TERMS AND CONDITIONS FOR VENDORS
W.H. Bagshaw Co., Inc.

- **PAYMENT TERMS & RIGHT OF SET-OFF:** Except as otherwise explicitly stated on the face of the applicable Purchase Order, standard payment terms shall be Net 60 days. The measurement period for payment terms shall commence on the later of: (a) the date W.H. Bagshaw receives a correct and conforming invoice, or (b) the date W.H. Bagshaw receives and accepts conforming goods and all required quality documentation, certifications, and test reports. W.H. Bagshaw shall be entitled at all times to set off any amount owing at any time from Vendor to W.H. Bagshaw—including debit memos issued for the full replacement value of damaged, spoiled, or non-conforming components—against any amount payable at any time by W.H. Bagshaw to Vendor. Shipments sent C.O.D. or requiring advanced cash deposits will not be accepted unless pre-approved in writing by an authorized officer of W.H. Bagshaw. W.H. Bagshaw expressly rejects any late fees, interest penalties, or financing charges.
- **SHIPMENT AND F.O.B.:** All shipments are F.O.B. - DESTINATION unless otherwise explicitly agreed upon and stated on the face of the Purchase Order. Vendor retains risk of loss and title until physical delivery and formal acceptance at W.H. Bagshaw's designated facility.
- **PRICES:** Prices specified on W.H. Bagshaw's Purchase Order are firm, fixed, and not subject to escalation or adjustment. If extreme volatility in raw material markets, tariffs, duties, or other governmental actions necessitates a price adjustment, such adjustment will only be considered if the Vendor notifies W.H. Bagshaw in writing well in advance of shipment. Any approved adjustment must be based on documented, verifiable changes in material costs from the Vendor's direct suppliers, and W.H. Bagshaw must explicitly accept the revised price in writing before the vendor proceeds with shipment.
- **ACCEPTANCE AND COMPLETE AGREEMENT:** These Vendor Terms comprise the entire agreement between the parties and supersede all preceding agreements pertaining to the products or services. Vendor accepts these Terms by acknowledging W.H. Bagshaw's purchase order, by executing and returning a quotation, or by commencing performance, manufacturing, or delivery of the product. No additional or different terms proposed by Vendor in any invoice, acknowledgement, or shipping form will bind W.H. Bagshaw unless agreed to in writing and signed by an authorized representative of W.H. Bagshaw. W.H. Bagshaw reserves the right to decline or cancel a purchase order based on its subsequent review of products, components, drawings, or other items supplied by the Vendor.
- **DELIVERY & TIME OF THE ESSENCE:** Vendor must strictly adhere to the delivery schedules and promises specified on the Purchase Order. Time is of the essence. Vendor must notify W.H. Bagshaw immediately in writing of any actual or anticipated delays resulting from causes beyond its control (e.g., fires, strikes, floods, accidents). W.H. Bagshaw retains the sole option to accept or reject partial shipments or deliveries made ahead of schedule.
- **TERMINATION FOR CONVENIENCE & CANCELLATION:** W.H. Bagshaw reserves the right to terminate or delay any Purchase Order, in whole or in part, at any time for its sole convenience. Upon receipt of such notice, Vendor shall immediately stop all work and mitigate all costs. If W.H. Bagshaw requests a cancellation or delay for materials made specifically to its unique engineering specifications, W.H. Bagshaw's sole obligation shall be to pay for completed, conforming goods accepted by W.H. Bagshaw or to indemnify the Vendor solely for actual, documented, and unavoidable costs directly incurred prior to receipt of the cancellation notice.
- **VARIATION IN QUANTITY:** Vendor must deliver the exact quantity ordered. A standard over-run or under-run of up to 10% of the quantity ordered is permissible only when standard bulk manufacturing applies. On quantities lower than 1,000 pieces, the allowed over-run or under-run is strictly capped at 3%. Closer control or exact counts require special written arrangements on the face of the Purchase Order.
- **TOOL CHARGES & PROPERTY RIGHTS:** Where W.H. Bagshaw pays a tooling, die, or setup charge, such payment vests full, unencumbered title and ownership of the tools to W.H. Bagshaw. Such tools shall remain the property of W.H. Bagshaw but must be held by the Vendor, properly maintained, and reserved exclusively for use on W.H. Bagshaw's work for a period of at least three years from the date of the latest order. Vendor may not alter, dispose of, or remove these tools from its facility without prior written consent, and must return or transfer the tools to W.H. Bagshaw immediately upon request without additional exit, modification, or removal charges.
- **QUALITY ASSURANCE, SAMPLES & RIGHT TO AUDIT:** Vendor shall maintain a quality control system acceptable to W.H. Bagshaw. W.H. Bagshaw, its customers, and regulatory authorities reserve the right to access Vendor's facilities at any reasonable time to audit systems, processes, and inspect goods intended for W.H. Bagshaw. When Vendor is required to submit production samples, manufacturing of the remaining balance of the order shall not commence until W.H. Bagshaw provides written approval. W.H. Bagshaw's inspection, auditing, or sample approval does not relieve the vendor of liability if a latent defect is discovered later. If W.H. Bagshaw desires an engineering change after production has formally commenced, W.H. Bagshaw shall be liable only for the documented setup or adjustment expenses directly incurred.
- **CLAIMS, DEFECTS & SORTING COSTS:** W.H. Bagshaw will notify Vendor in writing of any material not meeting specifications, count discrepancies, or latent defects discovered upon inspection, sorting, or assembly. In the absence of an explicitly agreed Acceptance Quality Level (A.Q.L.) stated on the Purchase Order, W.H. Bagshaw reserves the right to inspect shipments and reject any parts found beyond tolerance. Vendor's liability for defective or non-conforming goods shall include, at W.H. Bagshaw's option, the prompt replacement of the material at Vendor's expense or a full refund of the purchase price. Vendor agrees to honor and pay all associated handling, sorting, inspecting, packaging, and return transportation charges for non-conforming shipments.
- **OUTSIDE SERVICES, SUBCONTRACTING & COMPONENT DAMAGE:** If Vendor performs processing, finishing, heat treatment, plating, or other secondary operations on materials or components supplied by or on behalf of W.H. Bagshaw, Vendor assumes full responsibility for the safe processing and integrity of such components. In the event Vendor damages, non-conformingly processes, or scraps any component beyond an agreed written scrap allowance (not to exceed 1% of the order unless otherwise agreed in writing on the Purchase Order), **Vendor's liability shall not be limited to the value of its service fee.** Vendor shall be fully liable to W.H. Bagshaw for the **full replacement value of the damaged component**, including raw material costs, prior machining and processing costs, shipping, and labor. Any limitation of liability proposed by Vendor in its quotation, acknowledgement, or invoice limiting recovery solely to the cost of Vendor's processing service is hereby expressly rejected. If Vendor subcontracts any portion of work, Vendor remains fully responsible and liable for the performance and component safety of its subcontractors.
- **INTELLECTUAL PROPERTY INDEMNITY:** Vendor shall defend, indemnify, and hold harmless W.H. Bagshaw and its customers from and against any and all claims, demands, losses, or lawsuits alleging that the goods or services supplied infringe upon any patent, copyright, trademark, trade secret, or other proprietary right of a third party.

