

Hitachi Cable America Inc.(HCA) Automotive

Products Division

STANDARD PURCHASE ORDER TERMS AND CONDITIONS

Revision date: **October 15, 2014**

ACCEPTANCE OF HCA TERMS & CONDITIONS. Acceptance of any purchase order from HCA (Hitachi Cable America, Inc.) and its subsidiaries HCQ (Hitachi Cable Queretaro) HCF (Hitachi Cable Florida) and HCI (Hitachi Cable Indiana) shall mean that the Seller agrees to, and accepts, all the terms and conditions set forth in these Standard Purchase Order Terms and Conditions (Terms and Conditions). Any change of ownership of seller will not negate seller under new ownership of these terms and conditions.

2. **WARRANTY:** Seller warrants, agrees and guarantees that the goods, articles and materials furnished hereunder are in full conformity with (a) specifications, drawings and/or samples submitted by Buyer and/or (b) submitted to Buyer by Seller and accepted by Buyer and are free from all defects in material and workmanship and are fit and sufficient for their intended use. Seller agrees to defend, indemnify and save harmless Buyer, Buyer's agents and customers and the users of any such goods, articles or materials from any and all liability, loss and/or damage which may be incurred or suffered by them or any of them by virtue of or resulting from the failure of such articles or materials to conform with said specifications, drawings and/or samples or by virtue of defective materials or workmanship or lack of fitness or insufficiency for their intended use and to pay the costs of any and all returns, recalls, repairs and replacements and to pay any and all judgments rendered against them or any of them as a result thereof and to pay all costs and expenses incurred by them or any of them in defending any action brought against them or any of them as a result of any claim that any of said articles or materials do not conform to said specifications, drawings or samples or are defective in materials or workmanship or are unfit or insufficient for their intended use, including but not limited to attorney's fees and expenses, expert witness fees and expenses and court costs. If requested by Buyer, Seller shall, at Seller's own expense, promptly assume full responsibility for the defense of and diligently defend any and all such actions. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller.

3. **INTELLECTUAL PROPERTY:** Seller warrants, agrees and guarantees that the goods, articles and materials furnished hereunder do not infringe upon or misappropriate any patent, trademark, copyright, trade secret, or any other intellectual property rights of others or unfairly compete with others. Seller agrees to defend, indemnify and save harmless Buyer, Buyer's agents and customers and the users of any goods, articles or materials provided hereunder from any and all liabilities, losses, expenses, royalties, profits and damages, including but not limited to expert witness fees and expenses and court costs and attorneys' fees which may be incurred or suffered by them or any of them by virtue of or resulting from any actual or alleged infringement or misappropriation of any patent, trademark, copyright, trade secret, or any other intellectual property right of others as well as for any actual or alleged unfair competition with others arising from or in any way related to goods, articles or materials furnished hereunder or the use thereof. If requested by Buyer, Seller shall, at Seller's own expense, promptly assume full responsibility for the defense of and defend any and all such actions. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller.

4. **INSPECTION:** All goods, articles and materials covered by this order shall be subject to inspection and/or testing at any reasonable time or place, or in any quantity by Buyer or Buyer's customer. If such inspection and/or testing, either preliminary or final are made on Seller's premises or the premises of Seller's subcontractor, Seller will furnish without additional charge, all reasonable facilities and assistance required by the inspectors for safe and convenient inspections and tests. Such inspections and/or tests shall not relieve Seller of the obligation to make full and adequate inspections and tests. In the event any defects are found in materials or workmanship or some of the goods, articles or materials are found not to be in conformity with the specifications or requirements, then Buyer or its customer shall have the right to reject all such goods, articles or materials or require their replacement or correction. Buyer may return all rejected goods, articles and materials at Seller's invoice price plus all transportation charges. Seller will bear all costs of sorting, reworking, correcting or replacing any goods, articles or materials furnished by Seller which are rejected and returned to Seller because of defect in materials or workmanship or for failure to meet specifications or other requirements. If Seller fails to promptly sort, rework, correct or replace such rejected goods, articles or materials, then Buyer may, by contract or otherwise, have said goods, articles or material stored, reworked, corrected or replaced and charge the excess cost to Seller. Regardless of whether Buyer or Buyer's customer inspects any good, article or material covered by this order, Seller shall not be relieved of Seller's warranty obligations. It shall be Seller's obligation to inspect any material or articles supplied by Buyer to Seller for the purpose of this order and the supplying of such material or articles in no way relieves Seller of its obligations under this order.

