



Standard Terms and Conditions of Sale

This Standard Terms and Conditions of Sale" T&Cs" shall control the sale of all Products of Scott Manufacturing Solutions. This Standard Terms and Conditions of Sale" T&Cs" shall control the sale of all Products of Scott Manufacturing Solutions (SMS) is referred to herein as "Seller." The person or entity to whom these T&Cs are referred to herein as "Purchaser." Purchaser's orders are expressly subject hereto, and Purchaser accepts these T&Cs, which may not be changed except in writing, signed by an authorized Seller official. Additional or different terms in any documents or communication from Purchaser are objected to by Seller and shall not be effective unless expressly agreed to in writing by an authorized official of Seller. The Products from Seller covered by these T&Cs are referred to herein as the "Products." These T&Cs shall remain in full force and effect unless superseded by "Special Terms & Conditions" as submitted by Seller.

The T&Cs contained in the applicable Product specifications and any supplements or modifications to that confirmed by the Seller's acknowledgment and any written specifications signed by one of the Seller's authorized executives shall constitute the complete and exclusive statement of the Seller's T&Cs.

No transactions shall be subject to any affirmation of fact or promise related to the application, performance, or description of the Product unless such affirmation or promise is in writing and signed by one of the Seller's authorized executives or is confirmed by the Seller's acknowledgment. ANY TERMS, WHETHER IN A PURCHASE ORDER OR OTHER DOCUMENT OF THE IMMEDIATE PURCHASER, IRRESPECTIVE OF THEIR MATERIALITY, THAT ARE EITHER DIFFERENT FROM OR ADDITIONAL TO THIS SELLER'S T&Cs ARE OBJECTED TO AND ARE EXCLUDED UNLESS EXPRESSLY AGREED TO IN THE SELLER'S ACKNOWLEDGMENT.

Upon submittal of the purchase order herein described as "P.O.," the Purchaser acknowledges the T&Cs have been read and understood and agrees that the Seller must provide written acknowledgment before any commencement of any work under these terms. In particular, in transactions involving a formal invitation to bid and a formal award by purchase T&Cs, the Seller's conditions of sale apply only to the extent not inconsistent with the purchase T&Cs. All past T&Cs proposed by Seller which are different from or in addition to this document by Seller and that pertain to this quotation are unacceptable to Seller, are expressly rejected by Seller, and shall not become a part of the quotation unless approved by Seller in writing to the Seller for requote. (Any modifications to this quotation shall be made per the preceding paragraph and must be agreed to and signed by one of the Seller's authorized executives.)

1. Terms of Offer (Quotation).

- a. Any price, quantity, or T&Cs stated in any quotation is effective for thirty (30) days from the date of quotation unless changed by written notice of Purchaser by Seller of "the Effective Period." No quotation shall have any force or effect after thirty (30) days from the date unless the Effective Period of such quotations is expressly extended in writing by the Seller. All quoted pricing shall be in U.S. Dollars.



Standard Terms and Conditions of Sale

- b. After the issuance of quotations, the Seller may, without notice, make design changes to modernize or improve the Product.
- c. If specified in the quotation, a materials surcharge may be applied to the net selling prices of Products at the time of shipment, depending on the cost levels of purchased parts and materials in the preceding month.
- d. Weights, dimensions, and other specifications listed in quotations are approximate, subject to change without notice, and not guaranteed unless specified by the Purchaser.
- e. ALL purchase orders must be sent to orders@Scottmfgsolutions.com unless another platform has been approved in writing.

2. P.O. Acceptance

- a. Purchaser will order Products by issuing a written P.O. to Seller. P.O.s are subject to Seller's acceptance upon delivery to Purchaser of a "P.O. Acknowledgement". If Seller rejects a P.O. due to conflicting information or inaccuracies, the P.O. will be rejected and returned to Purchaser for correction and resubmittal.
- b. All P.O.s, whether based upon specific quotations or not, are subject to acceptance by the Seller only at its general offices in Chino, California.
- c. "Long-lead items," as identified in the quotation, will be ordered upon submission of an acknowledged P.O. Should the Purchaser substitute previously identified "long-lead items," the Seller will charge the Purchaser for said items unless the material vendor accepts returns without the Seller's charge.

