



755 Tri-State Parkway, Gurnee, Illinois, 60031, USA
Telephone: (800) 837-8140
Website: www.purposebuiltbrands.com

AUTHORIZED DEDUCTIONS POLICY DATED JANUARY 1, 2026

1. **Scope.** This Authorized Deduction Policy (the “**Policy**”) is part of, and incorporated by reference in, the then current version of the Terms of Sale of PurposeBuilt Brands, Inc. published on purposebuiltbrands.com/policies (the “**Terms of Sale**”). Capitalized terms and phrases not otherwise defined in this Policy will have the same meaning as in the Terms of Sale. This Policy will apply to all Orders of a Buyer delivered to and accepted by a Seller from and after January 1, 2026. PurposeBuilt Brands, Inc. may amend this Policy in its sole and absolute discretion at any time, for any reason and without any advance notice or liability.

2. **General Principles.** A Buyer may take, or request permission to take, a deduction against an invoiced amount of a Seller for an earned allowance, credit, rebate or other benefit or incentive earned and owed the Buyer **only if**:

- a. The deduction is for an amount, and taken in the time and manner, authorized by the Seller in its invoice, or in a separate written agreement with, or in a separate written notice to, the Buyer signed by the Seller’s Chief Executive Officer or Chief Financial Officer;
- b. The Buyer has delivered a written notice (a “**Debit Memo**”) and all other required supporting documentation to the Seller for the taken or requested deduction on the date the Buyer takes, or requests permission to take, the deduction against an invoiced amount. The Buyer’s Debit Memo must identify the amount of the deduction and describe in reasonable detail the basis for the deduction. In the case of a taken or requested deduction for a breach of warranty claim, the Buyer must deliver the Debit Memo and all other required supporting documentation to the Seller in the time and manner specified in [Section 6](#) and [Section 12](#) of the Terms of Sale;
- c. The Buyer has provided the Seller with copies of any additional documentation, information and cooperation requested by the Seller in its sole but good faith discretion to aid in its review of the requested or taken deduction within ten (10) days of written request by the Seller; and
- d. The Buyer takes the deduction within one hundred twenty (120) days of the date on which the Buyer has earned the allowance, credit, rebate or other benefit or incentive. For an invoice-related deduction for a purchased Product (e.g., a deduction for a breach of warranty or rebate), the Buyer must take the deduction within one hundred twenty (120) days of the invoice date for the Product. For any other deduction (e.g., a promotional allowance), the Buyer must take the deduction within one hundred twenty (120) days of the end of the promotion or other measurement period.

A Buyer must deliver all Debit Memos, required supporting documentation and any other required documentation, information and notices for a taken or requested deduction by email to a Seller at the customer service email address of Seller identified on [Schedule 1](#) of the Terms of Sale along with a courtesy copy by email to ar@purposebuiltbrands.com. A Buyer who fails to provide timely notice and satisfy each of the other conditions will lose its right to take a deduction for the otherwise earned allowance, credit, rebate or other benefit or incentive.

3. **Seller Review and Approval.** All deductions requested or taken by a Buyer against an invoiced amount are subject to the review and approval by the Seller. A Seller will endeavor to notify the Buyer whether the Seller approves or denies a deduction requested or taken by the Buyer, in whole or in part, within one hundred twenty (120) days of the date on which the Seller receives the Debit Memo and all other required supporting documentation for the claimed deduction. If the Buyer takes a deduction against an invoiced amount without the prior written approval of the Seller and the Seller subsequently denies the deduction taken by the Buyer, in whole or in part, the denied amount of the deduction will be considered an Unauthorized Deduction (as defined in the next Section).



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4. Unauthorized Deductions.

a. Any amount deducted by a Buyer against an invoiced amount of a Seller will be considered an “**Unauthorized Deduction**” under this Policy and the Terms of Sale if:

- 1) The deduction does not satisfy each of the conditions precedent in Section 2 of this Policy; or
- 2) The deduction is based on the Buyer’s rejection, or revocation of acceptance, of a delivered Product for a breach of warranty, but the Buyer fails to return or dispose of the Product in the time and manner instructed by the Seller.

b. If a Buyer takes an Unauthorized Deduction, PurposeBuilt Brands, Inc. and its subsidiaries may:

- 1) Cancel, reject or suspend delivery on any Orders of the Buyer or its affiliates.
- 2) Charge the Buyer accrued interest and collection costs on the delinquent amount owed.
- 3) Eliminate, deduct and offset against, or reduce, any allowances, credits, rebates and other benefits and incentives owed to the Buyer and one or more of its affiliates or which such persons may be eligible to earn with a Seller.
- 4) Increase the Prices on Products offered for sale to the Buyer and its affiliates.
- 5) Modify the credit and payment terms of the Buyer and its affiliates (e.g., require payment in advance).
- 6) Terminate any accepted Orders and other agreements with the Buyer and its affiliates.
- 7) Exercise any other rights and remedies available under applicable law and in equity.