5. **SUPPLIER SCRAP AND INVENTORY RESPONSIBILITIES:** When Buyer sends product to Seller for additional processing, Seller shall be responsible for maintaining inventory accuracy of Buyer's product. In the event that there is a discrepancy between Buyer's shipper and inventory at Seller's location minus returned quantities to Buyer, Buyer will accept a 3% discrepancy, and Seller will compensate Buyer for any negative quantities in excess of 3%. The 3% variance is intended to cover shipping and receiving discrepancy and parts scrapped by Seller's process. Seller will compensate Buyer for the actual value of scrapped part.

6. **PPAP APPROVAL.** It is a requirement of the purchase order and acceptance of the purchase order that the Seller fully comply with the automotive PPAP approval process, supplying all dimensional data, materials certifications, IMDS documentation information, capability studies, control plans, PFMEA, flow charts, and any and all documents associated with and required by the TS16949 / ISO9000 standard and the HCA supplier quality assurance manual (SQAM). Seller will also provide annual PPAP submissions as defined in the SQAM.

7. **PACKAGING:** Packaging must conform to the Hitachi packaging standard as noted in the SQAM to ensure product is delivered in acceptable condition to Buyer and in accordance with the requirements of common carriers. Materials shall be described on Bills of Lading in accordance with current National Motor Freight or Uniform Freight Classification, whichever is applicable. Buyer's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing list shall accompany each box of package shipment showing Buyer's order number and symbol item number and description of materials. Buyer's count or weight shall be final and conclusive on all shipments.

8. **DELIVERY:** Deliveries shall be made both in quantities and at time specified in schedules as released by Buyer. Buyer will not be liable for any material, either raw or processed, provided by the Seller in excess of Buyer's written releases. Buyer may from time to time change delivery schedules or direct temporary suspension of scheduled shipments. If Seller's deliveries fail to meet such schedule with the result that Buyer elects to call upon Seller for expedited shipments, Seller shall allow the difference between freight and express rates. Invoices covering articles shipped in advance of the schedule will not be paid until their normal maturity after the date specified for delivery, and any expense, such as, but not limited to warehousing costs, extra handling costs, etc., shall be at Seller's expense on deliveries ahead of schedule.

9. **SHORTAGE OF PRODUCT:** Seller shall at all times take all necessary and extraordinary steps to ensure uninterrupted supply of product to Buyer, whether due to force majeure, periods of high demand, material shortages, transportation, or capacity limitations. This obligation of Seller shall include, but not be limited to, overtime, expedited shipments, in an emergency, the use of an alternative approved supplier.

10. **LINE STOPPAGE:** In the event the Seller fails to deliver product to Buyer, including but not limited to, the failure to deliver product in the correct quantities, and such failure results, directly or indirectly, in a production line stoppage at the Buyer's facility, then Seller shall pay Buyer a line stoppage fee of \$450.00 per hour. Also if the Seller's failure to deliver causes, directly or indirectly, a production line stoppage at the Buyer's customer's facility, then the Seller also acknowledges the Buyer may charge to Seller, and Seller shall pay to Buyer, any OEM stoppage charges that Buyer incurs, which can range from \$25,000 to \$35,000 per hour.

11. **SERVICE ORDERS:** Seller shall provide service parts for up to 15 years after termination of normal production. Seller further agrees that price will not change and will remain at the production level price for service parts for first 5 years after termination of normal production. For the remaining service life, Seller and Buyer will negotiate appropriate pricing.

12. **NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT:** The Seller hereby warrants and certifies to Buyer and Buyer's customers that Seller will fully comply with the requirements of the National Traffic and Motor Vehicle Safety Act of 1966, as amended, and that any "motor vehicle equipment" manufactured or furnished hereunder conforms to all applicable Federal Motor Vehicle Safety Standards issued pursuant to such Act.

13. **SPECIAL TOOLING:** The Seller expressly agrees that all special tooling called for as a separate item herein and which is acquired or manufactured by the Seller for use in the performance of this order shall become the property of the Buyer. Buyer shall not be obligated to pay therefor until Buyer has accepted the same in writing and/or has accepted the first run of parts fabricated by means thereof. Seller shall furnish to Buyer an itemized list of such tooling, the cost of which shall be subject to audit by Buyer. The term "special tooling" as used herein includes, but is not limited to, all special tools, jigs, fixtures, drawings, dies, molds, and patterns acquired or manufactured by Seller for use in the performance of this order and does not include any standard or perishable tooling, gages, or measuring instruments. Seller shall

- Be responsible for all loss or damage to such tooling while in Seller's possession;
- Mark and number such tooling to correspond to the number of the part made by means thereof in order to permit accurate identification of such tooling at all times;
- Keep such tooling in good working condition, and
- Use such tooling exclusively for the production of goods, articles and materials for Buyer and for no other use except with Buyer's written permission.

