set forth therein.

- 5. Quotations. Pricing for the Connected Products is set forth in the Order. Quotations are valid for thirty (30) days unless extended in writing by Zurn. Prices quoted will be firm for Orders accepted at the factory within thirty (30) days, where material is released and scheduled by Zurn for shipment within thirty (30) days after the date of order entry; otherwise, Zurn reserves the right to apply prices in effect at the time of shipment. Additional charges may be made to cover any extra, unforeseen or unusual cost elements, including without limitation, overtime work authorized by Customer, special packing, engineering, special certificates determined after quality review, or documentation. All Orders are subject to acceptance by Zurn and credit approval. Prices do not include sales, use, excise, VAT, GST, and all similar taxes. Total prices on invoices may differ slightly, as price records for electronic calculation may either be on a "list and discount" or on a net basis. All applicable taxes arising from the sale of the Connected Products are the responsibility of Customer, except for taxes relating to Zurn's income.
- 6. Billing. Terms are net, payable 30 days from date of invoice. All pricing in U.S. currency. A 1-1/2% monthly (18% annual) service charge will be added to the outstanding balance of all past due invoices. Minimum invoice \$100.00. Zurn reserves the right to apply a minimum order charge in order to meet the \$100.00 minimum invoice requirement. All orders are subject to credit approval by the Zurn Credit Department prior to the acceptance of an order. Orders may be refused, delivery may be withheld, or shipment stopped in transit without any liability on Zurn's part at Zurn's sole discretion based upon Customer's credit worthiness as determined by Zurn.
- 7. Shipping Terms. Zurn is pleased to provide an industry-leading \$3,500 combined freight rate. All sales are F.O.B. seller's location. Zurn will allow full freight allowance when any of the following conditions are met: 1) any combination of Specification Drainage, Commercial Drainage, Finish Plumbing or Zurn Wilkins orders of \$3,500 or more; 2) Linear Drainage and Chemical Drainage orders of \$5,000 or more; 3) any Combination of Specification Drainage, Commercial Drainage, Finish Plumbing, Zurn Wilkins, Linear Drainage and Chemical Drainage orders of \$5,000 or more; 4) Zurn One Systems orders of \$7,500 or more; 5) fixture only orders totaling \$10,000 or more. This full freight allowance applies when the shipment is within the continental United States and has a single destination of a Customer's standard address or job location. Routing of shipment shall be determined at the sole direction of Zurn. Shipping dates are estimates and time of delivery shall not be of the essence of this sale contract. Under no circumstances will Zurn have any responsibility on account of any delays in manufacture, transportation, or otherwise. Terms of Export Shipment on application. Any product dimension larger than 92" or any single item weighing more than 3,500 pounds, shall be defined as an oversized and/ or overweight product and Zurn's standard FFA terms may not apply. Please contact Zurn's customer service department for guidance on potential additional shipping charges.