3. Drawing Approval.

- a. The Seller will design the Products in accordance with good commercial practice. If, at drawing approval, the Purchaser makes changes outside of the design as covered in their specifications, the Seller will be paid reasonable charges and allowed a commensurate delay in the shipping date based on the changes made.

4. Changes in Specifications.

- a. Changes or revisions from specifications upon which the quotation is issued shall be charged to and paid by the Purchaser at the Seller's applicable rates.
- b. The Purchaser shall extend the Seller's performance time to cover any additional design or production time necessitated by changes requested. Purchaser shall hold Seller harmless from any claims, liability, and damage, directly or indirectly, arising from any such extension.

5. Prices and Terms.

- a. Milestone payments or deposits may be required at the Seller's discretion.
- b. Terms are net thirty (30) days from the invoice date unless otherwise expressly agreed in writing.
- c. If, in the judgment of Seller, the credit status of Purchaser, at any time, does not justify the continuation of Production or shipment of Product ordered on



Standard Terms and Conditions of Sale

the terms of payment agreed upon, Seller, in its sole discretion, may require revision of payment terms to its satisfaction or shall declare the work and work in progress outstanding, without obligation by either Purchaser or Seller concerning unshipped Product.

- d. If any payment is not made in total when due, Seller is entitled to recover possession of the Product shipped. If they are in the Purchaser's possession or control, the Purchaser shall collect them at a place designated by the Seller. Repossession by Seller shall not exclude or modify any remedy provided by law. Also, if total payment is not made when due, Seller may require, for any P.O.s or items or quantities thereon then outstanding, full or partial payment in advance or shall be entitled to cancel or defer any of such P.O.s or quantities thereon and shall be entitled to payment by Purchaser for all damages.
- e. If any proceeding is brought by or against Purchaser under bankruptcy or insolvency laws, Seller shall be entitled to cancel any P.O.s or items or quantities thereon outstanding as of the date of such bankruptcy or insolvency. In the event the Purchaser defaults on payment, the Purchaser shall be liable for all collection costs incurred by the Seller, including, but not limited to, attorney and collection agency fees if the Purchaser does not pay when due, past due amounts are subject to service charges of one and one-half (1 ½) percent per month or the maximum permitted by law. In the event of litigation about any matter covered by these T&Cs, the Purchaser agrees to waive any right that it may have to a jury trial or any or all issues that may be raised in such litigation.

6. Payments.

- a. All payments shall be in U.S. Dollars.
- b. Unless otherwise specified, payments are due Net 30 from the date of shipment. If the Purchaser delays shipments, payments are due when the Seller is prepared to make the shipment, which the Seller will invoice as "Ship in Place."
- c. Direct any disputed amount on the invoice to the Controller, Scott Manufacturing Solutions, 5051 Edison Avenue, Chino, California 91710. Payment of anything other than the exact amount invoiced shall only be deemed satisfactory if authorized in writing by the Controller.
- d. If the Purchaser delays the work performed hereunder, the Purchaser shall make payments based on the purchase price and completion percentage. Equipment held for the Purchaser shall be at the Purchaser's risk and expense.
- e. If the financial condition of the Purchaser at any time does not, in the judgment of the Seller, justify continuance of the work to be performed by the Seller on the terms of payment as agreed upon, the Seller may require full or partial payment in advance, or shall be entitled to cancel any order then outstanding, and shall receive reimbursement for its reasonable and proper cancellation charges, for if in the event of bankruptcy or insolvency of



Standard Terms and Conditions of Sale

the Purchaser or the event any proceeding is brought against the Purchaser, voluntarily or involuntarily from service or reinstallation or disassembly or reassembly, or claims of their parties against the Purchaser of this T&Cs, however arising. No sales representative of Seller has the authority to alter, vary, or waive any of the standard terms and conditions herein.

