

Standard Terms and Conditions (Purchase Orders)

Tariff fees must be disclosed at the time of order confirmation or tariff fee will not be paid by PRECO Electronics[®].

1. Delivery and Acceptance: We require that you acknowledge receipt within 24 hours via .pdf file. No hard copy will be sent unless you request it.

IMPORTANT: Please enter our order for the material specified, subject to all of the terms and conditions hereon. We insist on Invoice and Bill of Lading with each separate shipment showing our order number. Bill of Lading or Express Receipt establishes identity of Shipment in Transit and MUST accompany invoice. Otherwise, payment may be withheld until necessary documents are received.

- P.O. Number must appear on all invoices, shipping notices, freight bills, bills of lading, packages and correspondence.
- Time of delivery is of the essence of this contract.
- Buyer reserves the right to refuse any goods and to cancel all or any part of the goods not conforming to applicable specifications, drawings, samples or descriptions.
- Acceptance of any part of the order shall not bind Buyer to accept future shipments, nor deprive it of the right to return goods already accepted.

2. Shipment: Seller shall advise PRECO Electronics[®] when goods become ready for shipment. Buyer reserves the right to perform inspections prior to shipment. Over-shipments are subject to rejection. The shipping schedule dates shown are the dates PRECO Electronics[®] desires the shipment to arrive. Any unauthorized shipment made prior to the indicated date may be refused and returned at the seller's expense. PRECO Electronics[®] reserves the right to cancel all or part of any undelivered portion of this order if the shipping date is not satisfactory to PRECO Electronics[®], or if the seller does not make deliveries within the specified dates. If the seller fails to ship on time, PRECO Electronics[®] may purchase elsewhere and may, unless Seller's delay was due to unforeseeable causes beyond its control and without its fault or negligence, charge seller with all losses incurred.

3. Changes: Seller will not make any changes in the design, physical composition or structure of the goods, any specifications applicable to the goods, or any process used to manufacture the goods or perform services, including any component thereof, or a change in manufacturing location, without Buyer's prior written approval. PRECO Electronics[®] shall have the right at any time to make changes in this order by written notice to the seller, and seller agrees to comply with such changes. If changes cause a material increase or decrease in Seller's cost or delivery time of this order, seller shall notify the buyer immediately and an equitable adjustment will be negotiated.

4. Production Approval: Seller shall be in compliance with quality standards required by Buyer from time to time, such as TS/IATF-16949, and ISO-9001: 2015. Seller must comply with Buyer's Production Part Approval Process ("PPAP") requirements, including submission of the PPAP level required by the Buyer, and IMDS (International Material Data System) entries as needed (PPAP levels defined by Automotive Industry Action Group (AIAG)). Seller will fabricate from production tooling and furnish to Buyer the number of sample parts which

Buyer specifies. Seller will inspect such samples before delivery to Buyer and certify its inspection results in accordance with Buyer's PPAP requirements. For a period of ten (10) years after the expiration or termination of this Order, Seller will make and sell to Buyer the goods herein specified and parts thereof for service and replacement purposes.

5. Receipts / Inspections: All goods in this order are subject to inspection and rejection by PRECO Electronics[®]. Delivery shall not be deemed to be complete until goods have been actually received and accepted by Buyer.

By acceptance of this order, Seller certifies and acknowledges that the goods covered by this order meet Buyer's dimensional, material and performance specifications, are satisfactory for the purposes of manufacturing as intended by Buyer, and that any defect in such goods may occasion special damage to the Buyer. All measurement devices used by the Seller for final acceptance, shall be calibrated with traceability to the National Institute of Standards and Technology with reports retained for review by PRECO Electronics[®] upon request. Seller must be able to demonstrate that such goods conform to Buyer's specifications. Demonstration of process capability of 1.33 minimum C PK is acceptable in lieu of 100% inspection. Seller will pay to Buyer all handling, sorting, packing, transportation and other expenses which Buyer incurs in connection with any goods returned pursuant to this paragraph and, if Buyer elects to retain any goods not conforming to any requirement of this Order, the cost of correcting the non-conforming condition. For purposes of this paragraph, transportation expenses in connection with goods returned to Supplier will include the cost of transport to both the designated Buyer location and then back to Supplier's facility.

6. Confidential Information: Seller and Buyer shall not at any time even after the expiration or termination of this agreement use or disclose to any person for any purpose other than to perform this agreement, any information in this agreement.