- 8. Cancellation. Cancellation of any Connected Products will incur a \$100 minimum cancellation charge. Additional charges may apply (up to 100% of the value of the Order) based on the stage of order completion and when the cancellation or revision is requested. Additional charges may include, but are not limited to, materials ordered, engineering, drawing, or manufacturing development time. Reschedules may not be made unless written notification is received and accepted at the manufacturing location more than 90 days prior to the latest acknowledged shipping date, and then only upon terms which will indemnify Zurn against loss. Customer delays may result in extra costs to Customer.
- 9. Returns. Standard cataloged material may be returned only with written permission of Zurn. Returned goods are subject to a 25% restocking charge of total saleable material returned, plus cost of reconditioning, if necessary, to make material sellable. Transportation charges are the responsibility of the Customer. Credit allowance will be in the form of merchandise credit only - not cash credit. The value of the return must total at least \$100.00 to qualify for credit allowance. No credit will be allowed for parts unless originally ordered and invoiced as parts. No credit will be allowed for discontinued or made-to order items. Items that have been specially made are not subject to return or cancellation except by special negotiation. Material must be returned within one year of invoice date for credit to be issued for Chemical Drainage, Linear Drainage, and Commercial Drainage. Material must be returned within two years of invoice date for credit to be issued for Commercial Fixtures, Flush Valve Products, Specification Drainage, Tubular Brass, and Zurn Wilkins. No credit is allowed for Linear Drainage products that have been cut and Specification Drainage product with auxiliary tappings. Flush Valve material over two years old will be subject to a 50% handling charge. Flush Valve material over five years old will not be accepted. Commercial Drainage and Specification Drainage galvanized material will be credited at value of Dura-Coated cast iron, and chrome plated at value of bronze. Zurn Wilkins damaged/broken test cocks or ball valves are not considered defective.
- 10. Installation. Customer is responsible for installation of the Connected Products.
- Acceptance. All Connected Products are deemed accepted by Customer on the earlier of: (a) five (5) calendar days after receipt by Customer, or (b) Customer begins using the Connected Products.
- 12. **Pre-Shipment Cancellation**. Zurn may cancel any order for Connected Products prior to shipment, without penalty, upon prior written notice to Customer.
- 13. **Termination For Breach.** A party may terminate this Agreement upon the other party's failure to cure a material breach of this Agreement if the breaching party fails to cure such material breach within thirty (30) days of the date that written notice of such material breach is sent by the non-breaching party. At termination Customer shall immediately pay to Zurn all fees set forth in the Order and otherwise owed to Zurn under this Agreement.
- 14. **Termination for Bankruptcy.** Zurn may terminate this Agreement upon prior written notice to Customer, if any of the following events occurs: (a) Customer commits any act of bankruptcy, (b) Customer becomes insolvent or makes a general assignment for the benefit of its creditors or an arrangement for its creditors, (c) Customer is unable to pay its debts as they become due or files a petition under any bankruptcy or insolvency act, (d) Customer has any such petition filed against it which is not dismissed within sixty (60) days, (e) a receiver or manager is appointed for the business

of Customer; or (f) Customer takes the benefit of any law in force for the winding up or liquidation of its corporation or other entities.

15. **Representations.** Each party represents to the other that: (a) it is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the power and authority to enter into and perform its obligations under this Agreement; (ii) the person executing and delivering this Agreement on behalf of such party is duly authorized to make such execution and delivery; (iii) this Agreement constitutes a valid obligation, binding upon and enforceable against each such party in accordance with its terms; and (iv) execution and delivery of this Agreement and the performance of each such party's obligations do not breach any contract between such party and any third party.

16. Warranty.

- a. **Connected Products Warranty.** For a period of one (1) year from the date of shipment, and provided all payments for the Connected Products have been made by Customer to Zurn, Zurn warrants to Customer that the Connected Products will: (i) substantially conform to Documentation and (ii) be free from defects in material or workmanship.
- **Remedies.** If Connected Products fail to conform to the warranties herein, Customer must promptly notify Zurn in writing. Zurn will, at its discretion and at no charge to the Customer:
 (i) repair the Connected Products; (ii) replace the Connected Products; or (iii) offer a full refund of that portion of the purchase price allocable to the non-conforming Connected Products. Warranty repair or replacement by Zurn will not extend or renew the applicable warranty period.

Customer will obtain Zurn's agreement on the specifications of any tests it plans to conduct to determine whether any Connected Products non-conformance exists. Customer will bear the costs of access for Zurn's remedial warranty efforts (including removal and replacement of systems, structures or other parts of Customer's facility), de-installation, decontamination and re-installation.

c. Warranty for Other Zurn Goods. Other Zurn goods are warranted to be free from defects in material and factory workmanship for the period of time from the date of purchase: AquaVantage® Flush Valves, AquaFlush® Flush Valves, Commercial Fixtures, Faucets, Showers, and Tubular Brass three years; Chemical Drainage, Linear Drainage, Commercial Drainage, Specification Drainage, Zurn Wilkins, and Flush Valve, Faucets, and Tubular Brass decorative finishes one year, PHIX® Cartridge ten years, FOG-ceptor™ thirtv vears. Where permitted by law, THE IMPLIED WARRANTY OF MERCHANTABILITY IS LIMITED TO THE ABOVE IDENTIFIED PERIOD OF TIME AND SHALL BE LIMITED SOLELY TO THE REPLACEMENT OF THE DEFECTIVE GOODS. A damaged/broken test cock or ball valve is not considered defective. Please contact Zurn Customer Care for assistance. Zurn will replace goods at no cost that prove defective provided Zurn is notified in writing of such defect and the goods are returned prepaid at the specified Zurn location with evidence that they have been properly maintained and used in accordance with instructions. ZURN SHALL NOT BE RESPONSIBLE FOR ANY LABOR CHARGES OR ANY LOSS, INJURY, OR DAMAGES WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, INCIDENTAL OR CONSEQUENTIAL DAMAGES. The sole and exclusive remedy shall be limited to the replacement of the defective goods. Before installation and use, the Customer shall determine the suitability of the product for his / her intended use and Customer assumes all risk and liability whatever in the connection therewith. All weights stated in Zurn catalogs and lists are approximate and are not guaranteed.

