

PURCHASING TERMS AND CONDITIONS

1. **OFFER TO BUY:** This purchase order (“PO”) constitutes an offer to buy goods or services according to the description and other terms set forth on its face and reverse side (“ Goods”). Terms on the face shall govern where inconsistent with those on the reverse. It is the Seller’s responsibility to read and understand the PO terms and conditions issued with each PO, as these terms may be amended from time to time without notice to Seller. No additional or different terms offered by Seller shall be or become part of this PO nor shall this PO be modified, without the express written approval of Buyer noted on the face of the PO. Buyer’s signature on a Seller’s agreement or any other forms of agreement provided by Seller shall not constitute written approval for the purposes of modifying the terms and conditions of this PO.

2. **BLANKET PURCHASE ORDER:** A blanket PO is issued to Seller by Buyer against which short-term releases are generated by Buyer to satisfy program requirements. Without a firm release, Buyer is under no obligation to Seller for purchase of any of its inventory. If Seller produces Goods without a firm release, it does so at its own risk and accordingly, will only be compensate for Goods at Buyer’s sole discretion.

3. **WARRANTY:** Seller warrants that Goods shall: a) Conform in all respects to the drawings, specifications, samples and other descriptions and requirements relating to the Goods that have been furnished, specified or approved by the Buyer; b) Comply with all Governmental Requirements of the countries in which the Goods or the vehicles into which the Goods are to be installed are to be sold; c) Be merchantable; d) Be free from defects in design to the extent furnished by Seller, its Related Companies or their subcontractors, even if the design has been approved by Buyer and or Buyer’s customer; e) Be free from defects in materials and workmanship; and e) Be suitable for their intended use by Buyer and/or Buyer’s customer, including specified performance in the component, system, subsystem and vehicle location specified by the Buyer and in the environment in which the Goods are or reasonably may be expected to perform. Seller shall maintain an inspection and process control system acceptable to Buyer. All specifications, drawings and data submitted to Seller by Buyer in connection with this PO are incorporated and made part of these terms and conditions. Seller warrants that it has title to the Goods supplied under this PO and the Goods are and shall be free of liens and other encumbrances.

4. **PRICING:** Except for engineering changes, there shall be no price increases during the term of the PO for any Goods covered by this PO. Base pricing is to remain firm during the course of this program. Buyer shall not accept any form of surcharge (Energy, Fuel, etc). Seller must maintain a competitive position in the market place. Should Demmel receive a competitive bid from a reputable alternate source Demmel may discontinue purchases from Seller by providing written notice. Seller warrants the prices for Goods are not less favorable than those currently extended to any other customer for the same or similar Goods. In the event Seller reduces its price for the same or similar products to other buyers during the course of this program, Seller agrees to reduce its pricing for Goods to Buyer correspondingly.

5. **PAYMENT TERMS** Buyer shall pay all Seller invoices net 60 days after receipt of invoices on all programs. Payment for Goods shall not be considered acceptance in whole or in part of such Goods. It is the Seller’s responsibility to ensure that all of its invoices on all programs are correct. If the Seller discovers a bona fide error on invoice amounts, the Buyer shall only pay a retroactive adjustment of up to a maximum of 90 days prior to when said error was discovered (“Adjustment Period”). Seller shall bear any loss for invoicing errors outside of this Adjustment Period.

6. **CONSIGNED GOODS:** Any material furnished by Buyer on a “No Charge” basis shall remain property of Buyer and be fully accounted for, including scrap. Any such material scrapped because of defective workmanship of Seller shall, at Buyer’s discretion be replaced or paid for by Seller.

7. **QUALITY:** Seller is solely responsible for maintaining the quality of the manufacturing process to the specifications of Buyer or Buyer’s customer as detailed in the relevant blue print and/or the referring specifications relating to such blue print. Costs incurred by Buyer or its customer (i.e. sorting charges, labor, damaged tooling, rework, etc.) resulting from defective Seller-supplied Goods will be settled within a period of ten working days from notification by Buyer or Buyer's customer to Seller. Costs incurred shall be charged back to Seller. Changes in design, material, material source, processing or manufacturing source from the part previously approved for production requires Buyer’s engineering approval prior to each such change. Buyer is committed to the efforts of the automotive manufacturers and suppliers who, through the Automotive Industry

Action Group (AIAG), have created and published a number of harmonized documents. Buyer requires that the Seller establish documents and implement effective quality systems based on the requirements outlined in accordance to the latest versions of ISO9001/TS16949 &ISO14001.

