



Corp. Offices:
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www.transcontinentalinc.com

Vendor Policy

The payment terms herein have been established to ensure that vendors are paid on a consistent basis and that Transcontinental Distribution Services, Inc. ("TDS") is able to properly respond to all invoices.

Vendor Obligations

1. All TDS Vendors Must:
 - Maintain a quality control system, such as a duly certified ISDO or in-house quality system;
 - Maintain a security program (*e.g.* Customs-Trade Partnership Against Terrorism (C-TPAT));
 - Demonstrate ethical treatment of all employees, suppliers, and purchasers;
 - Maintain the highest level of integrity in all transactions;
 - Assume responsibility for all corrective actions regarding substandard performance;
 - Strictly adhere to all requirements in the work order and stated herein;
 - Comply with all legal safety requirements; and
 - Disclose and address, in a timely manner, any and all, existing or potential, issues or questions that may be problematic or in any way hinder the vendor's performance of obligations.

Rules of Construction

2. When a payment due date falls on a weekend or holiday, the deadline shall be postponed until the following weekday that does not fall on a holiday.
3. For purposes of this policy, payment is received on the date the payment is postmarked.

Early Payment Discount

4. Vendors and/or suppliers who offer at a [3]% payment discount will receive payment within one week of TDS' receipt of the invoice and other required documentation.
5. Vendors and/or suppliers who do not offer a discount will receive payment no later than [30 days] following the date TDS is in receipt of the invoice and other required documentation.
6. Vendors who opt to receive payment early at a discounted rate must indicate such preference by checking the appropriate box below.

I agree to the terms and conditions above and elect to provide a discounted payment in the amount of 3%, in exchange for receiving payment one week after TDS is in receipt of the invoice and other required documentation; **OR**

I agree to the terms and conditions above and elect to be paid within [30] days of TDS' receipt of the invoice and other required documentation.

Required Documentation

7. TDS requires all vendor invoices to be accurate and complete, and accompanied by a matching work order, [service request], and any other documentation required by law or deemed necessary by TDS.

Work Orders

8. All commitments require a valid and duly authorized work order, as determined by TDS # reference signed by authorized employee.

9. No work other than what is specifically noted on the Work Order is authorized for payment.

10. Price changes and/or alterations to any work orders must be approved in writing, and signed by TDS. Work orders must be issued for payment to be remitted. Additional charges, such as overs, packing, crating, restocking, or freight will only be paid for if clearly indicated by TDS on the work order.

11. Vendor must acknowledge and accept within 24 hrs and tender performance as indicated on the Work Order. If unable to complete the work by this date, vendors must contact [CSR, Supervisor, and/or admin@transcontinentalinc.com] to communicate the status of the Work Order. Vendor's failure to fully tender performance by the due date will result in the Work Order being automatically revoked and considered void, unless a TDS agent notifies the vendor otherwise, in writing. ***After the Work Order is revoked, a vendor does not have authorization to complete the work, nor should a vendor expect to be paid for any work the vendor chooses to perform.***

Invoice Requirements

12. Vendor invoices must be submitted within 30 days of completion of the work by mail, fax, hand delivery, or electronic mail to payables@transcontinentalinc.com

or mail to:

Attention: Payables Department
TDS, Inc.
14213 Transportation Ave.
Laredo, TX. 78045

Do not send duplicate invoices.

13. All invoices must be legible, in English, (unless otherwise accepted) and include:

- Vendor and/or shipper name;
- Shipping location;
- Invoice number;
- Invoice date;
- Summary of work performed (as agreed to and confirmed on the work order);

- TDS' Work Order Number;
- Total amount due ;
- Currency of transaction (all invoices must be issued in U.S. dollars and declared on the invoice);
- Signature of representative of the vendor and/or shipper; and

Non-Compliance Chargebacks

14. TDS has the right to impose chargebacks on vendors and/or to recover set-off damages caused to TDS against any work order in the event of (i) any variation from the terms and conditions of the work order, (ii) shipment of defective merchandise, or (iii) any failure by a vendor to comply with the State or Federal law, or TDS' policies (including this agreement).

Quality Management System

15. Vendors must establish, document, and implement a quality system that ensures continuous adherence to quality standards. When and where appropriate, TDS encourages vendors to obtain registration to the internationally accepted ISO 9001 Quality System Standard.
16. Vendors who are not registered with ISO must maintain a quality system that continuously monitors the quality and performance of products and services to assure conformance to requirements, specifications, and documented procedures.
17. Vendors must ensure that the requirements of their quality system are distributed and understood throughout their organization, including distribution to their sub-suppliers when appropriate.
18. Vendors who are ISO certified must notify TDS, in writing, within five (5) business days of any change in their certification status.
19. Vendors must immediately notify TDS if a regulatory agency takes any action upon them that may affect the vendors ability to fully and timely perform.
20. Upon request, vendors shall provide evidence of their quality system certification to TDS.
21. Vendors must timely complete any corrective actions issued to them for TDS approval. All actions are subject to TDS approval.
22. Vendors that receive multiple corrective action requirements are subject to potential loss of contract services.

