

**JAC PRODUCTS, INC.**  
**PURCHASE ORDER TERMS AND CONDITIONS**

**Effective June 1, 2023**

**1. DEFINITIONS AND EXPLANATION:** “Buyer” means JAC Products, Inc. “Seller” means the party with whom Buyer is contracting. The term “Purchase Order” means Buyer’s Purchase Order, together with these Purchase Order Terms and Conditions, Buyer’s SQA Manual located on Buyer’s website at [www.jacproducts.com](http://www.jacproducts.com), and all other documents, exhibits, attachments or supplements specifically referenced on Buyer’s Purchase Order, in each case as amended or revised from time to time. Once accepted by Seller this Purchase Order shall constitute the entire agreement between Buyer and Seller for the sale and purchase of those goods, supplies, materials, equipment, technical data, drawings, articles, items, parts, components or assemblies (“Products”) and/or those services (“Services”) of Seller, as described herein. Each of the following documents are also incorporated in and shall form a part of this Purchase Order, whether or not specifically referenced on this Purchase Order: (a) any written supply agreement physically executed by an authorized representative of each of Buyer and Seller covering the Products and/or Services described in this Purchase Order, and (b) any other written agreement physically executed by an authorized representative of each of Buyer and Seller which provides therein that it shall be a part of this Purchase Order. Notwithstanding the foregoing, any reference in this Purchase Order to any document issued by Seller is made solely for the purpose of incorporating the description or specifications of Products or Services contained in such document, but only to the extent that such descriptions or specifications do not conflict with the descriptions or specifications otherwise set forth in this Purchase Order.

**2. ACCEPTANCE:** This Purchase Order constitutes Buyer’s offer to Seller. Seller will be deemed to have accepted Buyer’s offer and this Purchase Order in its entirety, without modification, upon the earliest of (a) Seller’s acceptance via a formal written acknowledgment to Buyer, (b) Seller’s delivery of any Products or performance of any Services that are the subject of this Purchase Order or (c) any other conduct by Seller that recognizes the existence of this Purchase Order, including, without limitation, preparation for or commencement of any of the work stated in this Purchase Order. Acceptance of this offer by Seller is expressly limited to and made conditional on Seller’s acceptance of all of the terms and conditions set forth in this Purchase Order. This Purchase Order shall constitute the entire agreement between Buyer and Seller with respect to the Products and/or Services and supersedes all prior agreements between Seller and Buyer, written or oral, with respect thereto, and no terms or conditions contained in this Purchase Order may be added to, modified or superseded except by a written instrument of Buyer which is delivered to Seller by Buyer, notwithstanding (i) any terms and conditions that are additional to or different from those set forth herein and that may be contained in any quotation, acknowledgement, confirmation, shipping notice, invoice or other form of Seller, and (ii) Buyer’s acceptance of or payment for any shipment, or any similar act of Buyer. In the event that any quotation, acknowledgement, confirmation, shipping notice, invoice or other form of Seller contains terms and conditions that are additional to or different from those set forth herein, this offer shall be deemed a notice of objection to and a rejection of such additional or different terms and conditions by Buyer.

**3. CUSTOMER TERMS:** Seller acknowledges that Products and Services covered by this Purchase Order may be sold, or incorporated into goods or services that will be sold, by Buyer to an original equipment manufacturer, whether directly or indirectly through an upper tier supplier, or any other third party customer (collectively, “Customer”). Accordingly, Seller shall take such steps, provide such disclosure, comply with such requirements, standards, policies or laws, certify such compliance and do all other things as Buyer deems necessary or desirable and within Seller’s control to enable Buyer to meet Buyer’s obligations under the terms and conditions of any contract or purchase order or other document (“Customer Terms”) that may be applicable to Buyer from time to time in respect of its direct or indirect supply of such goods or services to the Customer. Seller acknowledges that it is familiar with the automotive industry and applicable Customer Terms. Upon Seller’s written request, Buyer shall cooperate with Seller to explain to Seller any applicable Customer Terms.

**4. PRICE:** Buyer shall not be invoiced at a price higher than that stated in this Purchase Order. Unless otherwise stated on the face of this Purchase Order, all prices herein include (a) all applicable federal, state, provincial and local taxes as may be assessed against Seller, and (b) the charges for insurance, import dues, packaging, freight, transportation and any other fee or expense relating to the provision of the Products or Services ordered. All state and federal excise, sales and use taxes shall be stated separately on invoices. No surcharges, premiums or other additional charges of any kind may be imposed upon Buyer unless expressly agreed to in writing by Buyer. Seller expressly assumes the risk of any event or cause (whether or not foreseen) affecting the prices stated in the Purchase Order, including, without limitation, any foreign exchange rate changes, inflation, increases in the cost of materials, components, labor, transportation, logistics, energy, services or other manufacturing and delivery costs, and/or fluctuations in volume. Seller shall ensure that the price charged to Buyer for Products and Services is and remains competitive with the price for similar goods and services available to Buyer from other sellers. All taxes, tariffs, duties or other assessments of any kind levied by any federal, state, municipal, foreign, or other governmental authority that Seller is required to collect or pay with respect to the production, sale, purchase, delivery, storage, processing, use, consumption, shipment, import or export of any Products or Services or any materials or components used by Seller in connection with its performance under this Purchase Order shall be the responsibility of Seller. Seller agrees to pay all such taxes, tariffs, duties or other assessments and further agrees to reimburse Buyer for any such payments made by Buyer.