All taxes, assessments and similar charges levied with respect to or upon any tooling owned by Buyer while in Seller's possession or control, and for which no exemption is available, shall be borne and paid by Seller. Upon completion, cancellation, or termination of this contract, such tooling, together with operation sheets or process data necessary to show the use thereof, shall be held free of charge pending instructions from Buyer and, upon receipt of instructions from Buyer, Seller shall promptly follow such instructions. The Seller shall maintain adequate cost records for all special tooling and such records shall be subject to audit by the Buyer. In the event that the Seller fails to maintain such cost records, the Buyer shall be obligated to pay Seller only an amount which in the Buyer's opinion is a fair and reasonable cost for such special tooling. The Buyer's opinion as to what amount is fair and reasonable shall be conclusive and binding upon both parties.

14. **LIABILITY FOR INJURY AND INSURANCE:** If this order covers the performance of labor for Buyer, Seller assumes and agrees to indemnify and save harmless Buyer and Buyer's respective officers, agents, and employees from any liability and expense (including attorney fees and other costs and expenses of litigation) with respect to any and all claims for bodily injury or death or property loss or damage by whomsoever such claims are asserted, including without limitation, employees of Buyer, employees of Seller, and members of the general public which arise out of or are attributed or relate, directly or indirectly, to the performance of Seller's services. Seller agrees to furnish Buyer a certificate of insurance showing that Seller has adequate insurance coverage for public liability (including contractual liability) and property damage in amounts acceptable to Buyer and Workman's Compensation insurance (or evidence of authority to self-insure). Compliance by Seller with insurance requirements does not in any way affect Seller's indemnification of Buyer.

15. **CHANGES AND MODIFICATIONS:** Buyer reserves the right at any time to make changes in drawings and specifications as to any articles or material covered by this order. Any difference in price resulting from such changes shall be equitably adjusted and the order shall be modified in writing accordingly.

16. **TERMINATION FOR CONVENIENCE:** This order is also subject to change, modification, suspension or cancellation by Buyer at its convenience. If Buyer changes, modifies, suspends or cancels this order, then Buyer shall pay Seller the contract price for all items completed by Seller at the time of such change, modification, suspension or cancellation under agreed to firm order releases and agreed to FAB (Fabrication authorization) orders for work in process, raw materials and services scheduled or purchased and which is consistent with Buyer's FAB and firm order releases. Buyer will only be obligated to pay for raw materials required for the completion of the actual finished product and only for quantities identified by the Buyer's FAB and firm order releases. Buyer will not be obligated to pay for amounts of finished goods, raw materials, work in process, labor or services that are in excess of or beyond the Buyer's FAB and firm release orders or for any other expenses until such items have been delivered to Buyer. In no event shall Buyer be required to pay for any materials, tools, dies, machines, patterns, jigs, fixtures or other similar articles which are not acquired by Seller specifically for the completion of this order, nor shall Buyer be required to pay for any of such items not delivered to Buyer.

17. **INTERPRETATION OF PURCHASE ORDER:** Seller understands, acknowledges and agrees that (a) "Forecasts" are not firm orders. They are intended to show potential future demand for Seller's planning purposes beyond firm orders and FAB. Forecasts are neither legal orders nor legal obligations of Buyer to purchase any finished goods or materials made or ordered against forecasts. (b) FAB is Seller's authorization to purchase raw material and proceed to produce FAB ordered quantities and for which the Buyer will be responsible. (c) "Firm orders" are the order quantities and delivery due dates as to which the Buyer is expecting the Seller to deliver to the Buyer and for which the Buyer is responsible and intends to purchase. Domestic supplier firm orders will typically be for two weeks and FAB will be six weeks. International supplier firm orders and FAB time periods will be agreed to and defined based on manufacturing and transportation lead times.

18. **PAYMENT TERMS.** Payment terms are net 45 days from Buyer's receipt of product unless otherwise negotiated and agreed by Buyer in writing.

19. **PRICE AND TERMS ADJUSTMENT.** As a condition of accepting this order, Seller agrees that the purchase price is a firm fixed price for the duration of the product production life and not be subject to increases for any reason, and Seller agrees to hold or absorb all cost increases for labor, capital investment, currency exchange rate, transportation, packaging, outside services or for any other reason for the production life of the product, without effect to awarded piece price, including, but not limited to, all federal, state and local taxes.

20. **VA/VE Activity:** Seller agrees to complete yearly VA/VE activities to reduce piece price with benefit being shared 50/50 between Seller and Buyer.