Miscellaneous Infractions

21. For any quality infraction issues, the vendor must reimburse TDS for the full landed cost of the product, including freight, duty and agent commission fees (if applicable), plus any applicable handling charges and fines. The following is a nonexclusive list of quality infractions:
- Production does not meet specification of approved product ordered;
 - Performance/service issues;
 - Any issues that may conflict with state, local, or federal law;
 - Any issues identified by state, local, or federal agencies;
 - Any substitutions not explicitly authorized, in writing, and signed by TDS' QMR, and/or officer of TDS; and
 - Any issues creating a health and/or safety risk.
22. In the event of a product recall or product withdrawal, the vendor will be charged the full purchase

cost of total inventory, freight, and handling expenses incurred in the processing of said recall or withdrawal, plus any additional fees, which may be required.

23. Vendor is responsible for any damages on an item. The damages charge will be calculated at the full landed cost of the item, including freight, duty and agent commission fees (if applicable).

Customs Trade Partnership Against Terrorism Program (“C-TPAT”)

24. The U.S. Bureau of Customs and Border Protection (“CBP”) has created the C-TPAT program in which the U.S. Government and businesses will work to protect the supply chain from the introduction of terrorist contraband (weapons, explosives, and biological, nuclear, or chemical agents, etc.) in shipments originating from off-shore of the United States to buyers, drop shipments to its sub-tier suppliers, or drop shipments to its customers originating from off-shore of the United States. Vendor shipments through U.S. importers, from manufacturers in foreign countries, and brokers/freight forwarders/carriers must be contracted or assigned with transportation companies that are C-TPAT participants certified and/or validated by the U.S. Customs Service.
25. Vendor agrees to take such reasonable measures, including, but not limited to any such measures as may be required by TDS, to ensure the physical integrity and security of all shipments originating from off-shore of the United States under work orders against the unauthorized introduction of harmful or dangerous materials, drugs, contraband, weapons, or weapons of mass destruction or introduction of unauthorized personnel in transportation conveyances or containers. Such measure may include, but are not limited to, physical security of manufacturing, packing and shipping areas; restrictions on access to unauthorized personnel to such areas; personnel screening to the maximum limits of law or regulations in Vendor’s or manufacturer’s country; and development, implementation, and maintenance of procedures to protect the security and integrity of all shipments.
26. Vendor agrees that during the period in which it ships products to TDS, it and its subcontractors who either ship directly or package materials or products for shipment will either (i) be certified under the C-TPAT program by CBP or (ii) demonstrate to TDS’ satisfaction that it meets the security requirements of C-TPAT. Accordingly, Vendor must either provide TDS with documentation that it and such subcontractors are certified (e.g. C-TPAT certification or Status Verification Interface [SVI] number) or provide documentation and evidence satisfactory to TDS to demonstrate compliance with C-TPAT security requirements. C-TPAT requirements can be reviewed at: www.cbp.gov/xp/cgov/trade/cargo_security/ctpat/.
27. This program provides significant benefits to importers that follow the initiative. C-TPAT requires a commitment to a detailed review of security procedures as well as implementation of an effective action plan ensuring complete security throughout the supply chain. TDS has joined C-TPAT and has completed the internal security review that CBP requires. As part of our continuing review process, we must require all Vendors to complete and maintain updated information on your security procedures by submitting a TDS C-TPAT Vendor Questionnaire (“Questionnaire”). The form can be located on our website at: www.transcontinentalinc.com. The Questionnaire is required of all foreign Vendors, agents, carriers and freight forwarders providing any services to TDS. Although the Questionnaire is only intended as a summary of your security processes, it must contain sufficient information to make a reasonable judgment that your company has made a thorough assessment of your supply chain. The Questionnaire information should include current processes and status in addition to planned improvements. To the extent permitted by law, all information provided in the Questionnaire will be kept confidential by TDS and CBP.

Policy Regarding Gifts and Entertainment

28. TDS prohibits the soliciting or offering of any gift, personal benefit, or unjustified advantage to or from third parties if such is related to any business dealing.

29. TDS may only accept or offer an unsolicited non-monetary gift if: (1) the gift does not go beyond common courtesy and is accepted by local business practices, (2) the value of the gift does not imply any obligation on the part of the recipient, and (3) the gift is appropriate with respect to the recipient.
30. TDS may accept or offer unsolicited entertainment if: (1) the entertainment occurs infrequently and not in the ordinary course of business, (2) it involves reasonable expenditures, and (3) it takes place in a setting that is reasonably appropriate and fitting with TDS' roles in the related business.

Ruling Agreement

31. TDS is not bound by any printed or written conditions on Vendor's acknowledgment forms or invoices that impose any conditions which may conflict with the terms and conditions of the work order, or any applicable TDS policy, including, but not limited to, this Vendor Payment Policy.

Please return this form, along with a completed W-9, to TDS via [email or mail]. If you have any questions regarding our payment policy, please contact Admin@transcontinentalinc.com.

Vendor: _____

Signature: _____ Print name: _____ Date: _____