

SALES TERMS & CONDITIONS

Shawnee Specialties, Inc.
Revision 260226

1. Acceptance & Order of Precedence

These Sales Terms & Conditions (“Terms”) govern all quotations, acknowledgments, sales, tooling, and shipments by Shawnee Specialties, Inc. (“Seller” or “Shawnee”).

Buyer’s issuance of a purchase order, acceptance of quotation, release of material, receipt of goods, or payment constitutes acceptance of these Terms.

All additional, conflicting, or flow-down terms contained in Buyer’s purchase orders, supplier portals, OEM agreements, APAs, blanket terms, or other documents are expressly rejected unless specifically agreed to in writing by an authorized officer of Shawnee.

In the event of conflict, Shawnee’s written quotation and these Terms shall control.

2. Quotations & Validity

Quotations are valid for sixty (60) days unless otherwise stated in writing. Pricing is based upon specifications, annual volumes, alloy, cosmetic classification, and commercial assumptions in effect at time of quotation.

Shawnee does not accept frozen or multi-year pricing unless expressly stated in writing.

3. Specifications, Drawings & Design Responsibility

Buyer is solely responsible for the accuracy, completeness, and revision level of all drawings, CAD models, specifications, tolerance stack-ups, performance requirements, and regulatory disclosures.

Unless expressly engaged in writing for design ownership, Shawnee assumes no responsibility for part design suitability, system performance, or downstream assembly compatibility.

Shawnee will manufacture to the latest revision received at time of order acceptance. Delays, scrap, or rework caused by incomplete, inaccurate, or revised specifications are Buyer’s responsibility.

Engineering changes, tolerance tightening, cosmetic reclassification, increased Cpk requirements, inspection expansion, or specification modifications after quotation or order acceptance constitute a commercial scope change and entitle Shawnee to equitable adjustment.

4. Production Capability, Yield & Cosmetic Standards

Pricing is based upon assumed production scrap rates, yields, cycle times, alloy behavior, and process capability consistent with comparable geometry, annual volume, and defined cosmetic classification at time of quotation.

Final commercial pricing is contingent upon validation during tool prove-out, pre-production trials, and PPAP (if applicable).

If validated scrap rates, cosmetic yield, dimensional capability, or cycle time materially deviate from reasonable production assumptions due to:

- part geometry
- tolerance stack-up
- cosmetic expectations
- specification constraints
- downstream assembly requirements

Shawnee reserves the right to:

- (a) request engineering review and design modification,
- (b) implement process adjustments subject to cost recovery, or
- (c) equitably adjust pricing to reflect validated production performance.

Unless otherwise expressly agreed in writing, parts are quoted as functional surfaces and not Class A cosmetic surfaces.

Post-award cosmetic upgrades or inspection standard expansions constitute a commercial change.

5. Tooling Ownership, Use & Lien Rights

Unless otherwise agreed in writing, Buyer shall pay for all tooling, dies, gauges, fixtures, and related equipment.

Tooling remains in Shawnee's possession until paid in full. Shawnee retains a lien on tooling and on product produced with such tooling until all outstanding balances are satisfied.

Normal wear maintenance is included. Extraordinary repair, refurbishment, relocation, engineering modification, or replacement due to design or specification changes is Buyer's responsibility.

Inactive tooling may be disposed of after two (2) years of inactivity unless otherwise agreed.

6. PPAP, FAIR & Special Compliance Requirements

Automotive PPAP (AIAG Level 3 unless otherwise quoted), Defense First Article Inspection Reports, source inspections, capability studies beyond standard validation, customer-specific manuals, and OEM flow-downs must be quoted in advance.

Additional documentation, resubmissions, or expanded compliance requirements imposed after quotation constitute a scope change.

Delays in Buyer approval do not delay payment obligations.

7. Delivery, Risk of Loss & Inspection

Shipping terms are FCA Shawnee Dock, Incoterms® 2020, unless otherwise stated in writing.

Risk of loss transfers at loading.

Buyer must inspect shipments within ten (10) days and notify Shawnee in writing of any shortage or nonconformance. Failure to provide timely notice constitutes acceptance.

8. Warranty – Repair, Replace or Credit Only

Shawnee warrants that products conform to agreed print and material specification at time of shipment.

Warranty period: ninety (90) days from ship date.

Shawnee's sole obligation is, at its option:

- (a) repair,
- (b) replacement, or
- (c) credit of nonconforming product.

THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED.

9. Warranty Exclusions & Field Costs

Shawnee shall not be liable for:

- field labor
- travel or technician costs
- line downtime
- production interruption
- OEM penalties
- recall costs
- system-level failures
- sorting without prior written approval
- downstream assembly scrap
- cosmetic reclassification after launch

Liability is limited strictly to product manufactured by Shawnee.

10. No Chargebacks or Offsets

Buyer shall not issue unilateral chargebacks, offsets, debits, deductions, PPV recoveries, or warranty back-charges without Shawnee's prior written approval or mutually executed settlement agreement.

Unauthorized deductions are invalid.

Shawnee may suspend shipments until account balance is restored.

11. Economic Adjustments

Prices may be adjusted due to:

- alloy index fluctuations
- energy or utility surcharges

- labor increases
- tariffs
- freight changes
- regulatory cost impacts
- validated scrap rate deviations
- sustained volume variation exceeding $\pm 15\%$ annually

Multi-year programs are subject to annual economic review.

12. Limitation of Liability

Shawnee's total aggregate liability shall not exceed the amount paid for the specific shipment giving rise to the claim.

Shawnee shall not be liable for consequential, incidental, punitive, or special damages, including lost profits, downtime, excess freight, or government penalties.

This limitation applies regardless of conflicting OEM or Tier flow-down terms.

13. Indemnification

Buyer shall indemnify and hold Shawnee harmless from claims arising from:

- Buyer's design
- use in safety-critical systems
- defense or weapons applications
- ITAR/EAR violations not caused by Shawnee
- system-level failures

Buyer must disclose controlled technical data prior to transfer.

14. Payment Terms

Standard terms: Net 30 days.

Past due balances accrue 1.5% per month.

Shawnee may suspend shipments for nonpayment or unauthorized deductions.

Buyer agrees to pay collection costs, including attorney fees.

15. Cancellation & Stop Work

Orders may not be cancelled or rescheduled without written consent.

If permitted, Buyer shall pay:

- completed goods at full price
- WIP at cost plus overhead
- raw material at cost
- non-cancelable commitments
- administrative and transition costs

Government stop-work orders do not relieve Buyer of payment obligations.

16. Intellectual Property & Process Ownership

Shawnee retains all rights to manufacturing methods, gating systems, runner design, process parameters, and tooling engineering concepts.

Reverse engineering of tooling or proprietary processes is prohibited.

17. Force Majeure & Commercial Impracticability

Shawnee shall not be liable for failure or delay caused by events beyond reasonable control, including material shortages, energy disruptions, labor interruption, regulatory changes, or extraordinary cost increases.

If performance becomes commercially impracticable, Shawnee may adjust pricing or suspend performance upon notice.

18. Governing Law & Venue

Governed by Michigan law and UCC Article 2.

Venue exclusively in Berrien County, Michigan or the U.S. District Court for the Western District of Michigan.

19. Entire Agreement

These Terms constitute the entire agreement and may not be modified except in writing signed by an authorized officer of Shawnee.