7. Delayed Payments.

- a. Payment is expected upon delivery; see 6b. If we do not receive payment in full on any invoice within thirty (30) days, late charges at .8333% interest per month (10% per year) will be imposed on your unpaid balance after 30 days. or a fraction thereof, or the highest legal rate, on the unpaid balance.
- b. A grace period for the first month is fifteen(15) days after due.

8. Price Adjustments.

- a. Prices stated on the Seller's P.O. Acknowledgment, or items or quantities thereon, for which the earlier of the actual scheduled date of shipment(the "Controlling Date")is within 360 days from the date of P.O. Prices are not subject to upward or downward adjustment unless specified in the quotation.
- b. Prices for P.O.s, or items or quantities thereon, for which the Controlling Date is beyond 360 days after the date of order, may be increased at the time of shipment by the number of percentages which will not cumulatively exceed One (1) percent for each full 30-day period or fraction thereof by which the Controlling Date is beyond 360 days after the date of order.

9. Taxes.

- a. The purchase price for Products does not include taxes or other charges. The Purchaser shall pay all taxes, including sales, use, privilege, excise, or other taxes or related charges levied by any jurisdiction and shipping, handling, insurance, brokerage, and similar fees pertaining to the Products. Where the Seller is required to pay or collect sales, use, or other taxes, the Seller will invoice amounts as a separate line item.

10.The financial condition of the Purchaser

- a. Seller shall determine Purchaser's credit limit from time to time at Seller's discretion, and Purchaser will provide Seller with such financial information from time to time as may be reasonably requested by Seller. If any P.O. by Purchaser exceeds its credit limit, or if Purchaser fails to make payments when due or otherwise defaults or commits a breach hereunder, Seller, effective immediately upon giving notice to Purchaser, may do the following:
 - i. Suspend credit and delay shipment until meeting such terms and/or
 - ii. Alter the terms of payment and/or
 - iii. Cancel any order that is outstanding and/or
 - iv. Pursue any other remedies available by law or equity by Seller.
- b. If the Purchaser fails to pay any charges when due, the Seller may charge the Purchaser a late payment charge, as noted in Article 6b.

11.Delivery.

- a. Prices are "free-on-board (FOB)common carrier shipment point" unless specified in the quote summary.



Standard Terms and Conditions of Sale

- b. The shipping dates in the quotation are approximate and based upon prompt receipt of all necessary information from the Purchaser. Any delay in receipt of complete information shall extend the delivery date by a reasonable time based on the condition of the Seller's factory.
- c. The packaging of products is according to the Seller's standard practice.
- d. The Purchaser is responsible for unloading shipments and providing suitable facilities and personnel at the delivery point. Where the Seller elects to ship via its vehicles, a maximum of two hours of unloading time (after the vehicle's arrival) will be allowed without extra charge.
- e. Risk of loss under F.O.B., except for shipments via the Seller's vehicles and risk of loss of the Products or any part thereof, shall pass to the Purchaser upon delivery to the common carrier at the point of shipment. The Seller will assist the Purchaser in submitting claims for loss or damage.
- f. Where the Seller elects to ship via its vehicles, the risk of loss of the Products or any part thereof shall pass to the Purchaser upon their arrival at the delivery point for unloading shipments.
- g. The method and route of all prepaid freight shipments are optional with the Seller. If the Purchaser specifies that shipment mode other than the option by Seller, the Purchaser will bear the additional expense. All common carriers must use flatbeds with air-ride suspension to ensure the safe delivery of our Products. Crating of the Product will be at the Purchaser's additional expense. If the destination may be reached in part by boat shipment only, water shipment will be at the "Purchaser's expense." In addition to the water shipping charges, cartage to the boat will be at Purchaser's expense. If a shipment is accepted by the Purchaser along the destination and re-forwarded by the Purchaser, the re-forwarding is at the Purchaser's expense. No allowance will be made for freight if the Purchaser accepts shipments at the Seller's factory or if "collect shipments" are requested.
- h. Premium freight methods will minimize transportation time when handling charges are required for expedited product shipments. Due to the extra attention needed by such P.O.s, a handling charge of \$500.00 will apply in addition to the additional charges for premium freight.
- i. For P.O.s with the Seller's selection of transportation prepaid to common carrier delivery point nearest first destination, a fuel surcharge will be added to the invoice, if specified in the quotation. This fuel surcharge will be calculated at the time of shipment and will be equal to 0.00875% of the net value of the order for every **\$0.05** increase in fuel price above a base fuel price at the time of shipment determined from the National Average Diesel Fuel Price Index provided by the United States Department of Energy.

