

# PROCUREMENT FRAMEWORK AGREEMENT

Contract No: PFA-2025-1203

Classification: CONFIDENTIAL — COMMERCIAL IN CONFIDENCE

## 1. PARTIES AND RECITALS

1.1 This Procurement Framework Agreement ("Framework Agreement" or "PFA") is entered into as of April 15, 2025 (the "Effective Date") by and between:

**Pinnacle Manufacturing Group plc**, a public limited company incorporated in England and Wales (Company No. 04829173), with its registered office at 100 Thames Street, London EC4R 1DD, United Kingdom (hereinafter referred to as the "Buyer" or "Pinnacle");

and

**GlobalSource Industrial Supply Co., Ltd.**, a company incorporated under the laws of the Republic of Singapore (UEN: 201534892K), with its registered office at 1 Raffles Place, #44-02 One Raffles Place Tower 2, Singapore 048616 (hereinafter referred to as the "Supplier" or "GlobalSource");

(each a "Party" and collectively the "Parties").

### 1.2 Recitals

WHEREAS the Buyer operates manufacturing facilities across fourteen (14) countries and requires a reliable, cost-effective supply chain for industrial raw materials, components, and maintenance supplies;

WHEREAS the Supplier is a leading global distributor of industrial supplies with operations in twenty-three (23) countries and a catalog of over 500,000 stock-keeping units (SKUs);

WHEREAS the Parties wish to establish a framework for the procurement of goods and related services over a three-year period with options for extension;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree as follows:

## 2. DEFINITIONS

**"Authorized Buyer"** means Pinnacle and any of its subsidiaries or affiliates listed in Annex 1 that are authorized to place Purchase Orders under this Framework Agreement.

**"Catalogue"** means the Supplier's product catalogue as updated from time to time and made available through the Supplier's electronic procurement portal.

**"Delivery Point"** means the location specified in a Purchase Order where goods are to be delivered, as listed in Annex 2.

**"Goods"** means the products, materials, components, and supplies described in the Categories set out in Annex 3.

**"Key Performance Indicator" or "KPI"** means the performance metrics set out in Annex 5 against which the Supplier's performance shall be measured.

**"Liquidated Damages"** means the pre-estimated damages payable by the Supplier for failure to meet delivery or quality obligations, as specified in Section 8.

**"Performance Bond"** means the bank guarantee or performance bond required under Section 10.

**"Purchase Order" or "PO"** means a written order placed by an Authorized Buyer for Goods and/or Services under this Framework Agreement.

**"Services"** means any installation, commissioning, training, or maintenance services ordered in connection with the Goods.

**"Total Framework Value"** means the estimated aggregate value of all Purchase Orders over the Term, currently estimated at GBP 85,000,000 (Eighty-Five Million British Pounds).

### **3. TERM AND EXTENSION**

3.1 This Framework Agreement shall commence on the Effective Date and continue for an initial period of three (3) years (the "Initial Term"), expiring on April 14, 2028.

3.2 The Buyer may, at its sole discretion, extend this Framework Agreement for up to two (2) additional periods of one (1) year each (each an "Extension Period"), by providing written notice to the Supplier at least ninety (90) days before the expiry of the then-current term.

3.3 The maximum total duration of this Framework Agreement, including all extensions, shall not exceed five (5) years from the Effective Date.

### **4. PRICING AND VOLUME DISCOUNTS**

4.1 Pricing for Goods shall be as set out in the Catalogue, subject to the volume discounts specified in this Section 4 and the category-specific pricing in Annex 3.

#### **4.2 Volume Discount Tiers**

The following volume discounts shall apply to the aggregate annual spend across all Categories:

Annual Spend Tier	Discount Rate	Rebate Frequency
Up to GBP 5,000,000	Catalogue price (no discount)	N/A
GBP 5,000,001 — GBP 15,000,000	5% off Catalogue price	Quarterly
GBP 15,000,001 — GBP 25,000,000	8% off Catalogue price	Quarterly
GBP 25,000,001 — GBP 40,000,000	12% off Catalogue price	Monthly
Above GBP 40,000,000	15% off Catalogue price + 2% annual rebate	Monthly

4.3 The Supplier shall not increase Catalogue prices by more than the lesser of: (a) three percent (3%) per annum; or (b) the UK Consumer Price Index (CPI) increase for the preceding twelve (12) months as published by the Office for National Statistics. Price increases shall take effect only once per year, on

the anniversary of the Effective Date, and shall require sixty (60) days' prior written notice.

