



The Pump People

GRI PURCHASING TERMS AND CONDITIONS

1. ACCEPTANCE OF CONTRACT

The Gorman-Rupp Industries Division, hereinafter referred to as "Buyer," shall not be bound by this order until Seller executes and returns to Buyer the acknowledgment copy of this order. Seller shall be bound by this order and its terms and conditions when it executes and returns the acknowledgment copy, when it otherwise indicates its acceptance of this order or when it delivers to Buyer any of the goods ordered herein or renders for Buyer any of the services ordered herein. This order expressly limits acceptance to the terms and conditions stated herein, and any additional or different terms proposed by the Seller are rejected unless expressly assented to in writing by Buyer.

2. WARRANTY

Seller EXPRESSLY WARRANTS that all goods and/or work ordered according to drawings, plans, specifications or samples furnished or approved by Buyer will conform thereto and WILL BE MERCHANTABILITY AND FIT AND SUFFICIENT FOR THE PURPOSE ORDERED AND WILL BE FREE FROM DEFECT IN MATERIAL AND WORKMANSHIP and shall comply with all requirements of the Occupational Safety and Health Act of 1970 as it may be amended from time to time including all regulations issued thereunder and shall comply with all requirements of applicable health and/or safety/statutes of State or Local Governments having jurisdiction in the location to which such goods are shipped or in which such work is performed. All Warranties shall run to Buyer, its successors assigns and customers and to users of its products and shall be construed as conditions as well as warranties and shall not be deemed to be exclusive.

3. AMENDMENT

No agreement or understanding to modify this contract shall be binding upon Buyer unless in writing and signed by Buyer's authorized representative. All specifications, drawings and data submitted to Seller with this order or referred to by this order are hereby incorporated herein and made a part of this contract.

4. SALES AND/OR USE TAXES (OHIO)

The Ohio Department of Taxation has issued Direct Payment Permit No. 7015389 to Gorman-Rupp Industries Division authorizing purchases of tangible personal property without payment of the tax at time of purchase. We have agreed to maintain adequate records of all purchases and pay tax on the taxable items directly to Treasurer of State.

5. CHANGES

The Buyer reserves the right at any time to make written changes in anyone or more of the following

- a. Specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for the Buyer.
- b. Methods of shipment or packing.
- c. Place of delivery.
- d. Time of delivery.
- e. Manner of delivery.
- f. Quantities.

- g. Any changes in material dimensions or physical characteristics which may affect the end use of the component must be improved prior to change by Buyer.

If any such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule or both. Any claim by Seller for adjustment under this clause must be approved by the Buyer in writing before the Seller proceeds with such change. Price increases shall not be binding on Buyer unless evidenced by purchase order change notice or revision issued and signed by Buyer.

6. DELIVERY

Time is of the essence in this contract and it delivery of the goods is not made in the quantities and at the time specified or rendering of services is not completed at the time specified, Buyer reserves the right without liability and in addition, to its other rights and remedies, to take the following actions:

- a. Direct expedited routings of goods (the difference in cost between the expedited routing and the order routing costs shall be paid by Seller.)
- b. Terminate this contract and thereby relieve Buyer of any obligation to accept and pay for such goods and/or work.
- c. Terminate, without charge all or any part of the undelivered portion of the order and place a purchase order elsewhere for an equal or less quantity of goods and/or work of the same or substantially equivalent quality and charge Seller with any loss so incurred.

Any failure of Buyer to exercise the above described options with respect to any portion of this order shall not constitute a waiver with respect to any undelivered installments.

7. EARLY DELIVERY

If tenders of delivery are more than 30 days prior to the date specified, or such other date as may be specified the Buyer shall have the following options:

- a. To accept delivery when tendered, but postpone payment, less Seller's normal discount terms, on such early delivered goods until the date payment would have been due had delivery not been made until the date specified, or
- b. To refuse to accept delivery without any liability whatsoever, for any loss, damage or expense incurred or sustained by Seller in having goods returned to its plant or warehouse and reshipped at the proper time or in storing such goods locally and in redelivering the same at the proper time.

8. PACKING

All material shall be suitably packed and marked to secure lowest transportation cost and accordance with the requirements of common carriers, nor separate charge will be allowed for packing, boxing, crating, marking, cartage or storage, unless so stipulated herein, it being assumed by Buyer that price includes these items. The damage to any goods not packed to insure proper protection if accepted by Buyer, will be charged to Seller. Buyer's count will be considered as final and conclusive on all shipments.



9. INSPECTION AND ACCEPTANCE

Payment for any goods under this contract shall not constitute acceptance thereof. All goods purchased hereunder are subject to inspection at Buyer's destination, either before or after payment or before or after acceptance at Buyer's option.