**5. PACKING AND SHIPPING:** Seller agrees to (a) properly prepare, pack, mark, load and ship all Products to prevent damage and deterioration, in accordance with the requirements of this Purchase Order, Buyer and involved carriers, and in a manner to secure lowest transportation cost; (b) route shipments in accordance with instructions from Buyer or its logistics services provider; (c) make no charge for handling, packaging, storage, transportation or drayage of Products unless otherwise stated in this Purchase Order; (d) provide with each shipment packing slips with Buyer's order number marked thereon; (e) properly mark each package with this Purchase Order number, the factory plant and dock number (if specified by Buyer), and where multiple packages comprise a single shipment, to consecutively number each package; and (f) promptly forward the original bill of lading or other shipping receipt for each shipment, in accordance with Buyer's instructions. Seller will include on bills of lading or other shipping receipts correct identification of goods shipped in accordance with Buyer's instructions and carrier's requirements. The marks on each package and identification of the goods on packing slips, bills of lading and invoices shall be sufficient to enable Buyer to easily identify the Products. Any packaging made from wood (including pallets) must conform to the International Softwood Standards, including USDA regulation on wood packaging material imports. In the event Seller fails to comply with such standards, Seller shall be liable for any and all associated costs incurred by Buyer, including but not limited to all replacement costs, transportation costs, government fines, and reasonable attorney's fees.

**6. INVOICE AND PAYMENT:** Seller agrees to: (a) promptly render after delivery of Products or performance of Services, correct and complete invoices to Buyer; and (b) to accept payment by check or, at Buyer's discretion, other cash equivalent, including electronic transfer of funds. No invoices shall be issued prior to delivery of Products or performance of Services. Seller shall comply with Buyer's instructions and then current policies with respect to the form, content and method for submission of all invoices. Seller's invoice must include a certification that all Products and Services covered by this Purchase Order were produced and performed in compliance with the applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued in connection therewith. Payment terms shall be as set forth on the face side of this Purchase Order, or if not stated, shall be on the 60th day following Buyer's receipt of a proper invoice. For tooling, Seller will be paid when Buyer is paid by its Customer for such tooling. Where Seller is a directed supplier, Seller will be paid only after Buyer is paid by its Customer for the related Products or, as applicable, the goods into which such Products are incorporated. Time for payment shall not begin, and no payment will be made, prior to receipt of Products and/or performance of Services and until correct and complete invoices are received, and Buyer reserves the right to delay payment until the Products and/or Services have been accepted. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens, encumbrances and claims on the Products and/or Services under this Purchase Order. Any payment shall not constitute acceptance of the Products and/or Services.

**7. DELIVERY:** Deliveries will be made in the quantities, on the dates, and at the times specified by Buyer in this Purchase Order or any subsequent schedules, releases or instructions issued by Buyer under this Purchase Order. Time and quantity are of the essence with respect to all delivery schedules Buyer establishes. The quantity specified in this Purchase Order may be for up to one hundred percent (100%) of Buyer's requirements for the Products. Seller shall deliver Products to Buyer (and Buyer shall only be responsible to purchase Products from Seller) in accordance with the firm quantities and at the times and locations specified on Buyer's delivery schedules issued in connection with this Purchase Order. Buyer shall not be required to accept or make payment for any Products delivered to Buyer that are in excess of the firm quantities specified in this Purchase Order or Buyer's delivery schedules. Buyer may return over-shipments to Seller at Seller's expense. Buyer may change the rate and/or quantity of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for Products or Services covered by this Purchase Order. Unless this Purchase Order provides that Buyer will purchase one hundred percent (100%) of its requirements from Seller, Buyer shall not be required to purchase Products or Services exclusively from Seller. From time to time, Buyer may provide Seller with, and Buyer's delivery schedules may contain, estimates, forecasts or projections of Buyer's future volume or quantity requirements for Products or Services and/or the term of a program to which such Products or Services relate. Such estimates, forecasts and projections are not binding on Buyer and Buyer makes no representation, warranty, guaranty or commitment of any kind or nature, express or implied, regarding any such estimate, forecast or projection provided to Seller.

**8. PREMIUM SHIPMENTS:** Premium shipping expenses and/or any other related expenses necessary to meet Buyer's scheduled delivery dates shall be Seller's sole responsibility. If Seller is unable to meet Buyer's delivery requirements using the transportation method originally specified by Buyer and Buyer requires a more expeditious method of transportation for the Products to meet such delivery requirements, Seller shall, at Buyer's option: (a) promptly reimburse to Buyer the entire cost of the more expeditious method of transportation; or (b) allow Buyer to reduce its payment of Seller's invoices by the entire cost of the more expeditious method of transportation.

**9. TITLE AND RISK OF LOSS:** Notwithstanding any delivery terms, Incoterms or similar language on the face of this Purchase Order or any agreement concerning payment of freight expenses or delivery location, for purposes of determining transfer of title and risk of loss with respect to any Products, delivery shall not have occurred and title and risk of loss shall not have passed to Buyer until the Products have been delivered to Buyer's "Ship To" location identified on the face of this Purchase Order and have

been accepted at that facility. Seller agrees to bear all the risk of loss, damage, or destruction of the Products ordered herein which occur prior to acceptance by Buyer and no such loss, damage, or destruction shall release Seller from its obligations hereunder.

