



## Purchasing Terms & Conditions

Document Title	Document Number	Revision
Purchasing Terms & Conditions	SCM_SOP_003	3

1. The Purchase Order constitutes the entire agreement between Professionalized Products & Services, Inc. (PPSI), collectively known as "Buyer" and "Supplier," the party designated as such on the face of this Purchase Order.
2. This Purchase Order constitutes an offer and is restricted to the terms stated herein. Any additional or different terms proposed by the Supplier in their acceptance will not be incorporated unless the Buyer provides written approval. The Supplier's acceptance of this offer can be demonstrated by:
  1. Not objecting to these terms;
  2. Shipment of Goods, whether or not conforming to this Purchase Order (provided that any non-conforming shipment or performance shall be subject to the provisions of paragraph 11 below); or
  3. Performance of services.
3. The Supplier must notify the Buyer of any changes to:
  1. Production specifications; and
  2. Process definitions.

In cases where Buyer approval is required for such changes, the Supplier must obtain this approval before implementing any changes.

2. The Supplier will flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics.
3. The Supplier shall provide Certification(s) of Compliance to all applicable specifications if requested by Buyer. This shall also include RoHS Certifications to meet all current standards and all current directives.

4. The Supplier shall grant Right of Entry to the Buyer, its customers, and regulatory authorities to all facilities involved with the order and to all applicable records, for the purpose of monitoring product quality or expediting of this order.
5. Records resulting from the processing of this order shall be retained for the greater of: (a) seven (7) years after completion of the Buyer's customer contract, or (b) the period required by applicable law, regulation, or Buyer's customer contract requirements, which Buyer will communicate in writing to Supplier. Upon request, Supplier shall make such records available to Buyer, its customers, or applicable regulatory authorities.
6. **Risk of Loss.** Risk of loss and transfer of title for all Goods shall be governed by the **INCOTERMS® 2020** rule specified on the face of this Purchase Order. If no rule is specified, delivery shall be **DDP (Delivered Duty Paid)** to Buyer's named destination. Under DDP, Supplier is responsible for all costs and risks associated with delivering the Goods to the final destination, cleared for import and ready for unloading.
7. Unless otherwise expressly provided on the face of this Purchase Order, all costs of labor and materials, as well as all taxes, duties, and other governmental exactions, shall be deemed included in the purchase price of the Goods or services (hereinafter the "Price"), and Buyer shall have no liability to pay Supplier any amount in excess of the price specified herein.
8. Every tender of Goods or services must fully comply with all the provisions of this Purchase Order. Whether as accommodation or otherwise, Supplier shall make no shipment of non-conforming Goods or performance of services which do not comply with this Purchase Order unless Buyer has so agreed in writing. If a tender is made which does not fully conform, it shall constitute a material breach of this Purchase Order, and Buyer shall, at its sole option, have the right to reject the Goods or services and/or cancel this Purchase Order. Neither the inspection nor failure to make inspection nor acceptance of Goods or services shall impair Buyer's right to reject non-conforming Goods or services. Buyer shall have the option to accept over shipments in return for a price reduction satisfactory to Buyer.
9. Buyer may return rejected Goods or hold the same at the Supplier's risk and expense and may in either event charge the Supplier for the cost of transportation, examination, unpacking, re-packing, or other like expenses. Under no circumstances shall the Buyer be required to purchase rejected Goods.
10. PPSI prefers suppliers who have implemented an AS9100 or ISO 9001 Quality Management System (QMS) or equivalent.
11. The Supplier must prevent the use of counterfeit parts (See 8.1.4 of the AS9100D / ISO 9001:2015 Standard).
12. The Supplier must ensure that persons/employees are aware of: (a) their contribution to product or service conformity; (b) their contribution to product safety; and (c) the importance of ethical behavior.