- d. WARRANTY DISCLAIMER. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, ARISING UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT. ZURN DOES NOT WARRANT THAT THE OPERATION OF ANY SOFTWARE PROVIDED WILL BE UNINTERRUPTED OR ERROR OR BUG-FREE. ZURN DOES NOT WARRANT THAT THE CONNECTED PRODUCTS WILL PREVENT FLOODING OR OTHER DAMAGE TO YOUR PREMISES. This warranty allocates the risks of Connected Products failure between Zurn and Customer. This allocation is recognized by both parties and is reflected in the price of the Connected Products.
- e. What is Not Covered by Warranty. No representative of Zurn has authority to waive, alter, vary or add to the scope of the warranty without prior written approval of an officer of Zurn. Zurn's warranty does not apply to: (i) dynamic vibrations imposed by the drive system in which the Connected Products are installed unless the nature of the vibrations has been defined and accepted in writing by Zurn as a condition of operation; (ii) improper or unauthorized repair, installation or maintenance of the Connected Products by a party other than Zurn; (iii) use for purposes or under conditions other than those for which designed, or other abuse, negligence, misuse, unauthorized access, or normal wear and tear; (iv) unauthorized attachments, modifications or disassembly; (v) damage during shipping; or (vi) Connected Products purchased from unauthorized distributors, resellers or internet sites. Customer's care in selection, adequate testing at the time of installation and proper installation, operation and maintenance of all Connected Products is required for adequate performance.
- f. Other Disclaimers. Connected Products designed and manufactured by Zurn are capable of being used in a safe manner, but Zurn does not warrant their safety. Connected Products are provided with only those safety devices identified herein (if any). IT IS CUSTOMER'S RESPONSIBILITY TO FURNISH THE APPROPRIATE SAFEGUARDS AND TO INSTALL AND USE THE CONNECTED PRODUCTS IN A SAFE MANNER IN COMPLIANCE WITH APPLICABLE REGULATIONS AND LAWS AND GENERAL STANDARDS OF REASONABLE CARE. YOU MUST REPAIR AND MAINTAIN THE CONNECTED PRODUCTS IN ACCORDANCE WITH THE RELEVANT DOCUMENTATION. FAILURE TO DO SO MAY RESULT IN DAMAGE TO THE CONNECTED PRODUCTS, PROPERTY DAMAGE, BODILY HARM, AND/OR SERIOUS INJURY OR DEATH. YOU ACCESS AND USE THE CONNECTED PRODUCTS AT YOUR OWN RISK AND SHOULD ONLY USE THE CONNECTED PRODUCTS WHEN YOU CAN SAFELY OPERATE THE CONNECTED PRODUCTS. IF CUSTOMER FAILS TO DO SO, CUSTOMER WILL INDEMNIFY, DEFEND AND HOLD ZURN HARMLESS FROM ANY LOSS, COST, EXPENSE, DAMAGE, ACTION OR CAUSE OF ACTION **RESULTING FROM CUSTOMER'S FAILURE.**

FURTHERMORE, YOU ARE SOLELY RESPONSIBLE FOR ANY DAMAGE TO YOUR PROPERTY OR INJURY (INCLUDING DEATH) TO PERSONS THAT OCCUR ON YOUR PREMISES OR RELATING TO YOUR USE OF THE CONNECTED PRODUCTS, INCLUDING WITHOUT LIMITATION FLOODING. THE CONNECTED PRODUCTS SHOULD BE VIEWED AS ONE OF MANY TOOLS YOU USE AND SHOULD NOT BE RELIED ON SOLELY AS THE ONLY MEANS YOU USE TO PROTECT YOUR PROPERTY FROM DAMAGE OR FLOODING. FURTHER, MANY FEATURES OF THE CONNECTED PRODUCTS ARE NOT AVAILABLE TO YOU IF YOU DO NOT PURCHASE THE SUBSCRIPTION SERVICES OR KEEP THE CONNECTED PRODUCTS UP-TO-DATE OR IN GOOD WORKING ORDER.