**10. CHANGES:** Buyer reserves the right at any time, by providing written notice to Seller, to direct changes or cause Seller to make changes under this Purchase Order, including, without limitation, in any one or more of the following: (a) drawings, designs or specifications of the Products or Services; (b) increases or decreases in quantities; (c) method of shipping or packing; (d) inspection, testing and quality control; (e) delivery schedules; and (f) amount of Buyer-furnished property; and Seller agrees to promptly make such changes. If any such change causes an increase or decrease in price or in the time required for any part of the work under this Purchase Order resulting from such change, an equitable adjustment shall be made by Buyer in the price paid to Seller or in the delivery schedule, as appropriate, after receipt of documentation by Buyer, and in such form and detail as Buyer may direct. Any changes to this Purchase Order shall be made in accordance with Paragraph 2 of this Purchase Order. Seller shall be deemed to have waived any claim for adjustment under this Paragraph unless asserted within ten (10) days from the date of the receipt by Seller of Buyer's written notice. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim. Nothing in this Paragraph shall excuse Seller from proceeding with this Purchase Order as changed, including failure of the parties to agree upon any adjustment to be made under this Paragraph. Seller may not make any changes under this Purchase Order or to the Products or Services covered by this Purchase Order without the express prior written approval of an authorized representative of Buyer, including, but not limited to, any change to (1) any third party supplier to Seller of services, raw materials or goods used by Seller in connection with its performance under this Purchase Order, (2) the facility from which Seller or such supplier operates, (3) the location from which any of the Products or Services covered by this Purchase Order are shipped, (4) the price of any of the Products or Services covered by this Purchase Order, (5) the nature, type or quality of any services, raw materials or goods used by Seller or its suppliers in connection with this Purchase Order, (6) the fit, form, function, appearance, or performance of any Products or Services covered by this Purchase Order, or (7) the production method, or any process used in the production or provision of any Products or Services under this Purchase Order.

**11. INSPECTION:** Seller agrees that all Products and Services are subject to inspection and acceptance or rejection by Buyer. Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, systems, processes, Products, Services, inventories, work-in-process, materials and any property of Buyer covered by this Purchase Order during manufacture, prior to shipment, and at the delivery destination, notwithstanding the F.O.B. point or any payment or prior inspection at the source of shipment. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods. Final inspection will be made at a reasonable time after receipt of Products or Services. Inspection and acceptance of any Products or Services by Buyer shall not be deemed to alter or affect the obligations of Seller or the rights of Buyer and its Customers under warranties contained herein or as may otherwise be provided by law. Buyer's failure to inspect any of the Products or Services shall neither relieve Seller from responsibility for such Products or Services that are not in accordance with the requirements of this Purchase Order nor impose liability on Buyer therefor.

**12. NONCONFORMING GOODS:** Seller will ensure overall compliance with all quality requirements of Buyer and Buyer's Customer, including, without limitation, all requirements specified in Buyer's SQA Manual and all requirements necessary to maintain TS compliance. Any tender of Products or Services which is nonconforming as to the quality or the delivery schedule shall constitute a breach of this Purchase Order and Buyer shall have the absolute right to reject or revoke its acceptance of such Products or Services. Buyer shall notify Seller as to such rejection or revocation of acceptance and Buyer shall have all remedies as provided by law and this Purchase Order. In the event Seller is required to perform any Services on any Product, Seller will be responsible for the full cost of any Product that is determined to be scrap as a result of nonconforming Services. To the extent Buyer rejects Products as nonconforming or revokes acceptance, the quantities under this Purchase Order will automatically be reduced, and no substitution or replacement shall be made, unless authorized in writing by Buyer. Nonconforming Products will be held by Buyer for disposition in accordance with Seller's instructions at Seller's risk. Seller's failure to provide written instructions within ten (10) days (or such shorter period as may be commercially reasonable under the circumstances) after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling or to dispose of the Products, without liability to Seller. Payment for nonconforming Products or Services shall not constitute an acceptance thereof, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects.

**13. FORCE MAJEURE:** Any delay or failure of either party to perform its obligations hereunder shall be excused if, and only to the extent that, the party is unable to perform specifically due to an extraordinary and unforeseeable event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as: acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, inability to obtain power, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party within three (3) business days of the event or occurrence giving rise to the delay. Seller will use all diligent efforts to ensure that the effects of any such event or occurrence are minimized and, as promptly as possible, resume full performance under this Purchase Order. During the period of such delay or failure to perform by Seller, Buyer at its option, may have any Services to be performed by Seller hereunder performed by another party or purchase Products from another party and reduce its schedules to Seller by such quantities, without liability to Seller, or have Seller provide Products from other sources in quantities and

at times requested by Buyer and at the price set forth in this Purchase Order. If requested by Buyer, Seller shall, within three (3) business days of such request, provide adequate assurances that the delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days or Seller does not provide adequate assurance that the delay will cease within thirty (30) days, Buyer may immediately terminate this Purchase Order without any liability to Seller. Before any of Seller's labor contracts expire and as soon as Seller anticipates or learns of any impending strike, labor dispute, work stoppage or other disruption at Seller's facilities that might affect the delivery of Products to Buyer, Seller will produce (and locate in an area that will not be affected by any such disruption) a finished inventory of Products in quantities sufficient to ensure the supply of Products to Buyer for at least thirty (30) days after such disruption commences. Seller acknowledges and agrees that the change in cost or availability of materials, components, labor, transportation, logistics, energy or services based on market conditions, supplier actions, labor strike or other labor disruption, or contract disputes will not excuse performance by Seller under this Section or under theories of force majeure, commercial impracticability or otherwise, and Seller expressly assumes these risks.