c. An Unauthorized Deduction will be payable to a Seller within ten (10) days of written invoice to a Buyer. An Unauthorized Deduction will bear interest as provided in the Terms of Sale. If a Buyer and its affiliates have had, in the aggregate, more than two Unauthorized Deductions within a trailing twelve (12) month period, PurposeBuilt Brands, Inc. and its subsidiaries may suspend or terminate the right of the Buyer and its affiliates to take any further deductions without the prior written consent of a Seller (i.e., any deduction taken without the prior written consent will be considered an Unauthorized Deduction).

d. The following is a non-exclusive list of examples of different types of Unauthorized Deductions:

- 1) Any deduction taken after the applicable 120-day deadline, including as a result of an audit conducted by a Buyer after that deadline.
- 2) Anticipated, but not yet earned, allowances, credits, rebates and other benefits and incentives.
- 3) Coupon redemption charges (e.g., expired coupons, foreign coupons, processing fees exceeding the authorized rate of the clearinghouse, shipping and handling, value shortage, variances in coupon count, etc.).
- 4) Duplicate deduction (i.e., a Buyer takes a deduction two or more times for an earned allowance, credit, rebate or other benefit or incentive).
- 5) Expenses, fines, penalties and similar charges imposed by a Buyer for damages, defects, late deliveries, overages, shortages, unordered items and any other breach of warranty or nonconformance in delivery of ordered Products.



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- 6) Fees and expenses for distribution facilities, reclamation centers, warehouses and other facilities of Buyer or its vendors.
- 7) Promotional activities and expenses occurring or incurred outside of the approved promotion period.
- 8) Unearned cash discounts (i.e., a Buyer fails to deposit funds owed to Seller in its designated bank by the deadline required for the Buyer to earn the cash discount).

5. Additional Guidelines for Specific Types of Deductions.

a. Inspection and Rejection of Products Delivered at Buyer's Facility. If a Buyer requires a Seller to deliver ordered Products to the Buyer at its facility, the Buyer must inspect the delivered Products before accepting custody of them for damage, defects, overages, shortages, unordered items and any other breach of warranty. If the Buyer discovers a breach of warranty in delivered Products before the Buyer accepts custody of them, the Buyer must reject the nonconforming Products and record the type and quantity of any rejected Products and the reasons for rejecting them on the signed bill of lading and delivery receipt. The printed name and title, and a legible signature, of the employee or other representative who completed the inspection on behalf of a Buyer must be on the billing of lading and delivery receipt. In addition, the Buyer must also deliver written notice and all required documentation and information of the discovered breach of warranty to the Seller in the time and manner specified in Section 12 of the Terms of Sale.

b. Inspection and Rejection of Products Delivered at Seller's Facility. If a Buyer requires a Seller to deliver ordered Products to the Buyer or its carrier at the Seller's facility (i.e., pick-up orders and collect shipments), the Buyer or its carrier must inspect the Products for damage, defects, overages, shortages, unordered items and any other breach of warranty before accepting custody of them and leaving the Seller's facility. If the Buyer or its carrier discovers a breach of warranty in any Products before accepting custody of them and leaving the Seller's facility, the Buyer or its carrier must inform the Seller and reject the nonconforming Products, and the Seller will endeavor to correct the reported breach of warranty before the Buyer or its carrier leave the Seller's facility. In addition, the Buyer must also deliver written notice and all required documentation and information of the discovered breach of warranty to the Seller in the time and manner specified in Section 12 of the Terms of Sale.

c. Authorized Deductions for Breach of Warranty Claims. A Buyer will be allowed an authorized deduction for a Product in breach of a Seller's warranty in the Terms of Sale *only if*:

- 1) Buyer notifies the Seller by email at the customer service email address of Seller identified on Schedule 1 of the Terms of Sale, along with a courtesy copy by email to ar@purposebuiltbrands.com, within ten (10) days of discovering the claimed breach of warranty. The email must describe in reasonable detail the nature of the claimed breach and append copies of the accepted Order, the Seller's invoice and the signed bill of lading and delivery receipt for the nonconforming Products. For a breach of warranty involving any visible damage or defect in the nonconforming Product, the email must also append copies of photographs or video clips displaying the visible damage or defect in the nonconforming Product;
- 2) The Buyer delivers the emailed notice and substantiating documentation for the claimed breach of warranty to the Seller *before* the expiration of the relevant warranty period specified in Section 11 of the Terms of Sale;
- 3) The Buyer provides the Seller with any other documentation, information and cooperation requested by the Seller in its sole but good faith discretion to aid in its investigation of the claimed breach of warranty within ten (10) days of written request by the Seller;



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- 4) The Seller approves the Buyer's deduction for the breach of warranty claim. The Seller may approve the deduction after the deduction has been taken by the Buyer. A Seller will act in good faith in deciding whether to approve or deny a Buyer's breach of warranty claim; *and*
- 5) The Buyer returns or disposes of the nonconforming Products in the time and manner instructed by the Seller and before such Products suffer any damage, injury or other loss. If the Buyer or its carrier rejects nonconforming Products at the time of delivery, the Seller will be responsible for returning or disposing of the nonconforming Products.