8. **CHANGES:** Buyer may at any time by a written order make changes within the general scope of this PO, in any one or more of the following: a) drawings, designs or specifications where the Goods to be furnished are specifically manufactured for Buyer in accordance therewith; b) method of shipment or packing; c) place of delivery; and d) the amount of Buyer-furnished property. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any work under this PO, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule or both, and the PO shall be modified in writing accordingly. Seller shall proceed with the PO as changed unless such changes will result in an increase in the cost and/or time of performance, Seller must notify Buyer in writing to that effect within five (5) working days after receipt of changes (such notification will include an estimate of the extent of the effect of the changes on the cost and/or time of performance) so that Buyer can determine if it wishes to proceed with the changes in view of the impact on cost and/or time of performance. After such notification Buyer shall specifically instruct Seller in writing to proceed or not proceed with the changes. Any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by Seller of notification from Buyer to proceed with the changes provided, however, that Buyer, if it so chooses may receive and act upon such claim asserted at any time prior to the final payment under this PO. Nothing in this clause shall excuse Seller from proceeding with the PO as changed. Where the cost or property made obsolete or excess as the result of a change is included in Seller's claim for adjustment, Buyer shall have the right to prescribe the manner of disposition of such property.

9. **CANCELLATION:** Buyer, without waiving any other legal rights, reserves the right to cancel without charge or to postpone deliveries of any of the Goods covered by this PO which are not shipped in reasonable time to meet the required date. However, if Seller suffers delay in performance due to causes beyond its reasonable control, such as an act of God, war, act of Government, act of Buyer, fire, flood, strike, sabotage, or delay in transportation, the required date shall be extended by a period of time equal to the period of delay provided that Seller gives Buyer notice in writing of its cause within a reasonable time after being aware of such delay. 10. **TERMINATION:** Buyer may terminate work on this PO for its own convenience in whole or in part by written notice at any time. In that event any claim arising out of such termination shall be settled by negotiation on the basis of Seller's direct costs properly incurred or made in compliance with this PO and supported with appropriate documentation, with due allowance for salvage value.

11. **INDEMNIFICATION AND INSURANCE:** Seller will indemnify and save harmless Buyer, its employees, agents and invitees from and against all liability, demands, claims, loss, cost, damage and expense by reason or on account of property damage, death and personal injury whatsoever nature or kind arising out of, as a result of or in connection with the performance of this PO which is occasioned by the actions and omissions of Seller or its suppliers. Seller will maintain and carry liability insurance which includes but is not limited to employer's liability, worker's compensation, general liability and contractual liability in amounts set forth in this PO with carriers approved by Buyer but in no event shall such amounts be less than the minimum statutory requirements, if any. Seller will, if requested by Buyer, furnish certificates of insurance indicating the foregoing coverage. Seller agrees to perform the work in accordance with the safety rules of Buyer and all applicable laws and regulations.

12. **QUANTITIES:** It is Seller's responsibility to furnish the proper quantity called for on this PO. No variation in the quantities specified herein will be accepted as compliance with this PO, except by Buyer's prior written agreement. Buyer may in its sole discretion retain any over shipments and consider them as having been delivered within the total price set forth in this PO.

13. **DELIVERY:** Shipment must be made to meet the specified schedule. Goods shipped to Buyer in advance of schedule may be returned at Seller's expense. Alternatively, and at Buyer's sole discretion, payment may be withheld and the discount period will begin from the scheduled date of receipt. Late shipments caused by Seller's failure to perform must be expedited. Any additional charges for overtime, expedited freight, or other unusual cost shall be borne by Seller.

14. **PACKING SLIPS:** All shipments must contain packing slips giving part number, description of material, quantity and the PO number. If shipment is not made F.O.B. destination, the original Bill of Lading must be furnished with invoices. Buyer's count shall be accepted as final on all shipments not accompanied by packing slips.