12. Force Majeure.

- a. The Seller shall not be liable to the Purchaser for any failure or delay in complying with this T&Cs, if such failure or delay shall be due to any act of God, nature or the public enemy, accident, explosion, operation malfunction, or interruption, fire, storm, earthquake, flood, drought, epidemic or



Standard Terms and Conditions of Sale

pandemic, perils of the sea, strikes, lockouts, labor disputes, riots, sabotage, embargo, war (whether or not declared and whether or not the United States is a participant), federal, state, or municipal legal restriction or limitation or the compliance in addition to that, failure or delay of transportation, shortage of, or inability to obtain raw materials, supplies, equipment, fuel, power, labor or other operational necessities, interruption or curtailment of the power of other energy or fuel supply or any other circumstances of similar nature beyond the reasonable control of the Seller. The Seller shall not be required to resolve labor disputes or disputes with the supplier of raw materials, supplies equipment from service or reinstallation or disassembly or reassembly, or claims of their parties against the Purchaser of this T&Cs, however arising. No sales representative of Seller has the authority to alter, vary, or waive any of these T&Cs herein.

13. Claims for Shortages or Shipping Damages.

- a. ALL claims must be submitted to customerexperience@Scottmfgsolutions.com. Any Product received damaged must be noted on the delivery receipt by the delivery carrier at the time of delivery and reported to the Seller no later than seven (7) days after receipt of shipment. The Purchaser must make claims for shortage of Products in writing to the Seller within twenty (20) days after receipt of shipment. For any claims under this paragraph (13) for which the Seller may be liable, the Purchaser's exclusive remedy shall be by repair or replacement. "F.O.B. factory," as the Seller may elect, of such Product, and NO in and out charges are allowed.

14. Concealed Damage.

- a. In accordance with I.C.C. regulations, concealed damage claims must be reported and confirmed in writing to the delivering carrier no later than ten (10) days from the date the shipment was initially received.
- b. Except in the event of F.O.B. destination shipments, Seller will not participate in any settlement of claims for concealed damage. When a shipment has been on an F.O.B. destination basis, the Purchaser must unpack immediately and, if the discovery of damage, must:
 - Not move the Products from the point of examination,
 - Retain the shipping container and packing material,
 - Notify the carrier in writing of any apparent damage,
 - Notify Seller representative at customerexperience@scottmfgsolutions.com within 72 hours of delivery and,
 1. Provide photographic evidence for swift claim resolution and a copy of the carrier's inspection report.

15. Liquidated Damage.

- a. P.O.s that include liquidated damage clauses for failure to meet shipping or job completion promises are only acceptable or binding on Seller if they are accepted explicitly in writing and signed by one of the Seller's authorized executives at its head office.



Standard Terms and Conditions of Sale

16>Returns.

- a. The Purchaser may only return Products after securing a return merchandise authorization (R.M.A.) number and identification labels from Seller at customerexperience@Scottmfgsolutions.com. Seller authorizes Purchaser to return unused, recently received Products. Charges will be made to cover outgoing transportation paid by the Seller, plus the cost of restocking, repacking, re-inspection, repair, or disassembly. In general, charges over and above the transportation will be at 75% or more of the net selling price for products of a custom nature, which must be unpacked and disassembled when certain parts and subassemblies may be salvageable.
- b. Authorized returns, with the return R.M.A. number identified on the Product, should be shipped, freight prepaid and at the immediate Purchaser's risk, to the address below unless otherwise instructed:
Scott Manufacturing Solutions Returns Center
5051 Edison Ave.
Chino, CA 91710
- c. The Seller will only accept cancellations or modifications of a P.O. by the Purchaser in writing and on that payment made to the Seller for expenses incurred up to the time that the Seller accepts the cancellation or modification, for this Seller will assess a minimum charge of \$500.00. Unless otherwise provided, if there has been an accumulation of materials engineering or drafting, Seller will base the cancellation on actual costs incurred, plus a reasonable allowance for overhead and profit up to 100% of the selling price.
- d. The Seller will not be responsible for any back charges to correct any possible manufacturing error, modifications to meet existing conditions, or for any reason whatsoever unless authorized by the Seller in writing. The Purchaser should report any field problem to the Seller at customerexperience@Scottmfgsolutions.com

17.Limitations of Liability.