**14. WARRANTY:** Seller expressly warrants that all Services provided or Products delivered under this Purchase Order shall conform to the specifications of this Purchase Order (including, without limitation, all specifications, documents, drawings, samples, or descriptions furnished to or by Buyer in connection with this Purchase Order), shall be free from any liens, encumbrances and rights of third parties, and shall be of good material and workmanship, merchantable and free from defects. Seller further warrants that all Services provided or Products delivered under this Purchase Order shall comply with all industry standards and guidelines and all applicable laws, statutes, regulations, and orders in force in countries where such Products or Services and products equipped with such Products or Services are to be used and/or sold and shall be in compliance with all other standards and agreements incorporated and made a part of this Purchase Order. Seller acknowledges that Seller knows of Buyer's intended use and expressly warrants that all Products covered by this Purchase Order shall be fit for the particular purpose intended by Buyer. If Seller is aware, is made aware or becomes aware that any Products are not appropriate for the use intended by Buyer or that any specifications for the Products will result in less than optimal performance of the Products, Seller shall immediately notify Buyer. All of Seller's warranties under this Purchase Order shall extend to Buyer and Buyer's affiliates, successors, subsidiaries, Customers and any other users of the Products or Services or products equipped with such Products or Services and shall remain in effect for the longer of (1) the period provided by applicable law, or (2) the warranty period provided by Buyer to its Customer. Notwithstanding the expiration of any warranty period, Seller shall remain liable for costs and damages associated with the conduct of (and the determination of whether to conduct) any recall campaign or other customer satisfaction or corrective service action initiated by Buyer or its Customer (whether voluntarily or pursuant to a government mandate) to the extent such recall campaign or other customer satisfaction or corrective service action is based upon the failure of any Products or Services to conform to the warranties set forth in this Purchase Order.

**15. HARMFUL INGREDIENTS; DISCLOSURE:** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and details as Buyer may direct: (a) a list of all ingredients in the Products purchased hereunder; (b) the amount of one or more ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the Products purchased hereunder, Seller agrees to furnish to Buyer sufficient warning and notice in writing including appropriate labels on goods, containers and packing of any hazardous material which is an ingredient or a part of any of the Products, together with such handling instructions as may be necessary to advise carriers, Buyer and their respective employees as to how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the Products, containers and packing shipped to Buyer. Whenever Seller becomes aware that any ingredient or component of the Products covered by this Purchase Order are or may become harmful to persons or property or that the design or construction of the Products is defective in any manner, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Upon request, Seller shall furnish Buyer with such written verification as Buyer deems necessary to certify the origin of any ingredients or materials in the Products. Seller shall also promptly furnish to Buyer all documents and other information requested by Buyer so that Buyer may comply in a timely manner with all applicable laws and Customer requirements governing consumer protection, conflict minerals or similar materials or ingredients.

**16. TERMINATION FOR CONVENIENCE:** In addition to any other rights of Buyer to terminate this Purchase Order, Buyer may at its option immediately terminate all or any part of this Purchase Order, at any time and for any reason or no reason, by giving written notice to Seller. Upon receipt of such notice of termination, Seller, unless otherwise directed in writing by Buyer, shall (1) terminate immediately all work under this Purchase Order in accordance with such notice; (2) transfer title and deliver to Buyer the usable and merchantable finished Products, work in process, and parts and materials that Seller produced or acquired in accordance with the firm quantities specified in Buyer's delivery schedules as of the date of termination and which Seller cannot use in producing goods for itself or for others; (3) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest and (4) upon Buyer's request, cooperate with Buyer in effecting the re-sourcing of the Products and Services covered by this Purchase Order to an alternate supplier designated by Buyer. Upon termination, Buyer shall pay to Seller the following amounts without duplication: (a) the Purchase Order price for all Services and Products which have been completed in accordance and compliance with this Purchase Order and not previously paid for, and (b) Seller's actual costs of work-in-process, parts and materials transferred to Buyer, to the extent such costs are reasonable in amount and properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this Purchase Order. The foregoing amounts shall be Seller's sole and exclusive recovery from Buyer (without regard to the legal theory which is the basis for any claim by Seller) on account of such

termination. Buyer will make no payments for finished Products, work-in-process, parts or materials fabricated or procured by Seller in amounts in excess of the firm quantities specified in Buyer's delivery schedules as of the date of termination, nor for any undelivered Products which are in Seller's standard stock or which are readily marketable. Payments made under this Paragraph shall not exceed the total price to be paid by Buyer to Seller for the Services and Products which would be produced by Seller under this Purchase Order and based on the firm quantities specified in Buyer's delivery schedules as of the date of termination. Except as provided in this Paragraph, Buyer shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, general and administrative burden charges and other consequential or incidental damages from termination of this Purchase Order. Within sixty (60) days from the effective date of termination, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's audit, and shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer or its agents shall have the right to audit and examine all books, records, facilities, work, material, inventories, and other items relating to any termination claim of Seller.

**17. TERMINATION FOR BREACH:** Buyer shall have the right to terminate all or any part of this Purchase Order without liability to Seller, if Seller (a) repudiates or breaches any of the terms of this Purchase Order, including Seller's warranties; (b) fails to deliver Products or perform Services as specified by Buyer; (c) fails to make progress so as to endanger timely and proper completion and delivery of such Products and Services; or (d) fails to provide adequate assurance of performance under this Purchase Order within three (3) business days after written demand by Buyer; and does not correct such failure or breach within seven (7) days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach; and upon such termination, Buyer shall have all the rights by reason of Seller's default as provided hereunder or otherwise by law. If it is ultimately definitively determined that Seller was not in default, the rights and obligations of the parties shall be the same as if a notice of termination had been issued pursuant to Paragraph 16 of this Purchase Order.