A Buyer may not reject a delivered Product and take a deduction for a breach of warranty unless the Buyer does so in the time and manner specified in Section 6 and this Section 12 of the Terms of Sale. A Buyer may not revoke its acceptance of a delivered Product and take a deduction for a breach of warranty that: (a) the Buyer or its carrier could have, and should have, discovered, rejected and reported by exercising commercially reasonable and diligent efforts before accepting custody of the nonconforming Product at the time of delivery but failed to do so; (b) the Buyer or its carrier discovered at the time of delivery and nevertheless accepted custody of the nonconforming Product; or (c) the Buyer or its carrier discovered after accepting custody of the nonconforming Product but failed to notify the Seller as specified in Section 6 and this Section 12 of the Terms of Sale.



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Common Authorized Deductions

Category	Description	Amount	Required Documentation
Overcharge	Seller invoices Buyer in excess of the agreed price for a Product (i.e., an "overcharge"). To qualify for an authorized deduction for an overcharge, Buyer must notify Seller within ten (10) days of the invoice date.	Excess amount invoiced for Product	<ul style="list-style-type: none"> • Debit Memo • Invoice • Order, quotations or other agreement which confirms the agreed Price • Billing of lading and delivery receipt
Overage	Seller delivers more than the ordered quantity of a Product (an "overage"). To qualify for an authorized deduction for an overage, Buyer or its carrier must reject the unordered quantity of the ordered Product and record the unordered quantity of the Product on the billing of lading and delivery receipt, at the time of delivery or in a separate notice to Seller within ten (10) days of the invoice date.	Amount invoiced for unordered quantity	<ul style="list-style-type: none"> • Debit Memo • Invoice • Order • Billing of lading and delivery receipt
Shortage	Seller delivers less than the ordered quantity of a Product (i.e., a "shortage"). To qualify for an authorized deduction for a shortage, Buyer or its carrier must record the ordered but undelivered quantity of the Product on the billing of lading and delivery receipt at the time of delivery or in a separate notice to Seller within ten (10) days of the invoice date.	Amount invoiced for ordered but undelivered quantity	<ul style="list-style-type: none"> • Debit Memo • Invoice • Purchase Order • Billing of lading and delivery receipt
Unordered Product	Seller delivers a Product which Buyer did not order. To reject, and to qualify for an authorized deduction for, an unordered Product, Buyer or its carrier must reject the unordered Product, and record the rejected quantity of the unordered Product on the billing of lading and delivery receipt, at the time of delivery or in a separate notice to Seller within ten (10) days of the invoice date.	Amount invoiced for unordered Product	<ul style="list-style-type: none"> • Debit Memo • Invoice • Purchase Order • Billing of lading and delivery receipt



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Category	Description	Amount	Required Documentation
Damage, Defect or other Breach of Warranty in Product Discovered Before Acceptance	Buyer or its carrier discovers damage or a defect in a delivered Product <i>before</i> accepting custody. To qualify for an authorized deduction for a damaged or defective Product in this circumstance, Buyer or its carrier must reject the nonconforming Product, and record the specific reason for rejection, product type, lot number if applicable, and exact quantity of the rejected Products on the bill of lading and delivery receipt, at the time of delivery or in a separate notice to Seller within ten (10) days of the invoice date. Buyer must also comply with the other requirements in <u>Section 6</u> and <u>Section 12</u> of the Terms of Sale.	Amount invoiced for the damaged or defective Product	<ul style="list-style-type: none"> • Debit Memo • Invoice • Purchase Order • Billing of lading and delivery receipt • Photographs or other evidence of breach
Damage, Defect or other Breach of Warranty in Product Discovered After Acceptance	Buyer discovers damage or a defect in a delivered Product <i>after</i> accepting custody which could not have been discovered prior to delivery. To qualify for an authorized deduction for, a damaged or defective Product in this circumstance, Buyer must notify Seller of its revocation of acceptance within ten (10) days of discovering the damage or defect. Buyer must also comply with the other requirements in <u>Section 6</u> and <u>Section 12</u> of the Terms of Sale.	Amount invoiced for the damaged or defective Product	<ul style="list-style-type: none"> • Debit Memo • Invoice • Purchase Order • Billing of lading and delivery receipt • Photographs or other evidence of breach
Promotional Allowances, Rebates and Other Benefits and Incentives	Buyer earns a promotional allowance, rebate or other benefit or incentive on its purchase or resale of a Product. This category includes promotional allowances for bill-backs, new products, scan-backs and slotting. To qualify for an authorized deduction for an earned promotional allowance, rebate or other benefit or incentive, Buyer must notify Seller within one hundred twenty (120) days of the expiration of the period during which Buyer may earn the benefit or incentive.	Amount earned under a signed written agreement with Seller	<ul style="list-style-type: none"> • Debit Memo with (1) description of agreement that grants benefit or incentive; (2) relevant measurement period; (3) activities or transactions earning benefit or incentive; and (4) amount of benefit or incentive earned. • Photographs or other evidence of promotional allowance, rebate or other benefit or incentive earned during measurement period