Buyer reserves the right to revoke acceptance of goods which are not in accordance with the instructions, specifications, drawings and date of Seller's warranties (express or implied). Goods not accepted will be returned to Seller for full credit or replacement at Buyer's option and at Seller's risk, and expense, including transportation charges both ways. No replacement of rejected goods shall be made unless specified by Buyer in writing.

Buyer shall not be liable for failure to accept any part of the goods if such failure is a result of any causes beyond the control of Buyer. Among such causes, but not definitive thereof, are fires, floods, acts of God, strikes, differences with employees, casualties, delays in transportation, shortages of cars, inability to obtain necessary materials or machinery, or total or partial shutdown of Buyer's plant for any cause.

Acceptance of any part of the goods shall not bind Buyer to accept future shipments nor deprive it of the right to return goods already accepted.

Acceptance of all or any part of the goods shall not be deemed to be a waiver of Buyer's right either to cancel or to return all or any portion of the goods because of failure to conform to this contract, or by reason of defects, either latent or patent, or other breach of warranty, or to make any claim for damages including manufacturing costs, damage to materials or articles caused by improper boxing, crating, or packing, and loss of profits or other special damage occasioned the Buyer. Such right shall be in addition to any other remedies provided by law.

10. CONTINGENCIES

No liability shall result from delay in performance or from non-performance caused by circumstances beyond the control of the party affected (including but not limited to acts of God, fire, flood, war, sabotage, accident, labor trouble or shortage, government order or regulations, and inability to obtain material, equipment or transportation) interfering with production, transportation and use of goods and/or work specified herein. At the option of Buyer, deliveries delayed or not made because of such cause or even may be suspended, reduced or eliminated from this order without charge to the Buyer.

11. WAIVER

The failure of Buyer to insist in any one or more instances upon the performance of any of the terms, covenants or conditions of this contract, or to exercise any right hereunder shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants or conditions of the future exercise of such right, but the obligation of Seller with respect to such future performance shall continue in full force and effect.

12. PROPRIETARY RIGHTS

All technical information in the nature of design, blueprints, specifications, engineering data for production or product know-how which is supplied to Seller by the Buyer to facilitate or assist in the performance of this contract shall, unless otherwise agreed, be considered and kept confidential by the Seller, and the Seller will use and cause its employees and agents to use extreme caution not to disclose any such information, either directly or by incorporation of such information in, or its use in, manufacturing products for others. Additionally, Seller agrees to assign to the Buyer and not otherwise to make use of any invention, improvement or discovery (whether or not patentable) conceived by or reduced to practice in the performance of this contract by any employee

of the Seller or other person working under Seller's direction, and such assignment shall be considered as additional consideration for the making of this contract. Upon completion of performance of this contract the Seller shall deliver to the Buyer any and all information relating to any such invention, improvement or discovery and shall cause employees or others subject to Seller's instructions to sign as appropriate all documents necessary or convenient to enable the Buyer to file applications for patents throughout the world and to obtain title thereto.

13. TOOLS, DIES AND MATERIAL

Title to and right of immediate possession of all tooling, dies, patents, molds and material furnished by Buyer to Seller, or purchased by Buyer from Seller, shall remain with Buyer. Buyer does not guarantee the quality or suitability of such tooling, dies, patterns, molds, or material. Tooling subject hereto shall be maintained in good condition and must permanently be identified as the property of Buyer and shall be used safely in the performance of work ordered by Buyer. Seller shall maintain an inventory control of all such toolings, dies, patterns, molds, and materials and such Items shall not be co-mingled with property belonging to Seller or others except as such materials may be incorporated into or attached to supplies consumed or expended in the performance of this order. Invoices for tooling and/or dies shall be submitted after acceptance by Buyer of samples or production parts for which the tooling was ordered and received by the Buyer of Seller's certification that each tool listed is satisfactory for use for which it is intended it is assumed by Buyer that all tools, dies, patterns, molds and materials subject hereto will be fully covered by Seller with fire and extended coverage insurance for the protection of the Buyer, if not, Buyer should be immediately notified by Seller.

14. EQUAL OPPORTUNITY CLAUSE:

All provisions of 41 C.P.R. 60-14, as amended, pertaining to the Equal Opportunity Clause in government contracts are incorporated by reference herein, as applicable.

Affirmative Action Clauses for Certain Veterans and Handicapped Workers: (A) all provisions of 41 C.P.R. 60-250, as amended, pertaining to Affirmative Action for Disabled Veterans of the Vietnam Era and (B) all provisions of 41 C.P.R. 60-741, as amended, pertaining to Affirmative Action for Handicapped Workers are incorporated by reference herein, as applicable.