- **COMPLIANCE WITH LAWS & FLOW-DOWN REQUIREMENTS:** Vendor agrees to comply with all applicable local, state, federal, and international laws, regulations, and executive orders. This includes, but is not limited to, compliance with the Fair Labor Standards Act, California Proposition 65, RoHS, REACH, Conflict Minerals reporting, and Export Control Laws (ITAR/EAR). Vendor is required to flow down all applicable quality, regulatory, and technical specifications to its sub-tier suppliers and subcontractors.
- **SPECIAL REQUIREMENTS:** Vendor must strictly comply with all specialized quality, regulatory, and delivery tracking requirements specified on the Purchase Order, including but not limited to "SPC", "SQC", "TQC", "PPAP", "ROHS", zero-defect mandates, just-in-time (JIT) delivery windows, or custom packaging. Compliance with these requirements must be factored into the Vendor's quoted and accepted price.
- **TAXES:** Vendor shall be solely responsible for the payment of all sales, use, excise, and customs duties imposed by any Federal, State, County, or Municipal authority upon the Vendor's manufacturing, transfer, and delivery of merchandise to W.H. Bagshaw.
- **GOVERNING LAW, JURISDICTION & VENUE:** This Agreement, and all purchase orders, transactions, disputes, claims, or legal proceedings between W.H. Bagshaw and Vendor, shall be governed by, construed, and enforced in accordance with the laws of the **State of New Hampshire**, without giving effect to its conflict of laws principles. Vendor expressly and irrevocably consents and submits to the **exclusive jurisdiction and venue of the state or federal courts located in the State of New Hampshire** for the resolution of any and all disputes, claims, lawsuits, or legal proceedings arising out of or relating to these Terms, any Purchase Order, or the products and services provided hereunder.
- **ENGINEERING AND WARRANTY:** Vendor assumes full responsibility for manufacturing and delivering components that are strictly "made to print" and fully functional according to the engineering blueprints, electronic models, and technical specifications provided or approved by W.H. Bagshaw. Vendor warrants that all goods supplied are free from defects in materials, workmanship, and fabrication, and conform perfectly to the design approved by W.H. Bagshaw.

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