13. Materials purchased by the Buyer are prohibited from containing conflict minerals, such as tantalum, tin, tungsten, and gold, that help finance conflict in the Democratic Republic of Congo (DRC) and that are in violation of the Dodd-Frank Act Wall Street Reform Act.
14. We do not consider any items ordered to be NCNR (non-cancelable/non-returnable), nor do we agree to any NCNR terms for any materials, unless we sign an NCNR agreement or contract specific to those materials by individual part number or description.
15. **Cancellation.** Buyer may, by written notice to Supplier, cancel all or part of this Purchase Order at any time. Upon receipt of a cancellation notice, Supplier shall immediately cease all associated work.
  1. **For Standard Goods:** Buyer shall have no liability for the cancellation of orders for standard stock Goods that have not yet been shipped. For Goods shipped before Supplier receives the cancellation notice, Buyer may, at its option, either accept the delivery or return the Goods to Supplier at Buyer's expense.
  2. **For Custom Goods:** For Goods manufactured specifically for Buyer ("Custom Goods"), Buyer shall be liable only for Supplier's actual and reasonable costs incurred for work-in-progress up to the time of cancellation, provided Supplier can substantiate such costs and demonstrates efforts to mitigate them. Buyer shall have the right to audit Supplier's cost records to verify any such claimed costs. Total cancellation liability for Custom Goods shall not exceed the pro-rated portion of the Purchase Order value corresponding to the percentage of work completed at the time of cancellation notice. Supplier shall not be compensated for any work performed after receipt of the cancellation notice.
2. **Inspection and Returns.** Buyer shall have the right to inspect all Goods upon receipt. Inspection may require the opening of original packaging. Supplier's return policy shall not unreasonably prohibit the return of non-conforming, damaged, or defective Goods solely on the basis that original packaging has been opened, provided that Buyer has handled and repackaged such Goods in accordance with applicable industry standards (e.g., ANSI/ESD S20.20 for electronics).
  1. For any Goods Buyer deems non-conforming, Buyer shall notify Supplier and request a Return Material Authorization (RMA). Supplier shall issue the RMA number within three (3) business days of the request. If Supplier fails to provide an RMA within this timeframe, Buyer reserves the right to return the non-conforming Goods to Supplier at Supplier's expense, and such Goods will be deemed accepted for return for full credit.
  2. The Supplier warrants that all components of the Goods or services, whether manufactured or performed by the Supplier or by others, are free from defects in material and workmanship and performed in accordance with professional standards. In placing this order, the Buyer is relying on the Supplier's skill and judgment in selecting and providing the proper Goods and services for Buyer's particular use. In the event of a defect, malfunction, or failure to conform with this warranty, the Supplier shall promptly repair the Goods or perform the services, or if necessary, replace the same, without any charge to the Buyer. If the Supplier fails or refuses to correct the defect, the Buyer and/or its Customer may do so

with their own forces or through third parties, all at the Supplier's expense and the Supplier agrees to reimburse Buyer or Customer as applicable. If samples of Goods have previously been submitted to and approved by the Buyer, the Supplier warrants that the Goods will conform in quality with said samples. Unless otherwise agreed in writing, the Supplier's warranties in this section shall extend for a period of one (1) year following delivery of Goods or completion of services, or, in the case of Goods acquired for resale, for the same period as the Buyer's warranty obligation to Customer (which the Buyer will make known to the Supplier); provided, however, that in no event shall the warranty period for Goods acquired for resale exceed three (3) years from the date of delivery to Buyer, unless a longer period is expressly agreed to in writing by Supplier. Neither the inspection nor failure to make inspection nor acceptance of Goods or services shall release the Supplier from any of the warranties contained in this Purchase Order. The Buyer reserves the right even after it has paid for and accepted said Goods or services, to make a claim against the Supplier on account of any Goods or services which do not prove to be satisfactory or are defective irrespective of Buyer's failure to notify Supplier of a rejection or revocation of acceptance of non-conforming Goods or services or to specify the defect in non-conforming Goods or services after rejection or acceptance thereof. The Supplier further warrants that the Items provided to the Buyer under the Purchase Order (1) shall not interrupt, delay or otherwise adversely impact the Buyer's operations, and (2) shall not interrupt, delay or otherwise adversely impact the operations of the Buyer's customers or subsequent purchasers of the Items or end products of which they are a part. The Supplier agrees to immediately replace any non-compliant Goods and/or services with compliant Goods and/or services at no cost to the Buyer.