- 17. **Prohibited Uses.** Customer shall not connect the Connected Products to any sensors or products other than those provided by Zurn. Customer shall not use the Connected Products with any systems, equipment or software of a competitor of Zurn's. A competitor of Zurn is a person or party that provides the same products or services as Zurn.
- 18. **Intellectual Property Rights.** Unless otherwise expressly agreed to in writing by Zurn, all manufacturing devices, design data and other technical information relating to an Order will remain Zurn's property. All new intellectual property conceived or created by Zurn in the performance of this Agreement, whether alone or with any contribution from Customer, is owned exclusively by Zurn. Customer's patterns/tooling in Zurn's possession are held at Customer's risk and not covered by Zurn's insurance.
- 19. LIMITATION OF LIABILITY. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IT IS EXPRESSLY AGREED THAT ZURN'S TOTAL LIABILITY FOR ANY DAMAGES, COSTS OR EXPENSES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE CONNECTED PRODUCTS, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, TORT/EXTRA-CONTRACTUAL LIABILITY (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE IS LIMITED TO THE REPAIR OR REPLACEMENT OF THE CONNECTED PRODUCTS OR, AT ZURN'S OPTION, A RETURN OF AN AMOUNT THAT WILL NOT EXCEED THE PURCHASE PRICE. UNDER NO CIRCUMSTANCES WILL ZURN OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR ASSIGNS BE LIABLE FOR ANY OTHER REMEDY, LOSS, COST, DAMAGE OR EXPENSE WHETHER DIRECT OR INDIRECT.

IN NO EVENT WHATSOEVER WILL ZURN OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR ASSIGNS BE LIABLE FOR ANY CONSEQUENTIAL, LIQUIDATED, EXEMPLARY, INDIRECT, SPECIAL OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF USE, INCOME, PROFIT, OR PRODUCTION; INCREASED COST OF OPERATION; SPOILAGE OR DAMAGE TO MATERIAL OR DATA; OR CHANGE OUT COSTS, REGARDLESS OF THE FORM OF ACTION AND EVEN IF ZURN WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

- 20. Confidentiality.
 - a. **Defined.** "Confidential Information" means any information disclosed by or on behalf of Zurn to Customer or its affiliates or agents, relating to the subject matter of this Agreement, that is confidential or proprietary, regardless of the format or medium. Zurn's Confidential

Confidential

Information includes, without limitation Zurn's business, operational, financial, technical, product and proprietary information, Zurn's intellectual property rights, the Documentation, the Software and all source code underlying the Software, this Agreement and any information Customer should reasonably know to be confidential by the nature of the information or the nature or context of the disclosure.

b. Non-Disclosure. Customer shall hold Zurn's Confidential Information in strict confidence, and agrees that it will not disclose the Confidential Information to third parties or use the Confidential Information other than for the limited purpose of performing its obligations or exercising its rights under this Agreement. Customer agrees to use its best efforts to protect the Confidential Information from disclosure, with at least as stringent of protections used by Customer to protect its own confidential information. Customer agrees that it will only disclose the Confidential Information to its employees that have a need to know to perform its obligations under this Agreement, and in such case, advise such employees that the Confidential Information is subject to these confidentiality obligations and will require those employees who obtain Confidential Information to comply with these obligations.

Customer shall not disclose or allow access to Confidential Information to any third party except: (i) if approved in writing by Zurn in advance; (ii) to those third parties with a specific need to know that Confidential Information to perform Customer's obligations under this Agreement; and (iii) the third parties with access to the Confidential Information must have executed confidentiality agreements with Customer with terms no less restrictive and protective than those in this Agreement. Customer accepts full liability for any breach by parties to whom Customer discloses or allows access to any such Confidential Information.

Customer shall provide prompt written notice to Zurn of any suspected or known breach of this Section by Customer or its agents.