15. **PACKAGING AND LABELLING:** Buyer's PO number shall appear conspicuously on each package, box, keg, bale, bundle or any other type of container. When shipping by weight, the tare weight of the containers should be permanently marked on each container. If this PO covers stationery or printing, a label must also be placed on the outside end of each package showing Buyer's PO number, date ordered, quantity and form number. Seller will ensure that all products are packaged in such a way that no damage will occur to the Goods during normal transportation.

16. **EXPORT REQUIREMENTS:** All export shipments must be adequately boxed or crated, with any special handling marked, and contents waterproofed, rust protected, and otherwise packaged to prevent damage in transit, and must meet all export shipping requirements. When applicable, Buyer must be supplied with a proper certificate of origin complying with customs regulations and all proper export documents for customs clearance. Seller is to fax necessary paperwork to Buyer's custom broker/agent at port of entry.

17. **ROUTING INSTRUCTIONS:** Seller shall make shipments as instructed. In the absence of specific routing instructions, shipments are to be routed "Best Way". Title and risk of loss pass to Buyer at the F.O.B. point designated by it.

18. **DIRECT SHIPMENTS:** When Goods are invoiced by Seller but shipped by another company the invoice shall bear the name of the shipper and the point from which shipment originated. Local and warehouse shipments of steel and bar stock should be marked or tagged in a suitable manner to permit prompt identification upon request.

19. **TOOLING CONSIGNMENT AND ACCESS RIGHTS:** All tools, gauges, dies, fixtures and patterns furnished by Buyer or which Buyer specifically authorized Seller to acquire for work on this PO ("Tooling"), shall be and remain the property of Buyer. Buyer shall have unfettered access to Tooling at any time. All such Tooling shall be conspicuously labelled by Seller as "Property of Demmel Inc". All Tooling shall be listed and maintained in suitable condition due to the work, by and at the expense of Seller, and returned to Buyer at any time upon request, F.O.B. Seller's plant. All Tooling shall be maintained and/or replaced as required to produce dimensionally capable products, at Seller's expense. Seller shall not dispose of Tooling without the express written approval of Buyer.

20. **AFTER-SALES SERVICE SUPPORT:** Seller shall provide prompt and efficient after-sales support and warranty services with respect to all Goods sold under this Agreement. Such after-sales support and warranty services shall be provided in accordance in such a manner as to meet all reasonable expectations of Buyer and Buyer's customers. All costs related to after-sales support, which shall include but is not limited to, costs incurred by Buyer to properly administer any cross-border access required for service technicians, shall be borne by Seller.

21. **REJECTIONS:** All Goods received by Buyer may be subject to inspection. At Buyer's discretion, any or all of the goods in a lot, in which there are articles which do not conform to the terms and conditions of the PO may be returned at Seller's expense. Due to schedule or other constraints, Buyer may elect to sort and/or repair the non-conforming Goods at Buyer's facility, in which case all inspection, sorting and repair costs shall be at Seller's expense. When Seller receives consigned Goods on Buyer's behalf, Seller is responsible for completing appropriate incoming inspection with respect to count, verification, and any quality inspection that may be required as negotiated with Buyer. If a count discrepancy occurs, Seller must notify Buyer within two (2) working days. Failure to do so may result in Seller being responsible for the cost of any related material variances. Failure of Seller to provide adequate material certification when required by order specification shall deem the Goods to be rejected and the receipt date delayed until adequate material certification is provided.

22. **TAXES:** Any taxes whether sales, goods and services, value added or otherwise shall be shown separately on the invoice.

23. **ASSIGNMENT:** This PO or monies due thereunder may not be assigned in whole or in part without written consent of Buyer.

24. **SET-OFF:** Buyer shall be entitled at all times to set off any amount owing at any time by Seller to Buyer, which includes setting off amounts owing to any of Seller's affiliated companies against any amount payable at any time by Buyer in connection with this PO. This may include, but is not limited to, set-off of any costs borne by Buyer under Section 20 which is chargeable to Seller.

25. **CORPORATE CHANGES:** If Buyer has an unsettled claim against Seller and Seller undertakes a corporate restructuring of any kind, Buyer shall be entitled to assert that claim against any surviving business entity thereafter. Further, if Seller is a privately-held corporation, Buyer shall access all of its rights available at law, including piercing the corporate veil and also asserting its claim against any and all shareholders and directors in their personal capacity.