**18. NO TERMINATION RIGHT BY SELLER:** Except as set forth in this Section, Seller agrees that it does not have right to terminate all or any part of this Purchase Order. Seller may terminate this Purchase Order only for non-payment of invoices for Products or Services which are forty-five (45) or more days past due and material in amount, and then only if (a) Seller first provides Buyer written notice specifying the amounts past due (including invoice numbers and dates) and Seller's intent to terminate this Purchase Order if the past due amount is not paid and (b) Buyer within forty-five (45) days of such notice does not either pay the amount claimed to be unpaid or inform Seller that the amount is disputed by Buyer. Except as a result of a valid termination of this Purchase Order in accordance with the foregoing sentence, Seller may not suspend any aspect of Seller's performance under this Purchase Order (including without limitation the uninterrupted production and delivery of Products covered by this Purchase Order) for any reason, including without limitation the pendency of a demand by Seller for adequate assurances of performance or an adjustment to commercial terms of this Purchase Order. During the period that any matter governed by this Purchase Order is in dispute and during all phases of any dispute resolution process, Seller shall continue to perform its obligations under this Purchase Order to ensure that Buyer's and its Customer's production or operations are not interrupted.

**19. INSOLVENCY:** Buyer may immediately terminate this Purchase Order in whole or in part without liability to Seller upon the occurrence of any of the following events (or any other comparable event): (a) insolvency of the Seller; (b) Seller's inability to promptly provide Buyer with adequate and reasonable assurance of Seller's financial capability to perform timely any of Seller's obligations under any Purchase Order; (c) filing of a voluntary or involuntary petition for bankruptcy by or against Seller; (d) appointment of a receiver or trustee for Seller; (d) execution of an assignment for the benefit of creditors by Seller; or (e) any accommodation by Buyer (financial or other) that is necessary for Seller to fulfill its obligations under this Purchase Order.

**20. TRANSITION SUPPORT:** Upon the expiration or earlier termination of all or any portion of this Purchase Order for whatever reason, whether under Sections 16, 17, 19 or otherwise, Seller agrees to promptly comply with all of its obligations under this Purchase Order and to take such further action as may be reasonably required by Buyer, including, without limitation, continuing the uninterrupted production and delivery of Products covered by this Purchase Order, at the prices, quantities and on the other terms stated in this Purchase Order, without premium or other condition, during the entire period reasonably needed by Buyer to complete the transition to any alternative seller chosen by Buyer (including without limitation any facility owned or operated by Buyer or its affiliates), including by providing a sufficient bank of Products, as determined in Buyer's sole discretion, to ensure that the transition to any such alternative seller will proceed smoothly.

**21. INTELLECTUAL PROPERTY; INDEMNITY:** Seller agrees (a) to indemnify, defend, and hold Buyer, Buyer's affiliates, Buyer's Customers, and their respective successors, assigns, directors, officers, employees and agents harmless from and against any and all injuries, damages, liabilities, claims, causes of action, demands, losses, costs and expenses (including reasonable attorney fees) arising out of any actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright, mask work right, or other proprietary right by reason of the manufacture, use or sale of the Products or Services ordered herein, including infringement arising out of compliance with specifications furnished by Buyer, or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions; (b) to waive any

claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, in any way related to a claim asserted against Seller or Buyer for patent, trademark, copyright or mask work right infringement or the like, including claims arising out of compliance with specifications furnished by Buyer; and (c) to grant to Buyer a worldwide, nonexclusive, royalty-free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed, the Products ordered hereunder. Seller assigns to Buyer all right, title and interest in and to all trademarks, copyrights and mask work rights in any material created for Buyer under this Purchase Order. Buyer does not transfer to Seller any patent, trade secret, trademark, service mark, copyright, mask work, or other intellectual property right of Buyer in information, documents, or property that Buyer makes available to Seller hereunder.

**22. OWNERSHIP OF PROPRIETARY MATERIALS:** All works of original authorship, ideas, inventions (whether patentable, patented or not), know-how, processes, compilations of information, technical, engineering and/or CAD data, designs, drawings or other documents, trademarks and other intellectual property conceived, developed or reduced to practice by Seller in connection with, or pursuant to, this Purchase Order (collectively, "Proprietary Materials"), and all intellectual property rights in such Proprietary Materials, are owned by Buyer and not by Seller. Seller agrees that all such Proprietary Materials created by Seller are "works made for hire" as that term is used in connection with the U.S. Copyright Act. To the extent that, by operation of law, Seller owns any intellectual property rights in the Proprietary Materials, Seller hereby irrevocably assigns to Buyer all rights, title and interest, including copyrights and patent rights, in such Proprietary Materials. Seller shall ensure that all employees and authorized subcontractors to Seller shall have contracts with Seller in writing consistent with the terms of this Section. Any Seller marks or legends on Proprietary Materials such as "Confidential" or "Proprietary" will not affect Buyer's ownership and use of such Proprietary Materials.

**23. TECHNICAL INFORMATION DISCLOSED TO BUYER:** Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information or data of any type whatsoever which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the Products or Services covered by this Purchase Order.

**24. DISCLOSURE OF INFORMATION:** Unless otherwise expressly agreed to in writing by Buyer, all information disclosed by Buyer to Seller or to which Seller otherwise obtains access during the course of performance of this Purchase Order, shall be maintained in confidence by Seller and shall remain Buyer's property. Seller shall not disclose such information to third persons without the prior written consent of Buyer. Such information shall be used by Seller solely for purposes of performance of this Purchase Order.