- c. **Return or Destruction.** Upon termination of this Agreement and/or at Zurn's request, Customer will destroy or return to Zurn (whichever Zurn requests) all of Zurn's Confidential Information (in any form or medium), including all copies, and certify to Zurn in writing that Customer has complied with the requirements of this provision within thirty (30) days of such termination, expiration, or request.
- d. **Equitable Relief.** Breach of this Section may result in irreparable harm for which money damages may be inadequate. Accordingly, Zurn is entitled to seek immediate, equitable or injunctive relief without the need to post bond or other security, or the need to prove actual damages.

21. General Terms.

a. **Designs, Dimensions and Weights.** Due to normal Connected Products changes, the designs, dimensions, materials, components and weights shown in printed and electronic catalogs are subject to variation. If complete accuracy is required for an application, Customer must request additional information or certification from Zurn in advance of purchase.

- b. **Force Majeure.** Zurn will not be liable for delays in delivery due to circumstances beyond its reasonable control, including, but not limited to, acts of Customer, government, nature, or the public enemy, civil or labor unrest, fires, floods, explosions, internet, energy shortages, delay in obtaining licenses, or unavailability or reduced availability of supply at its usual source.
- c. **Relationship.** No agency, partnership, joint venture, or employment relationship is created as a result of this Agreement and Customer does not have any authority of any kind to bind Zurn in any respect whatsoever. Zurn is selling to Customer on a non-exclusive basis.
- d. **Assignment.** This Agreement is not assignable, transferable or sublicensable by Customer except with Zurn's prior written consent. Zurn may transfer and assign any of its rights and obligations under this Agreement without consent.
- e. **Notices.** All notices under this Agreement will be in writing and will be deemed to have been duly given when received, if personally delivered; when receipt is electronically confirmed, if transmitted by facsimile or e-mail; the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested.
- f. **Compliance with Laws.** Customer will comply with all laws applicable to its performance under this Agreement and its use of the Connected Products.
- g. **Export Laws.** Zurn's obligations under this Agreement are conditioned upon Customer's compliance with all export laws of the United States and other applicable trade control laws and regulations with regard to the exportation of the Connected Products and any technical data associated therewith. Customer will not re-export, divert or direct Connected Products other than in and to the ultimate country of destination declared by Customer and specified as the country of ultimate destination on Zurn's invoice.
- h. **Governing Law.** The laws of the State of Wisconsin will apply to this Agreement, without reference to its conflict of laws provisions. The failure of Zurn to insist upon strict performance of any of the terms and conditions stated herein will not be considered a continuing waiver of any term or condition or of any of Zurn's rights. The headings in this Agreement are informational and do not modify the agreement. The parties specifically exclude the application of the U.N. Convention on the International Sale of Goods.
- i. **Venue.** Any action by Customer for breach of any of the terms of this Agreement by Zurn must be commenced within six (6) months of the alleged breach. The parties consent to the exclusive jurisdiction and venue of the federal and state courts located in Milwaukee, Wisconsin in any action arising out or relating to this Agreement or the Connected Products and both parties waive any objection they might have to jurisdiction or venue of such forum.
- j. **Severability.** Any provisions of this Agreement held invalid shall be severed and the remaining provisions shall continue in full force and effect.
- k. **Survival.** In the event of the termination of this Agreement, the provisions which by their nature are intended to survive expiration or termination shall survive.

- I. **No Presumption.** This Agreement shall not be construed against either party on the grounds that all or any section of the Agreement was drafted by any particular party.
- m. Entire Agreement. This Agreement and any executed Order(s) constitute the entire agreement between the parties with regard to the subject matter herein and supersede all prior or contemporaneous negotiations, discussions, understandings or agreements between the parties. Neither party has relied upon any such prior or contemporaneous communications. For the sake of clarity, the Subscription Services Agreement, Zurn Connected Products Terms of Use and the Zurn Connected Products Privacy Policy shall apply to your purchase of subscription services for the Connected Products. The parties agree that any amendment to this Agreement must be in writing and signed by the authorized representatives of both parties. Any terms and conditions in any of Customer's documents that are inconsistent with or add to these terms are hereby objected to and are not binding upon Zurn without express prior written consent, even though there may have been acknowledgment of the purchase order, work has commenced or the order has shipped.