

RED SHOVEL INC.

PURCHASE ORDER GENERAL TERMS AND CONDITIONS

These Purchase Order General Terms and Conditions (“Terms and Conditions”) apply to all Purchase Orders, Statements of Work, Specifications, and related documents (collectively, the “Purchase Order”) issued by Red Shovel Inc. (“Buyer”) to the supplier (“Vendor”). The Purchase Order and these Terms and Conditions are collectively referred to as the “Agreement.”

ACCEPTANCE OF TERMS

By accepting, acknowledging, confirming via email, or otherwise performing under any Purchase Order: including but not limited to invoicing or shipment of Goods. Vendor agrees to be bound by these Terms and Conditions in full.

If Vendor does not object in writing within three (3) business days of receipt of a Purchase Order, Vendor shall be deemed to have accepted these Terms and Conditions in full.

Any additional or conflicting terms proposed by Vendor are hereby rejected unless expressly agreed to in writing by Buyer.

1. GOODS AND SERVICES

1.1 Vendor shall provide all Goods and Services in strict accordance with the Purchase Order, including all specifications, requirements, and instructions.

1.2 Vendor acknowledges that Goods are intended for airline use and must meet all operational, safety, and regulatory requirements.

1.3 Vendor shall not substitute, modify, or change any Goods without prior written approval from Buyer.

2. PRICE

2.1 Prices shall be as stated in the Purchase Order and shall be firm, fixed, and not subject to escalation.

2.2 Prices include all costs including packaging, labeling, freight, duties, insurance, storage, and handling.

- 2.3 No additional charges shall apply unless expressly approved in writing.
 - 2.4 Pricing shall remain fixed for twelve (12) months from initial launch.
 - 2.5 Vendor warrants most favored pricing and shall extend equal or better pricing to Buyer under comparable conditions.
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3. DELIVERY AND PERFORMANCE

- 3.1 All deliveries shall be DDP unless otherwise specified.
 - 3.2 Vendor shall meet all delivery schedules and performance requirements.
 - 3.3 Vendor shall immediately notify Buyer of delays or risks to delivery.
 - 3.4 Buyer may reject late or incomplete deliveries without liability.
 - 3.5 Vendor shall maintain a minimum 95% on-time delivery performance.
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4. LIQUIDATED DAMAGES

- 4.1 Vendor shall reimburse Buyer for all incremental costs incurred due to failure to perform.
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5. INSPECTION AND ACCEPTANCE

- 5.1 All Goods and Services are subject to inspection and testing.
 - 5.2 Buyer may reject nonconforming Goods.
 - 5.3 Vendor shall replace or refund rejected Goods at its sole expense.
 - 5.4 Risk of loss remains with Vendor until acceptance.
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6. PERISHABLE PRODUCTS

- 6.1 Vendor acknowledges that fresh and perishable Goods require strict shelf-life management.
 - 6.2 Products not suitable for freezing or extended storage must be pre-approved.
 - 6.3 Such products must align with airline catering and distribution capabilities.
 - 6.4 Failure to comply constitutes a material breach.
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7. WARRANTIES

- 7.1 Vendor warrants that Goods are free from defects in design, material, and workmanship.
 - 7.2 Goods shall conform to specifications and be fit for intended purpose.
 - 7.3 Warranties extend to Buyer, its affiliates, and airline partners.
 - 7.4 Vendor shall promptly replace or correct defective Goods at no cost.
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8. COMPLIANCE WITH LAWS

- 8.1 Vendor shall comply with all applicable laws and regulations including FDA, USDA, FAA, and international regulations.
 - 8.2 Vendor shall maintain all licenses, certifications, and approvals required.
 - 8.3 Vendor shall provide documentation upon request.
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9. INDEMNIFICATION

- 9.1 Vendor shall defend, indemnify, and hold harmless Buyer and its clients from all claims, damages, losses, and expenses.
 - 9.2 Includes claims arising from product defects, regulatory violations, or Vendor negligence.
 - 9.3 Indemnification obligations shall survive termination of this Agreement.
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10. INSURANCE

- 10.1 Vendor shall maintain Commercial General Liability insurance of not less than \$10,000,000 per occurrence.
 - 10.2 Vendor shall maintain Product Liability insurance appropriate for airline distribution.
 - 10.3 Vendor shall maintain Workers' Compensation as required by law.
 - 10.4 Vendor shall provide certificates of insurance upon request.
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11. AUDIT RIGHTS

- 11.1 Buyer may audit Vendor's facilities, records, and processes.
- 11.2 Vendor shall maintain records for a minimum of three (3) years.
- 11.3 Vendor shall cooperate fully with audits.

12. CONFIDENTIALITY

- 12.1 Vendor shall maintain confidentiality of all proprietary information.
 - 12.2 Vendor shall not disclose any relationship with Buyer without written consent.
 - 12.3 Obligations survive termination.
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13. TERMINATION

- 13.1 Buyer may terminate for cause immediately upon breach.
 - 13.2 Buyer may terminate for convenience with thirty (30) days written notice.
 - 13.3 Vendor shall be liable for all damages resulting from breach.
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14. FORCE MAJEURE

- 14.1 Neither party shall be liable for delays caused by events beyond reasonable control.
 - 14.2 Vendor must notify Buyer immediately and mitigate impacts.
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15. ASSIGNMENT AND SUBCONTRACTING

- 15.1 Vendor may not assign or subcontract without prior written consent.
 - 15.2 Vendor remains fully responsible for subcontractors.
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16. GOVERNING LAW

- 16.1 This Agreement shall be governed by the laws of the State of Texas.
 - 16.2 Venue shall be in Texas courts.
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17. ENTIRE AGREEMENT

17.1 This Agreement constitutes the entire agreement between the parties.

17.2 In case of conflict, Purchase Order terms control over these Terms.