**25. INDEMNIFICATION:** Seller shall indemnify, defend and hold Buyer, Buyer's affiliates, Buyer's Customers, and their respective successors, assigns, directors, officers, employees and agents harmless from and against any and all injuries, damages, liabilities, claims, causes of action, demands, losses, costs and expenses (including reasonable attorney fees) (collectively, "Damages") asserted against or incurred by Buyer or any such other person arising out of, in connection with, or resulting from: (a) the Products or Services (including without limitation, the selection, delivery, possession, use, operation or return of the Products or Services), (b) Seller's performance of or failure to perform obligations under this Purchase Order, including, without limitation, claims based on Seller's breach or alleged breach of warranty (whether or not the Products or Services have been incorporated into Buyer's products and/or resold by Buyer), (c) injury to, or death of, any persons, or damage to or loss of property arising out of performance of this Purchase Order by Seller, its employees, agents, contractors or sub-contractors or representatives, or the use or sale of any Product or Service by Buyer or Buyer's Customers, or (d) the use, maintenance and repair of Buyer's Property; provided, that Seller shall have no liability for Damages attributable solely to the gross negligence of Buyer.

**26. INSURANCE:** Seller shall maintain insurance coverage as is customary in Seller's industry and as otherwise required by law in such amounts and with such insurance carriers as are reasonably acceptable to Buyer; provided that Seller shall maintain insurance coverage not less than the following: (a) Worker's Compensation – Statutory Limits for the state or states in which this Purchase Order is to be performed (or evidence of authority to self-insure); (b) Employer's Liability - \$250,000; (c) Comprehensive General Liability (including Products, Operations and Blanket Contractual Liability) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury, and \$1,000,000 per occurrence Property Damage or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit; and (d) Automobile Liability (including owned, non-owned and hired vehicles) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit. At Buyer's request, Seller shall furnish to Buyer certificates of insurance setting forth the amount(s) of coverage, policy number(s), and date(s) of expiration for insurance maintained by Seller and, if further requested by Buyer, such certificates will provide that Buyer shall receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverage. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under this Purchase Order. In the event of Seller's breach of this provision, Buyer shall have the right to terminate the undelivered portion of any Products or Services covered by this Purchase Order for default, and shall not be required to make further payments except for conforming Products delivered or Services rendered prior to termination.

**27. BUYER'S PROPERTY:** Any and all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, documents, designs, specifications and other items furnished by Buyer or Buyer's Customer, either directly or indirectly, to Seller or to any sub-supplier of Seller to perform this Purchase Order or for which Seller has been reimbursed by Buyer or Buyer's Customer, shall be and remain the property of Buyer ("Buyer's Property"). Seller shall hold Buyer's Property on a bailment-at-will basis while in its possession or control and bear the risk of loss and damage to Buyer's Property. Buyer's Property shall at all times be properly housed and maintained by Seller, shall not be used by Seller for any purpose other than the performance of this Purchase Order, shall be conspicuously marked "Property of JAC Products, Inc." by Seller, shall not be commingled with the property of Seller or with that of a third person, and shall not be moved from Seller's premises without Buyer's prior written approval. Seller, at its expense, shall maintain, repair and refurbish Buyer's Property in first class condition, normal wear and tear excepted. All replacement parts, additions, improvements and accessories for such Buyer's Property shall automatically become Buyer's Property upon their incorporation into or attachment to Buyer's Property. Seller agrees that Buyer has the right, at any time, with or without reason and without payment of any kind to retake possession of or request return of any or all Buyer's Property, without the necessity of obtaining a court order. Upon the request of Buyer, Buyer's Property shall be immediately released to Buyer or delivered to Buyer by Seller, either (a) F.O.B. transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (b) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable cost of delivery of such property to such location. Seller shall keep a true record of all Buyer's Property in its possession or control, shall give the representatives of Buyer access to such record on demand, shall provide Buyer, upon Buyer's request, with a written inventory of all Buyer's Property, and shall permit representatives of Buyer to perform their own inventory of Buyer's Property in Seller's possession or control. Seller's failure to deliver any item of Buyer's Property to Buyer (or its agent) at the end of the bailment, as directed by Buyer, will (1) be a breach of this Purchase Order, and (2) subject Seller to liability for, among other things, conversion and responsibility for all costs and expenses, including actual attorneys' fees, incurred by Buyer to recover such Buyer's Property. Seller acknowledges and agrees that (i) Seller has inspected Buyer's Property and is satisfied that Buyer's Property is suitable and fit for its purposes, and (ii) **BUYER HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF ANY BUYER'S PROPERTY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.** Buyer will not be liable to Seller for any loss, damage, injury or expense of any kind or nature caused, directly or indirectly, by any Buyer's Property, including, without limitation, its use or maintenance, or its repair, service or adjustment, or by any interruption of service or for any loss of business whatsoever or howsoever caused, including, without limitation any anticipatory damages, loss of profits or any other indirect, special or consequential damages.

**28. SELLER'S PROPERTY:** Seller at its own expense shall furnish, keep in good condition and replace when necessary all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, documents, designs, specifications and other items, excluding Buyer's Property, necessary for the production of Products ("Seller's Property"). Seller shall insure Seller's Property with full fire and extended coverage insurance for the replacement value thereof. Seller grants Buyer an irrevocable option to take possession of and title to Seller's Property that is special for the production of Products upon payment to Seller of the book value less any amounts which Buyer has previously paid to Seller for the cost of such Seller's Property; provided, however, that this option shall not apply if such Seller's Property is used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods are being sold by Seller to others.

