



## SUPPLIER TERMS & CONDITIONS

These **SUPPLIER TERMS & CONDITIONS** (“Terms”) govern all goods, parts, components, materials, and services (“Goods”) supplied to R.A. Pearson Packaging Company, dba Pearson Packaging Systems (“Pearson”) by Supplier. These Terms are incorporated into and form part of each purchase order issued by Pearson. Supplier’s acceptance of a purchase order, shipment of Goods, or commencement of performance constitutes Supplier’s acceptance of these Terms.

If the Parties have executed a separate Supplier Stocking Agreement, that agreement governs inventory planning and commercial stocking parameters. These Terms govern warranties, remedies, risk allocation, and legal obligations applicable to all Goods.

Any additional or different terms proposed by Supplier are rejected unless expressly agreed in writing by Pearson.

**1. Scope and Applicability.** These Terms apply to all Goods supplied to Pearson, whether pursuant to a purchase order, stocking agreement, release, or other ordering document. Where the Parties have executed a separate Supplier Stocking Agreement, such agreement governs inventory planning, stocking levels, and commercial supply parameters. These Terms govern warranties, remedies, risk allocation, and legal obligations. In the event of conflict, the Stocking Agreement shall control solely with respect to inventory planning and commercial stocking matters.

**2. Payment Terms.** Unless otherwise expressly set forth in the applicable purchase order or agreed to in writing by Buyer, all invoices shall be due and payable one-hundred twenty (120) days from the later of (i) Buyer’s receipt of a correct and complete invoice, or (ii) Buyer’s receipt and acceptance of the applicable goods or services. Buyer may, at its option, take an early payment discount of two percent (2%) of the invoiced amount if payment is made within ten (10) days of the applicable invoice date. Buyer may withhold, offset, or deduct from any amounts due to Supplier any amounts disputed in good faith or owed by Supplier to Buyer. Supplier shall promptly notify Buyer of any disputed invoices, and the Parties shall work in good faith to resolve such disputes. Buyer shall pay all undisputed amounts in accordance with these terms.

**3. Warranties.** Supplier warrants that all Goods furnished to Pearson shall strictly conform to Pearson’s drawings, specifications, approved revisions, samples, and quality requirements. Supplier further warrants that the Goods shall be new (unless otherwise agreed in writing), free from defects in design, material, and workmanship, merchantable, and fit for their intended purpose. All Goods must be fully finished and production-ready upon delivery and shall not require additional machining, finishing, rework, or correction by Pearson. Supplier warrants that the Goods comply with all applicable federal, state, and local laws and regulations.

Unless otherwise agreed in writing, the warranty period shall be the greater of twenty-four (24) months from installation of the Goods into Pearson equipment or thirty-six (36) months from delivery to Pearson.

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The warranty period shall restart for any repaired or replaced Goods. These warranties are cumulative and in addition to any warranties available under applicable law.

**4. Downstream Warranty Support.** Supplier acknowledges that Pearson incorporates the Goods into equipment sold to end users subject to warranty obligations. Supplier agrees that its warranties under these Terms shall apply to the Goods as installed in Pearson equipment and may be extended by Pearson to its customers as part of Pearson's equipment warranty.

Supplier shall honor valid warranty claims arising from defects in the Goods when such claims originate from an end user of Pearson equipment, provided that the defect is attributable to Supplier and not caused by misuse, improper installation, or unauthorized modification. Supplier agrees to cooperate reasonably with Pearson in investigating, diagnosing, and resolving warranty claims involving end users. Nothing in this Section creates a direct contractual relationship or third-party beneficiary rights between Supplier and any end user.

**5. Inspection and Remedies.** Pearson may inspect the Goods upon receipt and may reject any Goods that do not conform to the warranties set forth in these Terms. Payment does not constitute acceptance. If Goods are defective or nonconforming, Pearson may, at its option, require repair or replacement at Supplier's expense, return the Goods for credit, correct the nonconformity and recover reasonable, documented direct costs incurred as a result, or cancel the affected purchase order in whole or in part.

