

# Supplier Agreement

*In compliance with:*

## ISO 13485

Date	Rev.	DCN	Originator	DCN Description
6/1/2024	A	1019	LM	Initial Release

**1.0 Purpose**

1.1 The purpose of this document is to define the agreement between LHM Engineering and its suppliers.

**2.0 Scope**

2.1 The scope of this document includes all purchases order agreements written by LHM Engineering to its suppliers

**3.0 Procedure**

**3.1 Offer and Acceptance**

A Purchase Order (PO) represents an offer by LHM Engineering (LHM) to buy the goods or services (the Goods) specified on the PO from the supplier (Seller) named in this PO. If the Seller accepts this PO, a contract is established between LHM, and the Seller based on the terms outlined below and on the PO itself. The Seller can accept this PO either by notifying LHM in writing of their acceptance or by beginning to fulfill their obligations under this PO. Acceptance of this offer by LHM is strictly limited to the terms stated on the PO, and any additional or differing terms proposed by the Seller are rejected. The terms of the PO take precedence over any terms in quotations, acknowledgments, invoices, correspondence, or any other sources unless specifically agreed upon by LHM in writing.

**3.2 Prices**

LHM will not pay any price for the Goods higher than what is stated on the PO. If no price is listed, the Goods will be billed at the lower of the last quoted price to LHM, the last price paid by LHM, or the Seller's current standard price. The Seller guarantees that the prices charged to LHM will not exceed the lowest net price offered to any other customer purchasing similar goods in similar quantities. Unless otherwise specified, the prices include all packaging, handling, storage, and delivery costs. The Seller is responsible for any delivery charges that LHM has agreed in writing to reimburse. Unless otherwise provided herein, the prices include all taxes not expressly imposed by law on LHM. Payment terms for the Goods are net 30 days from LHM's receipt of an invoice from the Seller.

**3.3 Delivery and invoicing**

LHM expects 100% quality parts and on-time delivery based on proper planning information. LHM is not obligated to accept substitutes, late deliveries, deliveries in quantities other than those ordered, or unreasonably early deliveries. The Seller must immediately notify LHM in writing of any actual or potential issue that could delay timely performance under the PO. Unless specified otherwise on the PO, the Seller retains the risk of loss or damage in transit until the Goods are delivered to LHM's specified destination. The Seller must email an invoice to LHM the day after shipment. The invoice should include the PO number, quantities shipped, part numbers or other item descriptions, and unit prices. A carrier's freight bill and a packing slip listing the PO number, quantity shipped, and part number or other description should be included with each shipment.

**3.4 Change Requests**

LHM reserves the right to make changes at any time to the specifications and drawings related to the Goods, delivery schedules, and packaging or destination requirements by notifying the Seller in writing. If these changes result in an increase or decrease in cost or time needed for performance, the parties will make an equitable adjustment to the contract price or delivery schedule. The Seller waives all claims for adjustment under this clause unless a written claim is made within ten (10) days of receiving notice of the change. The Seller agrees to inform LHM of any proposed changes to the Goods or their manufacturing process. Any changes that impact the form, fit, or function of the Goods require written approval from LHM before implementation.

### **3.5 Inspection**

LHM or its agents may inspect and test the Goods at the Seller's location during manufacture at their own expense and have the right to inspect the Goods upon delivery or completion. LHM reserves the right to reject any substandard, non-conforming, or defective Goods.

### **3.6 Confidentiality**

If LHM provides the Seller with any blueprints, drawings, engineering information, or other technical data, whether written or oral, the Seller agrees to treat all such information as LHM's confidential information and only disclose it on a need-to-know basis to fulfill the PO. All proprietary rights, including copyrights, in any documents or other materials prepared by the Seller for LHM will belong exclusively to LHM. The Seller agrees that providing Goods to LHM constitutes a "work made for hire" relationship for purposes of copyright law and other intellectual property laws. The Seller will not advertise or publish that they have received a PO from LHM to supply Goods without first obtaining LHM's written consent.

### **3.7 Cancellation by LHM Engineering**

LHM may cancel the PO at any time, without cause, by compensating the Seller for reasonable and documented costs of unsaleable or unique raw materials, component parts, and engineering and administrative time and supplies for which firm commitments have been made. LHM may also cancel the PO for cause after providing the Seller with seven (7) days' written notice of a default and the Seller's failure to cure the default within that period.