**29. LIENS:** Seller shall not take or permit any third party to take any security interest, lien or other interest in Buyer's Property. Seller expressly waives any lien, including, without limitation, molder's, builder's, or artisan's or similar liens or any security interest that Seller might otherwise have on any Products for any amounts owed Seller by the Buyer or Buyer's Customer. If requested by Buyer, Seller shall furnish all necessary lien waivers, affidavits or other documents arising out of the furnishing of the Products necessary for release of any purported lien or security interest.

**30. REMEDIES:** The rights and remedies reserved to Buyer in this Purchase Order shall be cumulative and in addition to all other or further remedies provided at law or in equity. Without limiting the generality of the foregoing, Seller acknowledges and agrees that any actual, anticipatory or threatened breach of this Purchase Order by Seller with respect to its delivery of Products or Services to Buyer will result in irreparable harm to Buyer for which money damages would not be a sufficient remedy and in addition to all other rights and remedies that Buyer may have, Buyer shall be entitled to specific performance and temporary, preliminary and permanent injunctive or other equitable relief as a remedy for any such breach, without proof of actual damages and without bond or other security being required.

**31. LIMIT OF BUYER'S LIABILITY AND COMMENCEMENT OF ACTIONS:** Buyer shall not be liable for anticipated profits or for special, incidental or consequential damages. Buyer's liability on any claim of any kind for any loss or damage arising out of or in connection with this Purchase Order or from the performance or breach thereof shall not exceed the amounts set forth in the above Termination for Convenience section. Any action resulting from any breach on the part of Buyer as to Products or Services under this Purchase Order must be commenced within one (1) year after the cause of the action has accrued.

**32. SERVICE AND REPLACEMENT PARTS:** If requested by Buyer, Seller will sell to Buyer all Products necessary for Buyer to fulfill Buyer's and its Customers' service and replacement parts requirements for the current model year at the then current production prices under this Purchase Order plus the actual net cost differential for required unique packaging. If the Products are systems, modules or assemblies, Seller will sell the components or parts of such systems, modules or assemblies at prices that will not in the aggregate exceed the then current production price under this Purchase Order for the system, module or assembly plus the actual net cost differential for required unique packaging, less the costs of labor involved in connection with the system, module or assembly. After the current model production of the vehicle involved, Seller will sell to Buyer all Products necessary for Buyer to fulfill Buyer's and its Customers' service and replacement parts requirements for past model years at the prices specified in the last Purchase Order for current model production plus the actual net cost differential for required unique packaging for the first five (5) years of past model service. For the following ten (10) years of past model service or such longer period as Buyer's Customer requires, the prices shall be as specified in the last Purchase Order for current model production plus the actual net cost differential for required unique packaging, plus any actual net cost differential for manufacturing costs as negotiated by Seller and Buyer.

**33. CUSTOMS, DUTY DRAWBACK RIGHTS, EXPORT CONTROLS:** This Purchase Order includes all related customs duty drawback rights, if any, which Seller can transfer to Buyer. Seller shall inform Buyer of the existence of any such rights, and upon request, supply such documents as may be required for Buyer to obtain such drawback. Export licenses or authorizations necessary for the export of any Products shall be the responsibility of Seller unless otherwise indicated in this Purchase Order. Seller agrees to be responsible for any incorrect information provided by Seller or any noncompliance with U.S. Customs regulations by Seller that results in penalties, additional duties and/or additional costs incurred by Buyer. Seller agrees to comply with all security procedures required by Customs-Trade Partnership Against Terrorism (C-TPAT).

**34. NETTING, SETOFF AND RECOUPMENT:** All amounts due from Buyer or Buyer's affiliates to Seller or Seller's affiliates shall be net of any indebtedness or other obligations of Seller or Seller's affiliates to Buyer or Buyer's affiliates. Buyer or any of Buyer's affiliates may, without notice to Seller or any of Seller's affiliates, set-off against or recoup from any amounts due or to become due from Seller or Seller's affiliates to Buyer or Buyer's affiliates, however and whenever arising. In the event that Buyer or any of Buyer's affiliates reasonably feels itself at risk as to any amount owed by Seller or Seller's affiliates, Buyer or Buyer's affiliates may withhold and recoup a corresponding amount due Seller or Seller's affiliates to protect against such risk. In addition to any rights otherwise provided or allowed by law or this Purchase Order, Buyer or any of Buyer's affiliates may retain or defer payment of all or any portion of the amount due from Buyer or Buyer's affiliates (even if such amount is not disputed, contingent or unliquidated and is otherwise due) to the extent of any obligation of Seller or Seller's affiliates to Buyer or Buyer's affiliates, even if such obligation is disputed, contingent or unliquidated, until such obligation is resolved. Without limiting the generality of the foregoing, and by way of example only, in the event Seller or any of Seller's affiliates is subject to insolvency, bankruptcy, receivership, liquidation or other similar proceedings, Buyer or any of Buyer's affiliates may defer payments due to Seller or any of Seller's affiliates, via an administrative hold or otherwise, against potential damages arising from rejection or otherwise. Seller unconditionally guarantees payment when due of all existing and future obligations of any of its affiliates to Buyer or any of Buyer's affiliates, provided however, that the amount guaranteed by Seller shall not exceed the amount owed by Buyer to Seller under this Purchase Order from time to time and at any given time.

**35. ADVERTISING:** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise, publish, or otherwise disclose the fact that the Seller has contracted to furnish Buyer the Products or Services herein ordered, or use any trademarks or trade names of Buyer or Buyer's Customer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to terminate this Purchase Order without any liability to Seller.