- a. The Purchaser's exclusive remedy on any claim of any kind for any loss or damage arising out of, connected with, or resulting from this T&Cs, or the performance or breach thereof, or from the design, manufacture, sale, delivery, resale, or repair or use of any Products covered by or furnished under this T&Cs, including but not limited to any claim of negligence or another tortious breach, shall be the repair or replacement, "F.O.B. factory," as the Seller may elect, or the Product or part thereof giving rise to such claim, except that the Seller's liability for such repair or replacement shall in no event exceed the purchase price allocatable to the Products or part



Standard Terms and Conditions of Sale

thereof (which gives rise to the claim.) THE SELLER SHALL IN NO EVENT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

18.Storage.

- a. Any item of the Product (s) on which manufacture or shipment is delayed by causes within Purchaser's control or by causes which affect the Purchaser's ability to receive the Product (s) may be placed in storage for an agreed-upon amount by Seller for Purchaser's account and risk. The Product may be "shipped in place" to afford constructive delivery.

19.Assignment.

- a. Any assignment of the P.O., or any rights hereunder, by the Purchaser without the written consent of the Seller shall be void. The provisions of any third-party contracts resulting from the P.O. are for the benefit of the parties hereto and not for any other person. No waiver, alteration, or modification of any of the provisions in this T&Cs shall be binding unless in writing and signed by a duly authorized representative of the Seller and Purchaser.

20.Termination.

- a. The Purchaser may terminate any order only upon written notice and payment of reasonable and proper termination charges, plus a profit. Such fair and appropriate termination charges shall include but are not limited to, all costs incurred at receipt of written termination notice for any accumulation of materials, costs of terminating P.O.s on said materials, and engineering or drafting fees. The Seller will base the termination charge on actual costs incurred, plus a reasonable allowance for overhead and profit up to 100% of the selling price as usual and customary.

21.Inspection and Testing.

- a. Seller's standard specifications and tests apply to all orders. All charges for inspections or tests not regularly furnished are for the Purchaser's account, and the quotation will identify any additional fees. Seller shall conduct all inspections at Seller's plant, and failure of Purchaser to avail himself of inspection privileges shall be deemed a waiver of such privileges. Seller may also include additional recommended specific non-standard testing in the quotation. If the Purchaser refuses such recommendations, the Purchaser will hold the Seller harmless, and the Seller shall not be liable for any penalty or any special, consequential, or incidental damages, such as loss of profits or revenue, loss of other equipment, downtime costs, costs associated with the removal of the equipment from service or reinstallation or disassembly or reassembly, or third-party claims against the Purchaser.
- b. Seller shall comply with standard industry quality practices and procedures. Seller agrees that Purchaser shall have the right to enter Seller's facility at reasonable times to inspect the facility, Product, materials, and any property of Purchaser covered by this P.O. and Seller's records.

22.Warranty.

- a. For twelve (12) months from the date of shipment, Seller warrants to Purchaser that the Products delivered will be of the kind and quality specified



