

Procurement Policy

Version 1.2

Effective Date: June 20, 2025

Nexlify Solutions

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1 Introduction

This Procurement Policy establishes comprehensive standards for vendor payment terms, warranty requirements, and preferred jurisdictions for Nexlify Solutions, a mid-sized manufacturing company specializing in industrial equipment. The policy ensures that vendor agreements align with operational efficiency, financial accountability, and legal compliance, reducing risks and fostering reliable partnerships.

2 Payment Terms

2.1 Purpose

To standardize payment processes for vendors, ensuring timely, accurate, and compliant transactions that support financial predictability.

2.2 Policy Details

- **Payment Schedule:**

- Payments must be made within 45 days of invoice receipt (Net 45) to maintain vendor goodwill and comply with industry standards.
- Early payment discount: 2% if paid within 10 days to incentivize prompt invoicing and cash flow optimization.
- Late payment penalty: 1.5% monthly interest on overdue invoices, calculated daily from the due date, with a grace period of 5 days to account for processing delays.
- Example: A \$10,000 invoice unpaid after 45 days incurs \$150 monthly interest, prorated daily.

- **Invoice Requirements:**

- Format: PDF submitted via the secure vendor portal to ensure traceability and reduce fraud risks.
- Details: Must include Purchase Order (PO) number, detailed service or product description, billing period, vendor tax ID, and bank details for payment verification.
- Submission deadline: Within 7 days of service completion or product delivery to streamline accounts payable processes.
- Non-compliant invoices (e.g., missing PO number) will be rejected within 3 business days with a detailed explanation sent to the vendor.

- **Payment Methods:**

- Preferred: ACH or wire transfer for efficiency and reduced processing costs, with bank details verified during onboarding.
- Checks issued for vendors without electronic payment capabilities, mailed to the registered vendor address within 5 business days of approval.

- International vendors must specify SWIFT or IBAN codes for cross-border payments, adhering to foreign exchange regulations.
- **Dispute Resolution:**
 - Invoice disputes must be raised within 10 days of receipt via the vendor portal, including supporting documentation (e.g., delivery receipts).
 - Disputes resolved by Procurement and Finance Teams within 15 days, with escalation to the Procurement Director if unresolved.
 - Example: A disputed invoice for defective machinery parts requires vendor submission of quality control reports for resolution.

3 Warranty Requirements

3.1 Purpose

To ensure vendors provide robust warranties for products and services, protecting Nexlify Solutions from defects and operational disruptions.

3.2 Policy Details

- **Minimum Warranty Period:**
 - Equipment: Minimum 2-year warranty against manufacturing defects, covering parts and labor for critical components like motors and controllers.
 - Services: 90-day warranty for rework of defective services, such as software implementation errors or maintenance oversights.
 - Extended warranties (e.g., 3-5 years) required for high-value equipment exceeding \$50,000 in contract value.
- **Warranty Terms:**
 - Vendors must repair or replace defective items at no cost to Nexlify Solutions, including shipping and installation expenses.
 - Warranty claims must be processed within 14 days of notification, with temporary replacements provided for critical equipment to minimize downtime.
 - Example: A defective conveyor belt motor must be replaced within 14 days, with vendor covering all logistics costs.
- **Documentation:**
 - Vendors must provide warranty certificates at contract signing, specifying coverage scope, duration, and claim procedures.
 - Warranty terms must be explicitly stated in the contract, including remedies for non-compliance (e.g., refund or replacement).
 - Digital copies of warranty documents must be uploaded to the vendor portal for record-keeping.

4 Preferred Jurisdictions

4.1 Purpose

To standardize the governing law for vendor contracts, minimizing legal risks and ensuring consistency in dispute resolution.

4.2 Policy Details

- **Primary Jurisdiction:**

- Contracts must specify New York, NY, USA as the governing jurisdiction to align with Nexlify Solutions corporate headquarters.
- All contract disputes will be interpreted under New York state law unless otherwise approved.

- **Allowed Jurisdictions:**

- Singapore is permitted for vendors operating in Asia-Pacific to accommodate regional operations and trade agreements.
- Other jurisdictions (e.g., London, Tokyo) require written approval from the Legal Department, supported by a risk assessment.
- Example: A Singapore-based vendor supplying precision tools may designate Singapore as the jurisdiction with prior approval.

- **Dispute Resolution:**

- Disputes must be resolved via binding arbitration in New York, NY, USA, or Singapore if agreed, following American Arbitration Association rules.
- Arbitration costs shared equally unless the vendor is found at fault, in which case the vendor bears full costs.
- Mediation may be attempted before arbitration to reduce legal expenses.

5 Appendix: Contact Information

- **Procurement Team:** procurement@nexlifsolutions.com
- **Legal Department:** legal@nexlifsolutions.com
- **Vendor Portal:** <https://vendor.nexlifsolutions.com>

6 Document History

- **Version 1.2:** Expanded payment terms, warranty details, and jurisdiction allowances, June 2025.
- **Version 1.0:** Initial draft, January 2023.