**36. COMPLIANCE WITH AND APPLICABILITY OF LAW:** Seller agrees to fully comply with all federal, state and local laws, executive orders, rules, regulations and ordinances ("Laws"), including Laws of countries of manufacture or use, that may be applicable to Seller's performance of its obligations under this Purchase Order and this Purchase Order shall include and incorporate by reference all the clauses required by the provisions of said Laws. Seller agrees to defend, indemnify and hold Buyer harmless from and against any loss, including but not limited to, any fines, penalties and corrective measures, Buyer may sustain by reason of Seller's failure to comply with said Laws in connection with the design, manufacture and/or installation (if installation is included) of Products or the provision of Services. Buyer is an equal opportunity employer and Seller therefore shall comply with: (a) all provisions of 41 C.F.R. 60-1.4, as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R. 60-250, as amended, pertaining to affirmative action for disabled veterans of Vietnam Era; and (c) all provisions of 41 C.F.R. 60-741, as amended, pertaining to affirmative action for handicapped workers. Seller certifies that it is in compliance with all applicable provisions of 41 C.F.R. 60-1, including, but not limited to: (i) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1.40, as amended; (ii) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7, as amended; and (iii) neither maintaining segregated facilities nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.F.R. 60-1.8, as amended. Buyer requests that Seller adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis regardless of an individual's age, race, color, sex, religion or national origin. Seller represents that neither it nor any of its subcontractors will utilize



child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices in the supply of Products or Services under this Purchase Order.

**37. AUDITS AND INSPECTIONS:** Seller agrees to retain all books, records, certifications, reports and other documents and data related to this Purchase Order, Seller's performance under this Purchase Order and all Products and Services under this Purchase Order for a period equal to the longer of (a) the life of the applicable Product, and (b) three (3) years after receiving final payment from Buyer under this Purchase Order. Seller shall make all such items available for inspection by Buyer and, when requested by Buyer, furnish Buyer with copies of any such documents or data. Buyer shall have the right to inspect and audit Seller's books, records, operations and facilities, including Seller's quality system, to insure Seller's compliance with the terms of this Purchase Order. Buyer and its representatives may audit Seller's records of transactions to the extent needed to verify the quantities shipped and that the prices charged match the Purchase Order prices. Upon Buyer's request, Seller shall permit Buyer and its representatives to review Seller's books and records concerning Seller's overall financial condition and continued ability to perform under this Purchase Order and agrees to provide Buyer with full and complete access to all such books and records for such purpose. Seller shall provide Buyer with reasonable access to its facilities, systems and processes and otherwise cooperate and facilitate any such inspections and/or audits by Buyer. Notwithstanding the foregoing, no inspection or failure to inspect by Buyer shall alter Seller's obligations under this Purchase Order.

**38. NO IMPLIED WAIVER:** The failure of either party at any time to require performance by the other party of any provision of this Purchase Order shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this Purchase Order constitute a waiver of any succeeding breach of the same or any other provision.

**39. SUCCESSORS:** This Purchase Order shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns.

**40. ASSIGNMENT AND DELEGATION:** Seller shall not assign its rights or delegate its obligations under this Purchase Order without the prior written consent of Buyer, and any attempt to make such assignment or delegation without such consent shall be void. Any direct or indirect change in the ownership of Seller that effects a direct or indirect change in the control of Seller shall be deemed an assignment under this Purchase Order which requires the prior consent of Buyer.

**41. SUBCONTRACTING:** No Products to be delivered under this Purchase Order shall be procured by Seller from a third party in completed or substantially completed form without Buyer's written consent unless the purchase is being made from Seller in its capacity as a retailer, jobber or distributor. Seller shall not enter into a subcontract for any Services to be performed under this Purchase Order without Buyer's written consent; provided, however, that Buyer's approval of any subcontract or any provisions thereof shall not in any way be construed as a ratification thereof or relieve Seller of any responsibility for performing this Purchase Order.

**42. RELATIONSHIP OF PARTIES:** Seller and Buyer are independent contracting parties and nothing in this Purchase Order shall be construed to make either party the partner, agent or legal representative of the other for any purpose whatsoever, and neither party shall be liable for the debts, obligations or responsibilities of the other. Neither party shall have any authority to assume or create any obligation on behalf of or in the name of the other party in any manner.

**43. GOVERNING LAW; JURISDICTION:** This Purchase Order shall be interpreted and construed in accordance with the laws of the State of Michigan without regard to any applicable conflict of laws provisions. The United Nations Convention on the International Sale of Goods is expressly excluded. Seller consents to the exclusive jurisdiction of the appropriate federal court in the U.S. District Court for the Eastern District of Michigan, Southern Division or of the state courts in the State of Michigan for any legal or equitable action or proceeding arising out of, or in connection with, this Purchase Order. Seller specifically waives any and all objections to venue in such courts.

**44. SEVERABILITY:** Any provision of this Purchase Order which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Order or affecting the validity or enforceability of such provisions in any other jurisdiction.

**45. SURVIVAL:** The obligations of Seller to Buyer under this Purchase Order shall survive expiration or termination of this Purchase Order, except as otherwise expressly stated in this Purchase Order.

**46. MODIFICATION OF THESE TERMS:** Buyer may modify these Purchase Order Terms and Conditions by posting notice of such modified Purchase Order Terms and Conditions on Buyer's website at least thirty (30) days prior to the effective date of such modified Purchase Order Terms and Conditions.