3. To the extent the Items ordered or requested herein are to be manufactured or performed consistently with the designs, specifications or requirements specified by the Buyer or its agent, the Buyer shall defend, indemnify, and hold the Supplier harmless from any liabilities and expenses from suits or claims for infringement of United States or foreign patents or copyrights, or for unauthorized use of trade secrets or proprietary information of a third party with respect to such Items (including, but not limited to, any software or technologies provided by the Buyer with any Items) and their process of manufacture or performance. In such actions, the Supplier may be represented by counsel of its choosing at its expense. In all other cases, Supplier shall indemnify and hold the Buyer, its agents and customers harmless from any loss, damage or liability for infringement of United States or foreign patents or copyrights, or for unauthorized use of trade secrets or proprietary information of a third party with respect to such Items (including, but not limited to, any software or technologies provided by Supplier with any Items) and their process of manufacture or performance. The Supplier shall, at its own expense, defend any action in which such infringement or unauthorized use is alleged with respect to the manufacture, sale, use or performance of such Items delivered hereunder and the Buyer shall be entitled, at the Buyer's expense, to participate in any such defense. If the use or performance of any Item ordered is prohibited, the Supplier shall, at its own expense, either (a) obtain for the Buyer and any of its customers the right to continue using such Item, (b) replace or re-perform such Item with one that is non-infringing, (c) modify the Item (if possible) so that it becomes non-infringing, provided no loss of anticipated benefit is received by the Buyer, or (d) with the prior written consent of the Buyer, remove or not provide such Item and refund the Buyer with the full price, including transportation and installation costs (where applicable) of any such Item; provided, however, if any of the foregoing are proposed by the Supplier as a

means of settling an infringement action against the Buyer for which the Supplier is providing a defense, the Buyer shall have the right to approve any settlement prior to it becoming final.

4. **Intellectual Property.** All specifications, drawings, and other confidential information furnished by Buyer to Supplier shall remain Buyer's sole property. Supplier shall not use Buyer's confidential information for any purpose other than to perform its obligations under this Purchase Order. To the extent Supplier develops any improvement based on Buyer's confidential information (an "Improvement"), Buyer does not claim ownership of Supplier's pre-existing or independently developed intellectual property. However, Supplier hereby grants Buyer a non-exclusive, perpetual, irrevocable, royalty-free, worldwide license to use any such Improvement to the extent it is incorporated into the Goods delivered hereunder. For clarity, this clause does not grant Supplier any rights to intellectual property owned by Buyer or Buyer's customers.
5. The failure of the Buyer to object to any performance which is not in compliance herewith or to any default by the Supplier shall not be construed as an acceptance or acquiescence of same, nor constitute a waiver of any rights or remedies of the Buyer with respect to any past, present or future nonconforming performance or default by the Supplier.
6. The Supplier agrees that it will not assign its duties under this Purchase Order without the prior written consent of the Buyer. Any attempt at assignment shall be void for all purposes, and shall constitute a material breach in the terms and conditions hereof which substantially impairs the entire value of this Purchase Order to the Buyer. The Supplier may subcontract portions of the work but shall remain liable for its obligations under this Purchase Order. The Buyer may assign its rights under this Purchase Order to any entity that is controlled by the Buyer or controls the Buyer or is under common control with the Buyer.
7. If the Supplier is unable by reason of Force Majeure to carry out any of its obligations under the Purchase Order, other than its obligations to pay money, then upon the Supplier giving notice and particulars in writing to the Buyer within a reasonable time after the occurrence of the cause relied upon, such obligations shall be suspended. "Force Majeure" shall include, but not be limited to, acts of God, laws and regulations, government action, war, civil disturbances, strikes and labor problems, lightning, fire, flood, washout, storm, breakage or accident to equipment or machinery, shortage of raw materials, and any other causes that are not reasonably within the control of Supplier. For the avoidance of doubt, delays of vendors or carriers to the Supplier shall not constitute Force Majeure; Supplier's failure to maintain adequate supply chain planning, inventory buffers, or qualified backup sources shall not excuse Supplier's performance obligations hereunder. During the term of any Force Majeure event, the Buyer may satisfy its requirements for any Items under the Purchase Order as it deems appropriate and any such action by the Buyer shall reduce any obligations hereunder accordingly but shall not be deemed to be a breach of the Purchase Order by the Buyer. Should any Force Majeure event extend for a period of more than thirty (30) consecutive days, then the Buyer shall have the right to terminate the Purchase Order after the thirtieth (30th) day without any further obligations or liability to the Supplier.
8. In performing this Purchase Order, the Supplier shall comply with all the applicable governmental laws, orders, standards, and regulations.