14A. CERTIFICATION OF COMPLIANCE:

Seller certifies that it is in compliance with all applicable provisions of 41 C.P.R. 60-1, including but not limited to (1) developing an affirmative action compliance program for each of its establishments as required by 41 C.P.R. 60-1.40, as amended; (2) filing EEO-1 Reports as required by 41 C.P.R. 60-1.7, as amended; (3) neither maintaining segregated facilities nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.P.R. 60-1.8, as amended.

15. CANCELLATION

Buyer shall have the right to cancel for default all or any part of the undelivered portion of this contract if Seller does not make deliveries as specified in the delivery schedule, if Seller breaches any of the terms hereof including warranties of Seller, or if Seller becomes insolvent or commits an act of bankruptcy, if Seller's failure to perform this contract is due to unforeseeable causes beyond the control and without the fault or negligence of Seller (other than insolvency or an Act of Bankruptcy), such cancellation shall be deemed as not in accord with this section provided, however, that such causes shall include delays and defaults of sub-contractors only to the extent such causes are beyond the control of both Seller and sub-contractor and without the fault or negligence of either of them and the goods to be furnished were not obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule.



Such right of cancellation as provided herein is in addition to and not in lieu of any other remedies which Buyer may have in law or equity.

16. NOTICE OF LABOR DISPUTES

Whenever Seller has knowledge that an actual or potential labor dispute is delaying or threatens to delay its timely performance under this purchase order, Seller shall immediately give written notice thereof to Buyer.

17. ROBINSON PATMAN ACT

Seller warrants that the prices for the articles sold to Buyer under this order are not less favorable than that extended to any other customer for the same or like articles in equal or less quantities. In the event Seller reduces his price for such articles during the term of this order, Seller agrees to reduce the price hereof correspondingly.

18. INSURANCE

If this contract covers the performance of labor or service for Buyer, Seller agrees to indemnify and protect Buyer against all liability, claims or demands for injuries or damages to any person or property growing out of the performance of this contract. Seller further agrees to furnish insurance carrier's certificates showing that Seller has adequate insurance coverage in the following minimum amounts.

Workman's Compensation Statutory Limits for State or States in which the work is to be performed.

General Liability	\$1,000,000.00
Property Damage	\$1,000,000.00
Automobile Public Liability and Property Damage	\$1,000,000.00

Said certificate must set forth the amount of coverage, number of policy and date of expiration. If Seller is a self insurer, the certificate of the Department of Labor and Industry of the State of which said labor is to be performed must be furnished by such department directly to by Buyer. Compliance by Seller with insurance requirements does not in any way effect Seller's indemnification, of Buyer under this article. All certificates should be forwarded to the attention of Manager Financial Planning, The Gorman-Rupp Industries Division, 180 Hines Avenue, Bellville, Ohio 44813.

19. PERFORMANCE OF WORK

If this order calls for work to be performed by Seller, all work performed and all materials used in connection therewith shall be at the risk and expense of and shall be replaced by Seller in the event of any damage or destruction thereof prior to delivery to and acceptance Buyer. If this order calls for work to be performed by Seller upon any premises owned or controlled by Buyer and/or Buyer's customer, Seller will keep the premises and the work free and clear of all mechanics liens and will furnish Buyer with certificate and waiver as provided by law. Whenever any property belonging to Buyer or its customers is in the possession of Seller, or Seller's suppliers, Seller shall be deemed an insurer thereof and shall be responsible for its safe return to Buyer.

20. LISTING OF JOB VACANCIES

Seller represents and agrees that the provisions required by Section 503, Title V of the Veterans Employment and Readjustment Act of 1972, and the rules and regulations relating to Contract terms pursuant to Executive Order 11701 are hereby incorporated and made a part of the Contract.

21. COMPLIANCE WITH LAWS

Seller guarantees by acceptance of this order that it is in compliance with the Economic Stabilization Act of 1970 and/or any amendments thereto or regulations issued thereunder.

22. PATENT INDEMNITY

The Seller warrants that the sale or use of its products shall not infringe any United States or foreign patent and the Seller undertakes to indemnify the Buyer against all judgments, decrees, cost and expenses resulting from any alleged infringement and to defend upon written request of the Buyer at its own expense any action which may be brought against the Buyer, its vendees, lessees, licenses or assigns under any claim of patent and infringement in the use or sale of the Seller's product.