4.4 For bespoke or non-catalogue items, the Supplier shall provide a quotation within five (5) Business Days of the Buyer's request. Quotations shall remain valid for thirty (30) days from the date of issue.

## 5. ORDERING AND DELIVERY

5.1 Purchase Orders shall be placed electronically through the Supplier's procurement portal or via email to the designated order desk. Each Purchase Order shall specify: (a) the Goods required by SKU and quantity; (b) the Delivery Point; (c) the required delivery date; and (d) any special handling or packaging requirements.

5.2 The Supplier shall acknowledge receipt of each Purchase Order within one (1) Business Day and confirm the delivery schedule within two (2) Business Days.

### 5.3 Delivery Lead Times

Category	Standard Lead Time	Express Lead Time (surcharge)
Category A: Raw Materials	10 Business Days	5 Business Days (+15%)
Category B: Mechanical Components	15 Business Days	7 Business Days (+20%)
Category C: Electrical Components	12 Business Days	6 Business Days (+18%)
Category D: Safety Equipment	8 Business Days	3 Business Days (+25%)
Category E: MRO Supplies	5 Business Days	2 Business Days (+10%)
Category F: Packaging Materials	7 Business Days	3 Business Days (+12%)

5.4 All deliveries shall be made DDP (Delivered Duty Paid, Incoterms 2020) to the specified Delivery Point. The Supplier shall bear all costs of transportation, insurance, customs clearance, and duties.

## 6. QUALITY ASSURANCE

6.1 All Goods shall conform to the specifications set out in the applicable Purchase Order and the quality standards specified in Annex 4. The Supplier shall maintain ISO 9001:2015 certification for all manufacturing facilities supplying Goods under this Framework Agreement.

6.2 The Buyer shall have the right to inspect Goods upon delivery. The Buyer shall notify the Supplier of any defects or non-conformities within ten (10) Business Days of delivery (the "Inspection Period"). Failure to notify within the Inspection Period shall not constitute acceptance of defective Goods where defects are latent or not reasonably discoverable upon inspection.

6.3 The Supplier warrants that all Goods shall be free from defects in materials and workmanship for a period of twenty-four (24) months from the date of delivery (the "Warranty Period"). During the Warranty Period, the Supplier shall, at its own expense, repair or replace any defective Goods within five (5) Business Days of notification.

6.4 The Supplier shall maintain a defect rate of no more than 0.5% across all deliveries in any rolling three (3) month period. If the defect rate exceeds 1.0% in any three (3) month period, the Buyer shall have the right to: (a) require the Supplier to implement a corrective action plan within fifteen (15) Business Days; (b) suspend further Purchase Orders until the corrective action plan is approved; or (c) terminate this Framework Agreement for cause pursuant to Section 11.

## 7. PAYMENT TERMS

7.1 The Supplier shall issue invoices upon delivery of Goods. Each invoice shall reference the applicable Purchase Order number and shall be accompanied by proof of delivery signed by the Buyer's authorized receiving personnel.

7.2 Payment shall be made within sixty (60) days of receipt of a valid invoice ("Net 60"). The Buyer may, at its discretion, opt for early payment at a discount of two percent (2%) for payment within ten (10) days ("2/10 Net 60").

7.3 The Buyer shall have the right to set off any amounts owed by the Supplier (including Liquidated Damages, warranty claims, and credit notes) against amounts payable to the Supplier.

## 8. LIQUIDATED DAMAGES

8.1 The Parties acknowledge that late delivery or delivery of non-conforming Goods causes the Buyer to suffer losses that are difficult to quantify. Accordingly, the following Liquidated Damages shall apply:

Breach Type	Liquidated Damages Rate	Cap
Late delivery (1-5 days)	0.5% of PO value per day	5% of PO value
Late delivery (6-15 days)	1.0% of PO value per day	15% of PO value
Late delivery (>15 days)	Buyer may cancel PO + 15% of PO value	N/A
Quality non-conformance	150% of replacement cost	25% of PO value
Documentation deficiency	GBP 500 per missing document per day	GBP 10,000 per PO

8.2 The aggregate Liquidated Damages payable by the Supplier in any twelve (12) month period shall not exceed ten percent (10%) of the annual spend under this Framework Agreement. If Liquidated Damages reach this cap, the Buyer shall have the right to terminate for cause under Section 11.