26. **THIRD-PARTY SUPPLIERS:** Buyer has no liabilities and owes no duties of any kind whatsoever to Seller's third-party suppliers. Seller warrants to Buyer that third-party suppliers have been notified in writing that: a) they are not a party to this PO; b) they are barred from future claims of any sort whatsoever against Buyer; and c) Buyer will move for summary judgment to defeat such claims as frivolous and vexatious.

27. **NO THIRD-PARTY BENEFICIARIES:** The parties acknowledge and agree that there are no intended, direct or indirect third-party beneficiaries to this agreement. Seller agrees to indemnify, defend and hold harmless Buyer for any and all claims advanced by any of its third-party suppliers arising out of or related to the sale of Goods between the parties.

28. **EXTRA CHARGES:** No extra charges of any kind will be allowed unless specifically agreed to in writing by Buyer.

29. **ADVERTISING:** Seller shall not, without first obtaining Buyer's written consent, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer Goods herein ordered, or use any trademarks or trade name of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any Goods covered by this PO and shall not be required to make further payments except for conforming Goods delivered or services rendered prior to cancellation.

30. **PATENTS:** This paragraph sets forth Seller's exclusive liability with respect to patents. Seller shall pay all costs including legal fees and any damages finally awarded in any suit for which Buyer at law may be responsible to the extent based upon findings that the design or construction of the Goods as furnished infringe any patent (except infringement occurring as a result of incorporating a design or modification at the request of Buyer, provided that Buyer promptly notifies Seller of any charge or infringement and Seller is given the right to settle such charge and to defend or control the defense of any suit based upon such charge at its expense).

31. **WORKING CONDITIONS:** Seller agrees to comply with a Code of Basic Working Conditions, which includes where applicable, compliance with the United Nations Universal Declaration of Human Rights, the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, OECD Guidelines for Multinational Enterprises and the Global Sullivan Principles of Social Responsibility. Seller warrants that it adheres to the following practices: does not use child labor for any persons under 15 years of age, unless it is a government-sponsored program; does not use forced labor of any kind; provides fair compensation and benefits to its employees in compliance with applicable laws; allows employees the right not to join or to join a union and maintains open lines of communication for employees to express their concerns; provides a workplace environment free of harassment and discrimination; ensures adherence to sound Occupational Health & Safety policies and programs; complies with applicable laws regulating work hours; recognizes and respects the concerns of Indigenous communities; does not tolerate bribes or corruption of any kind, for any end; complies with all environmental laws and works toward sustainable operations. As part of an ongoing supplier relationship, Seller agrees that Buyer may from time to time verify compliance with the above. Seller understands that non-compliance may threaten an ongoing supplier relationship.

32. ENTIRE AGREEMENT: This PO constitutes the entire agreement between the parties pertaining to this subject matter hereof and supersedes all prior or contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties (except for a Demmel Supplier Agreement, which is incorporated here by reference) and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein.

33. CHOICE OF LAW AND JURISDICTION: This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina and the federal laws of the USA and shall be treated, in all respects, as a North Carolina contract. Each Party to this Agreement irrevocably agrees to and submits to the jurisdiction of the Courts of North Carolina with respect to any matter arising under or relating to this Agreement. The International Sales of Goods Act shall not apply.

34. SUCCESSORS: This Agreement is binding upon the Parties and will bind and inure to the benefit of their respective heirs, executors, legal and personal representatives, successors, and assigns. Seller will require any successor (whether direct or indirect, by purchase of stock or assets, merger, consolidation, or otherwise) to all or substantially all of its business and/or assets to expressly assume and agree to perform its obligations under this Agreement in the same manner and to the same extent that Seller would be required to perform those obligations if no such succession had taken place.

35. COMPLIANCE WITH TERMS: Any waiver of strict compliance with the provisions of this PO shall not be deemed a waiver of Buyer's right to insist upon strict compliance with this PO thereafter.

36. COMMUNICATION - All communication both verbal and written must be communicated in the same language as this Purchase Order.

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