7. Conforming Goods: Acceptance of all or any part of the goods shall not be deemed to be a waiver of Buyer's right either to cancel or to return all or any portion of the goods because of failure to conform to order, or by reason of defects, taken or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs and loss of profits or other special damages occasioned by the Buyer. Such rights shall be in addition to any other remedies provided by law.

8. Facility/Business Inspections: Seller will permit Buyer's agents to enter Seller's premises at reasonable times and after reasonable notice to inspect the fabrication of goods, determine Seller's compliance with this Order, including use and maintenance of Buyer's property, and inspect any books and records of Seller which are related to Seller's performance of this Order or Service Order.

9. Patent Infringement: Seller agrees to indemnify Buyer and hold it harmless from and against all liability, loss, damage and

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expense, including reasonable counsel fees, resulting from any actual or claimed trademark, patent or copyright infringement or any litigation based thereon, with respect to any of the goods covered by this order and such obligation shall survive acceptance of the goods and payment therefor by the Buyer.

10. Warranty: Seller represents and warrants to Buyer, as of the time of delivery hereunder, that (1) title to all goods will pass to Buyer free and clear of any claim or lien of any third person asserting through or against Seller; (2) all goods will expressly conform to all applicable drawings, specifications, samples and/or descriptions, whether furnished by Seller or Buyer, and will be merchantable and both suitable and usable by Buyer for the intended purpose; (3) all goods will be free of any defect in material, workmanship and design if Seller has designed the goods; (4) all services shall be performed in a workmanlike manner; and (5) all goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act, as amended, and all orders and regulations issued by the Administrator of the Wage and Hour Division pursuant to Section 14 thereof. Seller will pay or reimburse to Buyer all expenses which Buyer incurs in connection with any repair or replacement of (i) any goods delivered hereunder due to any such defect, and (ii) additionally, any product which incorporates any goods delivered hereunder that Buyer sells to any customer and Buyer is required to repair or replace due to any such defect under any warranty made by Buyer in respect thereof. Buyer shall also be entitled to all implied warranties under the Uniform Commercial Code (UCC).

11. Regulatory Compliance. Seller represents that the goods covered by this order have been manufactured and sold in compliance with the requirements of the Robinson-Patman Act, the Fair Labor Standards Act and other federal, state and municipal laws, rules and regulations as applicable.

12. Packing. All goods, wrappers and containers must bear markings and labels required by applicable federal, state and municipal laws and regulations for the protection and safety of persons and property and Seller warrants that prices include all charges for packing, crating and transportation to f.o.b. point.

13. Equal Employment Opportunity. Seller is on notice that Buyer may utilize the goods specified in this order in the manufacture of products destined for sale to the U.S. Government. Seller is therefore deemed to have assumed the obligation of compliance with Executive Order 11246, and unless otherwise exempt under the rules, regulations and orders of the Secretary of Labor or pursuant to Federal Procurement Regulations (FPR-1-12.804) or the Armed Service Procurement Regulations (ASPR 12-802), this order is subject to the requirements of the Equal Employment Opportunity clause as set forth in FPR 1-12.803-2 and SAPR 12-802 (a), said clause being herewith incorporated into this order by reference.

14. Data. Seller shall not use or disclose any data, designs, or other information belonging to or supplied by or on behalf of

Buyer, except in the performance of this or other orders for Buyer. Upon Buyer's request, such data, designs or other information and any copies thereof shall be returned to Buyer. Where Buyer's data, designs or other information are furnished to Seller's suppliers for procurement of supplies by Seller for use in the performance of Buyer's orders. Seller shall insert the substance of this provision in its orders.

15. Tooling. Any specifications, drawings, schematics, technical information, data tools, dies, gauges, test equipment and materials furnished or paid for by Buyer shall be kept confidential, remain and/or become Buyer's property, be used by Seller exclusively for Buyer's property and segregated when not in use, be kept in good condition at Seller's expense and be shipped to Buyer promptly on demand.

16. Labor Disputes. Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof to Buyer.

17. Entire Agreement. This contract contains the entire agreement of the parties. It may not be modified or terminated orally and no claimed modification, termination or waiver shall be binding on Buyer unless in writing signed by a duly authorized representative of Buyer. No modification or waiver shall be deemed affected by Seller's acknowledgement or confirmation containing other or different terms. All titles to clauses contained in this order re for identification only and shall not be construed as being a substantive part of the agreement.