## 9. CONFIDENTIALITY

9.1 Each Party shall treat as confidential all information received from the other Party that is marked as confidential or that a reasonable person would consider confidential, including pricing, technical specifications, business plans, and customer information ("Confidential Information").

9.2 The obligations of confidentiality shall not apply to information that: (a) is or becomes publicly available through no fault of the Receiving Party; (b) was known to the Receiving Party prior to disclosure; (c) is independently developed by the Receiving Party; or (d) is required to be disclosed by law, regulation, or court order, provided that the Receiving Party gives the Disclosing Party prompt notice and cooperates in seeking protective measures.

9.3 The confidentiality obligations under this Section shall survive termination or expiry of this Framework Agreement for a period of seven (7) years.

## 10. PERFORMANCE BOND AND GUARANTEES

10.1 Within thirty (30) days of the Effective Date, the Supplier shall provide the Buyer with an irrevocable, unconditional bank guarantee (the "Performance Bond") in the amount of Five Million

British Pounds (GBP 5,000,000), issued by a bank acceptable to the Buyer with a minimum credit rating of A- (S&P;) or A3 (Moody's).

10.2 The Performance Bond shall remain in effect throughout the Term and for a period of six (6) months following expiry or termination. The Buyer may draw upon the Performance Bond in the event of: (a) the Supplier's failure to pay Liquidated Damages when due; (b) the Supplier's insolvency; or (c) the Supplier's material breach that remains uncured for thirty (30) days after written notice.

## 11. TERMINATION

**11.1 Termination for Convenience.** The Buyer may terminate this Framework Agreement at any time by providing ninety (90) days' written notice to the Supplier. Upon termination for convenience, the Buyer shall honor all Purchase Orders placed prior to the termination notice date and shall pay for all Goods delivered in accordance with this Agreement.

**11.2 Termination for Cause.** Either Party may terminate this Framework Agreement immediately upon written notice if the other Party: (a) commits a material breach that remains uncured for thirty (30) days after written notice; (b) becomes insolvent, enters administration, or has a receiver appointed; (c) fails to maintain the Performance Bond as required under Section 10; or (d) is convicted of fraud, bribery, or corruption.

**11.3 Consequences of Termination.** Upon termination: (a) all outstanding Purchase Orders shall be fulfilled unless otherwise agreed; (b) the Supplier shall return all Confidential Information within thirty (30) days; (c) the Supplier shall cooperate in transitioning supply to an alternative supplier for a period of up to six (6) months; and (d) all accrued rights and obligations shall survive termination.

## 12. INDEMNIFICATION AND LIABILITY

12.1 The Supplier shall indemnify and hold harmless the Buyer against all claims, damages, losses, and expenses arising from: (a) defective Goods; (b) infringement of third-party intellectual property rights; (c) breach of applicable laws or regulations; (d) personal injury or property damage caused by the Goods; or (e) the Supplier's breach of this Agreement.

12.2 The Supplier's aggregate liability under this Framework Agreement shall not exceed one hundred and fifty percent (150%) of the Total Framework Value. This limitation shall not apply to: (a) death or personal injury caused by negligence; (b) fraud or fraudulent misrepresentation; (c) breach of confidentiality; or (d) the Supplier's indemnification obligations under Section 12.1(b) and (d).

12.3 Neither Party shall be liable for indirect, consequential, or special damages, except in cases of willful misconduct, fraud, or breach of confidentiality obligations.

## 13. SUSTAINABILITY AND ESG REQUIREMENTS

13.1 The Supplier shall comply with the Buyer's Supplier Code of Conduct (attached as Annex 6) and shall demonstrate commitment to environmental, social, and governance ("ESG") principles, including:

- Carbon footprint reduction: achieve a 30% reduction in Scope 1 and 2 emissions by 2028 (baseline: 2024)
- Sustainable sourcing: ensure at least 50% of raw materials are from certified sustainable sources by 2027

- Modern slavery: maintain zero tolerance for forced labor, child labor, and human trafficking throughout the supply chain
- Diversity and inclusion: report annually on workforce diversity metrics
- Circular economy: implement take-back or recycling programs for applicable product categories
- Conflict minerals: comply with the EU Conflict Minerals Regulation and Dodd-Frank Act Section 1502

13.2 The Supplier shall provide an annual ESG compliance report and shall permit the Buyer (or its designated auditor) to conduct sustainability audits of the Supplier's facilities and supply chain with thirty (30) days' prior notice.