Standard Terms and Conditions of Sale

in the quotation description and will be free of defects of quality and materials. Should any failure to conform to the warranty appear under proper and regular use, the Seller agrees, upon prompt written notification to customerexperience@Scottmfgsolutions.com thereof and confirmation, that the equipment has been stored, installed, operated, and maintained following all recommendations of the Seller and standard industry practice, to correct the nonconformity, either by repairing any damaged or defective parts of the equipment, or (at Seller's option) by shipment of necessary replacement parts. The Purchaser agrees that any claim of any kind by the Purchaser based on or arising out of these T&Cs or otherwise shall be barred unless asserted by the Purchaser by the date noted above. No sales representative of Seller has the authority to alter, vary, or waive any of these T&Cs. To the extent permissible, Seller shall extend to Purchaser the rights and warranties that Seller received from the original material vendor for the material used in the manufacture of Products. The Seller and Purchaser shall work in good faith on other warranty claims that the Seller can assert against the material vendors. As required, Seller shall disclose the warranties it receives from its material vendor(s) so far as not prohibited by agreement with such vendors. Seller shall work with Purchaser to develop a mutually agreeable process to review the Vendor's terms and conditions of the material warranties provided by approved material vendors in an effort, jointly with Seller where appropriate, to extend the terms of such Material warranties to the Purchaser of the Products incorporating such material, and so that the warranty period of such Material warranties becomes co-extensive with the Warranty Period provided for in respect of the Product provided by Vendor to Seller.

- b. Seller does not provide a warranty for any defects or nonperformance of materials solely specified by Purchaser.
- c. Product built-to-order is not subject to return for credit.

23. Warranty for Service (Limited)

- a. The warranty described in the preceding paragraph is exclusive, and the remedies provided above for breach of this warranty shall constitute Purchaser's sole remedy and fulfillment of all Seller's liability. In no event shall Seller's liability to Purchaser exceed the specific Product's price, which gives rise to Purchaser's claim. The Seller's warranty does not apply to major components; however, the Seller will assign to the Purchaser all manufacturers' warranties that apply to such major components. All other warranties, whether express or implied or arising by operation of law, course of dealing, usage of trade, or otherwise, are excluded. The only warranties are those stated herein, and there are no express or implied warranties of merchantability or fitness for a particular purpose. The Seller shall not be liable for any penalty or any special, consequential, or incidental damages, such as loss of profits or revenue, loss of other equipment, downtime costs, costs associated with the removal of the equipment from service or



Standard Terms and Conditions of Sale

reinstallation or disassembly or reassembly, or third-party claims against the Purchaser.

24. Seller's Remedies

- a. The rights of Seller specified herein are cumulative and in addition to those available to Seller at law or in equity. No delay or failure by Seller to exercise any right or remedy shall impair any of such rights or remedies or be construed as a waiver of any breach or acquiescence therein. Any single or partial exercise of any right or remedy shall not preclude other or further exercise or the exercise of any other right or remedy.

25. Proprietary Rights

- a. The sale of the Product hereunder to Purchaser shall in no way be deemed to confer upon Purchaser any right, interest, or license in any patents or patent applications that Seller may have covering the Product; Seller retains for itself all proprietary rights, in and to all designs, engineering details and other data and materials about any Product supplied Seller, and to all discoveries, inventions, patents, and other proprietary rights arising out of work done in connection with the Product or with any Products developed as a result of thereof, including the sole right to manufacture any such Products. Purchaser warrants that it will not divulge, disclose, or use such information (e.g., as-built drawings, software, and design information) and will not manufacture or manufacture such Products.

26. Assignment

- a. The Purchaser may only assign the Purchase Order with the express written consent of the Seller, for which consent will not be unreasonably withheld.

27. Clerical Errors

- a. The Seller reserves the right to correct clerical errors or omissions in quotations, acknowledgments, invoices, or other documents.

28. EEO Compliance

- a. The Seller shall abide by the requirements of 41 C.F.R. §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status, or disability.

29. California Law Governs

- a. Any Purchase Order issued under this quotation shall be governed by and construed by the laws of the State of California, and any disputes arising hereunder will be heard by a court of competent jurisdiction in California. These T&Cs shall remain in full force and effect and shall be deemed as accepted upon receipt of P.O. from Purchaser unless superseded by a



Standard Terms and Conditions of Sale

supplement to these T&Cs and agreed in writing by an officer of the Company of both Purchaser and Seller.

30. Entire T&Cs

- a. This quotation and these T&Cs, together with attachments, exhibits, or supplements specifically referenced in the quote, constitute the entire understanding between Seller and Purchaser and supersede all prior oral or written representations and T&Cs. Any changes to the P.O. must be by a change order by the Purchaser.