9. The Buyer shall have the right to make changes at any time in the drawings, specifications, quantities, delivery schedules, delivery location, methods of shipment or packaging related to the Purchase Order where the Items to be furnished are to be specifically manufactured for or provided to the Buyer in accordance therewith. No changes shall be effective unless expressly authorized in writing by the Buyer, including, but not limited to, substitutions of or alterations to any specifications, drawings or other requirements of the Purchase Order. If such change results in delay or an increase or decrease in expense to the Supplier, the Supplier shall notify the Buyer immediately and the Buyer and the Supplier will negotiate an equitable adjustment provided that the Supplier shall continue to supply the Items contracted for under the Purchase Order as so changed. Any dispute regarding the equitable adjustment shall be resolved by arbitration pursuant to section 35. The Supplier shall not receive payment from the Buyer for any unauthorized activities.
10. All property used by the Supplier, but owned, furnished, charged to or paid for by the Buyer, including, but not limited to, materials, molds, tools, dies, jigs, patterns, fixtures, equipment, tanks and any replacement thereof shall be the property of the Buyer, subject to removal and inspection by the Buyer at any time. All such property shall be identified and marked by the Supplier as Buyer's property, used by the Supplier only for the Purchase Order and adequately insured for the Buyer's protection. The Supplier shall assume all liability for, and maintain and repair such property in good condition, reasonable wear and tear excepted, for the utilization of the property in accordance with the provisions of the Purchase Order. All property to be returned to the Buyer shall be returned in good condition, reasonable wear and tear excepted, for the utilization of the property in accordance with the provisions of the Purchase Order. The Supplier agrees to pay the Buyer for any Buyer property damaged or otherwise not returned or accounted for by the Supplier upon receipt of the Buyer's invoice for the reasonable cost of repairing such damage or replacing such property.
11. All Goods to be delivered under this Purchase Order and all property to be returned to the Buyer shall be free and clear of any and all liens and encumbrances whatsoever.
12. The Supplier shall not advertise or publish the fact of or details relating to the Purchase Order to any third party except as specified in the Purchase Order, permitted by the Buyer with prior express written consent or as required to perform the Purchase Order.
13. Supplier must advise the Buyer of the export licensing status of all Items to be delivered to the Buyer under the Purchase Order. In the event any of the Items under the Purchase Order are subject to the jurisdiction of the United States Commerce Department Export Administration Regulations, Supplier must also provide Buyer with the applicable Export Control Commodity Number (ECCN) citation indicated in the Commerce Control List (15 CFR Part 774, Supplement No. 1). In the event any of the Items under the Purchase Order are subject to the jurisdiction of other United States governmental agencies, such as the Department of State or Department of Energy, the Supplier must provide the Buyer with sufficient information to enable the Buyer to determine whether an export license or other authorization is required. If any of the Items under the Purchase Order are to be delivered by the Supplier to a location outside of the United States, without regard to whether the specific export has been explicitly authorized by the Buyer, the Supplier will be deemed to be the "Exporter of Record," and will have the sole and full responsibility for the export of any such