23. BUYER'S REMEDIES

Seller recognizes that the remedies provided herein are cumulative and that Buyer may exercise such rights as he may have pursuant to this agreement or pursuant to the Uniform Commercial Code. Seller further agrees to be responsible for any special incidental or consequential damages that may arise due to his breach of this contract or any warranty contained herein.

24. HAZARDOUS SUBSTANCE COMPLIANCE

Supplier acceptance of and material supplied against this Purchase Order is agreement that material meets current requirements of RoHS Directive and REACH Regulation.

25. VENDOR MATERIAL CERTIFICATION

The following information must be provided with each shipment sent to Gorman-Rupp Industries for parts requiring material certification.

- Name of manufacturer
- Manufacture date
- Quantity shipped to GRI
- GRI purchase order number
- Material manufacturer's name or trade name and material designation
- Name of company buying the product, i.e., end product manufacturer
- GRI part number
- Manufacturer representative's name, signature or function to authorize and attest to information accuracy and date authorized.

A shipment without the above information causes delays in scheduled manufacturing and requires an extreme amount of time out of our work day for both GRI and our vendors to obtain this information. Shipments received without the above information may affect your Vendor Scorecard.

26. SUPPLIER TRANSPORTATION

The Gorman-Rupp Company has selected FedEx® as the preferred carrier for inbound shipments. Shipments to our facilities should be shipped via FedEx. Under this program FedEx will bill The Gorman-Rupp Company directly for the freight charges; the shipper is no longer responsible for pre-payment of freight.

Service and Billing Option Small Parcel Shipments

All inbound small packages (<150 pounds) shipped to our facility should be sent via FedEx Ground® and billed as "Recipient" to GRI's account (Please contact GRI personnel for GRI account number). This includes non-palletized multi-piece shipments not to exceed a total shipment weight of 250 pounds. Multiple piece shipments exceeding 250 pounds total weight should be shipped via FedEx Freight® Economy. The use of FedEx Express® service requires authorization from the Gorman-Rupp Buyer before shipping.

Service and Billing Option for LTL Shipments

LTL shipments should ship via FedEx Freight Economy. LTL shipments should be marked "Collect." You must indicate on the desired service on



the Bill of Lading. Select FedEx Freight Economy when creating the BOL if using fedex.com or a FedEx Freight BOL. If using your own BOL, clearly write **ECONOMY** in the Special Instructions section on the BOL.

Shipments over 10,000 pounds

For shipments over 10,000 lbs., please call Patrick Huffman (419.886.5226) or phuffman@gripumps.com for routing instructions.

Other Requirements

Gorman-Rupp requires the Purchase Order number on the BOL when shipping LTL. Enter it in the "Purchase Order #" box on the BOL. For small parcel shipments, enter the Purchase Order number in the reference field of the shipping label. Refer to the job aids in the Shipping Guide for detailed instruction on where to add this mandatory information.

Compliance

When shipping terms allow, Gorman-Rupp will pay the transportation cost for packages and LTL shipments to our facility or drop-shipped at our request when the Gorman-Rupp Routing Guidelines are followed. Prepaid and added freight costs that fall outside of these guidelines will **not** be paid by Gorman-Rupp and will be the responsibility of the shipper. Additional fees associated with FedEx Ground including weekly or single package on-call pickup fees, where applicable, will be invoiced to you. A complete list of fees can be found at fedex.com. Compliance includes:

- Using the correct FedEx Service
- Using the correct billing option
- Providing the Purchase Order number on the BOL/shipping label
- Using the correct NMFC freight classification on the BOL

Account Confidentiality

Gorman-Rupp transportation billing information is confidential and should only be communicated for the limited purpose of preparing shipments under these instructions. Do not post this information online or make it generally available beyond what is required for your company to follow these instructions. The Gorman-Rupp billing option is to be used for Gorman-Rupp shipments only and will be monitored.

Program Adherence

Adherence to the program requirements is mandatory, unless otherwise stipulated under a separate supply agreement. Prepaid and added freight costs for shipments that fall outside of these guidelines will **not** be paid by Gorman-Rupp and will be the responsibility of the shipper. Any exception to this policy requires Supply Chain Scheduler approval prior to shipping.

Shipping Questions/Concerns

Please review the materials included with this letter. These documents will be a guide to ensure your inbound shipments comply with Gorman-Rupp's requirements. FedEx has provided a resource if you have questions about shipping with FedEx or need assistance in getting set up to ship via FedEx. You may call the FedEx Activation Desk at 1-866-883-9290 (toll-free, Monday through Friday, 8 a.m. to 5 p.m. CST). Shipping information is also available 24/7 at fedex.com or you can call 1-800-GoFedEx 1-800-463-3339.

1/9/2019