**6. Nonconforming Goods; Limited Corrective Action.** Pearson expects all Goods to be delivered fully conforming and production-ready. Pearson is not obligated to modify, repair, or correct nonconforming Goods. If, in order to prevent material production delay or customer impact, Pearson elects to correct or rework nonconforming Goods, Pearson shall, where practicable, provide notice to Supplier prior to performing such corrective action. Such action shall not constitute acceptance of the Goods, shall not waive Supplier's warranty obligations, and shall not relieve Supplier of responsibility for the underlying nonconformance. Supplier shall remain responsible for reasonable, documented direct costs directly attributable to the defect. Pearson shall not modify conforming Goods in a manner that alters form, fit, or function without Supplier's prior written approval.

**7. Indemnification.** Supplier shall indemnify, defend, and hold harmless Pearson and its affiliates, officers, directors, and employees from and against any third-party claims, damages, losses, liabilities, and expenses, including reasonable attorneys' fees, arising out of or relating to defective Goods, Supplier's negligence or willful misconduct, Supplier's breach of these Terms, Supplier's violation of applicable law, or claims that the Goods infringe or misappropriate any intellectual property rights of a third party. Supplier's indemnification obligations shall survive termination of any purchase order.

**8. Limitation of Liability.** Except for Supplier's indemnification obligations, intellectual property infringement claims, or claims involving gross negligence or willful misconduct, Supplier's total liability arising out of or relating to any purchase order shall not exceed the greater of the amounts paid by Pearson under the applicable purchase order or Five Hundred Thousand Dollars (\$500,000).

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In no event shall either party be liable to the other for indirect, incidental, special, or consequential damages, including lost profits, except to the extent such damages are part of a third-party claim covered by Supplier's indemnification obligations.

**9. Intellectual Property.** Supplier represents and warrants that the Goods do not infringe or misappropriate any patent, trademark, copyright, trade secret, or other intellectual property rights of any third party. All drawings, specifications, designs, data, and other materials furnished by Pearson remain Pearson's property and shall be used solely for fulfilling Pearson purchase orders. Supplier shall not use or disclose such materials for any other purpose without Pearson's prior written consent.

**10. Insurance.** Supplier shall maintain commercially reasonable insurance coverage, including commercial general liability insurance and products/completed operations coverage, in amounts sufficient to support Supplier's obligations under these Terms. Supplier shall provide evidence of such insurance upon reasonable request.

**11. Compliance with Law.** Supplier shall comply with all applicable federal, state, and local laws and regulations in connection with its performance, including labor, environmental, trade compliance, and export control laws. Supplier shall promptly notify Pearson of any material compliance issue that could affect the Goods or Supplier's ability to perform.

**12. Force Majeure.** Neither Party shall be liable for delay in performance caused by events beyond its reasonable control that are unforeseeable and not caused by the fault or negligence of the affected Party, including natural disasters, acts of war, terrorism, or government-imposed restrictions. The affected Party must provide prompt written notice and use commercially reasonable efforts to mitigate the impact of the event.

Force majeure does not include economic hardship, increases in cost, labor shortages, supplier or subcontractor failures, internal capacity constraints, raw material shortages, transportation delays, or other commercial supply chain disruptions. If a force majeure event continues for more than thirty (30) days, Pearson may cancel affected purchase orders without penalty.

**13. Confidentiality.** Supplier shall treat all non-public technical, commercial, and operational information received from Pearson as confidential and shall use such information solely for fulfilling Pearson purchase orders. Confidentiality obligations shall continue for five (5) years after disclosure or longer if the information constitutes a trade secret under applicable law.

**14. Assignment.** Supplier may not assign or transfer its rights or obligations under these Terms without Pearson's prior written consent.

**15. Governing Law and Venue.** These Terms and all purchase orders shall be governed by the laws of the State of Washington, without regard to its conflict-of-law principles. The parties agree that any dispute arising under these Terms shall be brought exclusively in the state or federal courts located in Spokane County, Washington.

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**16. Survival.** The provisions relating to warranties, indemnification, intellectual property, confidentiality, limitation of liability, and governing law shall survive termination or expiration of any purchase order.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date first written above.

**PEARSON PACKAGING SYSTEMS**

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Signature

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Signature

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Name

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Name

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Title

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Title

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Date

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Date

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