Items, including the responsibility for obtaining for such Items any required governmental licenses or authorizations. The Supplier hereby acknowledges that it accepts this responsibility along with all costs associated with the export of any such Items.

14. **Limitation of Liability.** Neither party shall be responsible to the other for indirect, incidental or consequential damages, including without limitation loss of use, production or profits; provided, however, that the foregoing limitation shall not apply to damages arising from a party's gross negligence, willful misconduct, fraud, or breach of confidentiality obligations.
15. If any legal action is necessary to enforce the terms of this Purchase Order, the prevailing party shall be entitled to reasonable attorney's fees in addition to any other relief to which it may be entitled.
16. This writing constitutes the entire agreement between the parties regarding the subject matter hereof. The parties agree that this Purchase Order shall not be modified, and that no executory duties shall be waived, except by express written agreement of the parties. The parties agree that this Purchase Order shall not be modified, supplemented, qualified or interpreted by any prior course of dealing between the parties, or by any deviations from its terms during their actual performance, or by any usage of trade.
17. The Supplier acknowledges that these PPSI Purchase Order Terms and Conditions include provisions for the indemnification and/or exoneration of PPSI against the consequences of its own negligence or fault, and agrees that these Terms and Conditions comply with the express negligence rule, are conspicuous and afford fair notice.
18. This Purchase Order is made under and shall be governed by the laws of the State of Texas, excluding any conflict of laws principles which would call for the application of the law of another jurisdiction. Any dispute arising under this Purchase Order including disputes over its validity and/or formation shall be resolved by arbitration in Houston, Texas in accordance with the rules of the American Arbitration Association. Judgment may be entered on the award of the arbitrator(s) in any court of competent jurisdiction. Notwithstanding the foregoing, either party may seek emergency injunctive or equitable relief in a court of competent jurisdiction in Harris County, Texas to prevent irreparable harm pending the outcome of arbitration, without waiving any rights to arbitration on the merits.
19. The Suppliers must agree to notify PPSI of any product or process change that affects the ability of the purchased product to meet all purchase order requirements, including traceability. Any change in the Suppliers' registrar or regulatory approval status, a change in an external provider, location or ownership, may be subject to re-evaluation and approval.
20. **Supplier Performance.** Supplier is expected to maintain a minimum **On-Time Delivery (OTD) performance of 95%** and a **Quality Conformance rating of 98%**. On-time delivery is measured against the delivery date specified on the Purchase Order. Quality conformance is measured by the percentage of goods accepted versus total goods received. Performance shall be evaluated on a rolling 90-day basis. Failure to meet either metric during any such measurement period shall trigger a mandatory Supplier Corrective Action Request (SCAR). Supplier shall respond with a written root cause analysis and corrective action plan within ten (10) business days of the SCAR issuance. Failure to respond within that timeframe, or

failure to restore compliant performance within sixty (60) days of the SCAR issuance, may result in Supplier's disqualification from future purchase orders and/or termination of open purchase orders for cause.

21. **Payment Terms.** Unless otherwise specified on the face of the Purchase Order, payment terms are Net 45 from the date of Buyer's receipt of a conforming invoice. Invoices shall reference the applicable Purchase Order number and shall not be submitted prior to delivery and acceptance of the applicable Goods or completion of services. Disputed invoice amounts shall be placed on hold pending resolution without accrual of late payment interest or penalties. Buyer reserves the right to offset any amounts owed to Supplier against any amounts Supplier owes to Buyer under any Purchase Order.