## **14. FORCE MAJEURE**

14.1 Neither Party shall be liable for failure to perform its obligations under this Framework Agreement to the extent that performance is prevented by a Force Majeure Event, meaning any event beyond the reasonable control of the affected Party, including natural disasters, war, terrorism, pandemics, government sanctions, and failure of third-party infrastructure.

14.2 The affected Party shall notify the other Party within seventy-two (72) hours and shall use all reasonable endeavors to mitigate the impact. If a Force Majeure Event continues for more than sixty (60) days, either Party may terminate this Framework Agreement upon fourteen (14) days' written notice.

## **15. GOVERNING LAW AND JURISDICTION**

15.1 This Framework Agreement shall be governed by and construed in accordance with the laws of England and Wales.

15.2 Any dispute arising out of or in connection with this Framework Agreement shall be referred to and finally resolved by arbitration under the LCIA Rules. The seat of arbitration shall be London. The tribunal shall consist of three (3) arbitrators. The language of the arbitration shall be English.

## ANNEX 2: DELIVERY POINTS

Code	Facility	City	Country	Receiving Hours
UK-BIR	Birmingham Manufacturing Plant	Birmingham	United Kingdom	Mon-Fri 06:00-22:00
UK-MAN	Manchester Assembly Works	Manchester	United Kingdom	Mon-Sat 07:00-19:00
DE-STU	Stuttgart Precision Engineering	Stuttgart	Germany	Mon-Fri 06:00-18:00
FR-LYO	Lyon Components Facility	Lyon	France	Mon-Fri 07:00-17:00
US-DET	Detroit Automotive Division	Detroit	United States	Mon-Fri 06:00-22:00
US-HOU	Houston Energy Division	Houston	United States	24/7
CN-SHZ	Shenzhen Electronics Plant	Shenzhen	China	Mon-Sat 08:00-20:00
IN-CHN	Chennai Manufacturing Hub	Chennai	India	Mon-Sat 08:00-20:00
IN-PUN	Pune Automotive Components	Pune	India	Mon-Fri 09:00-18:00
JP-OSA	Osaka Quality Center	Osaka	Japan	Mon-Fri 08:00-17:00
BR-SAO	São Paulo Distribution Center	São Paulo	Brazil	Mon-Fri 07:00-19:00
MX-MTY	Monterrey Assembly Plant	Monterrey	Mexico	Mon-Sat 06:00-22:00
PL-WRO	Wrocław Components Factory	Wrocław	Poland	Mon-Fri 06:00-18:00
AU-MEL	Melbourne Warehouse	Melbourne	Australia	Mon-Fri 07:00-17:00

## ANNEX 3: PRODUCT CATEGORIES AND PRICING

Category	Description	Est. Annual Spend	Discount Tier
A: Raw Materials	Steel, aluminum, copper, polymers, composites	GBP 10,000,000	Tier 3 (8%)
B: Mechanical Components	Bearings, gears, fasteners, seals, hydraulics	GBP 8,500,000	Tier 2 (5%)
C: Electrical Components	Motors, drives, sensors, PLCs, cabling	GBP 6,200,000	Tier 2 (5%)
D: Safety Equipment	PPE, fire suppression, gas detection, barriers	GBP 2,800,000	Tier 1 (0%)
E: MRO Supplies	Lubricants, cleaning, tools, consumables	GBP 4,100,000	Tier 1 (0%)
F: Packaging Materials	Pallets, wrapping, containers, labels	GBP 1,900,000	Tier 1 (0%)

## ANNEX 5: KEY PERFORMANCE INDICATORS

KPI	Target	Measurement	Consequence
On-Time Delivery (OTD)	≥ 95%	Monthly	LD per Section 8 if < 90%
Order Accuracy	≥ 99%	Monthly	Corrective action if < 97%
Defect Rate	≤ 0.5%	Quarterly (rolling)	Suspension if > 1.0%
Invoice Accuracy	≥ 98%	Monthly	Payment withheld until corrected
Emergency Response Time	< 4 hours	Per incident	LD if > 8 hours

Sustainability Score	$\geq 80/100$	Annual audit	Improvement plan required if < 70
Customer Satisfaction (NPS)	50	Semi-annual survey	Review meeting if < 40