21. **SURCHARGES:** Unless specifically negotiated before being awarded new business, Buyer will not accept any cost increases for ferrous and non-ferrous metals, plastic or rubber compounds that do not follow these guide lines: (a) All surcharge/price adjustments will be based on original RFQ material cost. (b) Supplier must provide evidence of cost change including copies of invoices. (c) Adjustment will only be made once a year. (d) Adjustment will be a 50/50 split. (e) This only applies to ferrous, non-ferrous, plastics, and rubber compounds.

22. **BANKRUPTCY:** Buyer may also forthwith cancel the contract resulting from the acceptance of this order in the event of the happening of any of the following: insolvency of the Seller; the filing of a voluntary petition in bankruptcy; the filing of an involuntary petition to have Seller declared bankrupt, provided it is not vacated within thirty (30) days from the date of filing; the appointment of a Receiver or Trustee for Seller provided such appointment is not vacated within thirty (30) days from date of such appointment; the execution by Seller of an assignment for the benefit of creditors.

23. **OWERSHIP OF PRODUCT AT SUBSUPPLIER:** Seller shall at all times be responsible for product intended for Buyer at its sub supplier ensuring no interruption of deliver to Buyer because of bankruptcy seizure or any other act of asset seizure by asserting Seller ownership to protect Buyers interests.

24. **REQUEST FOR DE-SOURCEING:** In the event that Seller is no longer interested in continuing to supply product to Buyer, Seller shall promptly provide Buyer with official written notification requesting to be de-sourced. Seller agrees to maintain a reliable supply of acceptable quality product as previously describe in these Terms and Conditions for a period of not less than 120 days, or such shorter period as it takes for Buyer to find a new supplier. Seller agrees (a) that Seller shall maintain and repair all tooling, jigs, and fixtures to ensure successful transition to new supplier, (b) to build a bank of quality acceptable product for a period determined by the Buyer, which will not exceed 120 days; and (c) Seller will provide all documents and critical records to Buyer during this transfer, and, if requested by Buyer, give technical support as needed.

25. **REMEDIES - WAIVERS; FURTHER INDEMNITY:** The remedies herein reserved shall be cumulative and additional to any other or further remedies provided in law or equity. A waiver by Buyer of any right under this order shall not affect any rights subsequently arising under the same or similar clauses hereof, nor shall it operate as a waiver of the clause or condition under which such rights arise. Seller hereby agrees to defend, indemnify and hold Buyer, Buyer's agents and customers and the users of any goods, articles or materials provided hereunder harmless against any and all claims, losses, damages, and liabilities, and expenses connected therewith, including reasonable attorney's fees, expert witness fees and expenses and court costs, arising from or as a result of (a) any breach of Seller's warranties, agreements or obligations hereunder, and (b) any failure of the Seller or the goods, articles or materials provided by Seller under this order to comply with any applicable federal, state, local or other laws, ordinances, rules, orders, regulations or requisitions.

26. **DRAWINGS AND DATA:** Seller shall keep confidential all information, drawings, specifications or data furnished by Buyer or prepared by Seller specifically in connection with the performance of this order and shall not divulge or use such information, drawings, specifications or data for the benefit of Seller (except in the performance of this order) or any other party. Except as required for the efficient performance of this order, Seller shall not make copies or permit copies to be made without the prior written consent of Buyer. Seller shall thereafter make no further use, either directly or indirectly, of any such data or of any information derived therefrom without obtaining Buyer's written consent.

27. **NONASSIGNABILITY:** Neither this order nor any interest therein nor any payments payable hereunder shall be assignable by Seller without the written consent of Buyer.

28. **ACCEPTANCE:** Any delivery by Seller of the goods, articles, materials or other items or work called for by this order constitutes an acceptance on the part of the Seller of the terms and conditions set forth in these Terms and Conditions. This order and these Terms and Conditions constitute the entire contract between the parties in respect of the work and materials specified in the order; any reference to Seller's quotation shall be deemed to be for informational purposes only and shall not be construed as acceptance of Seller's terms and conditions. No other document attempting to negotiate or otherwise modify the terms and conditions hereof, including any confirmation, order acceptance, or invoice, shall not be binding on Buyer and, instead these Terms and Conditions and the order, including and terms and conditions set forth separately in the order, shall exclusively govern the purchase and sale of all goods, articles, materials or other items or work called for by this order.

29. **DEFAULT:** Nothing herein shall alter, limit or affect the right of Buyer to cancel this order for the default of Seller.

30. **CODE OF CONDUCT FAIR LABOR STANDARDS ACT:** In the performance of the work covered by this order, Seller agrees to comply with the Fair Labor Standards Act of 1938 as amended. All invoices from Seller shall contain the following certification: "Seller certifies that the goods covered by this invoice were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof."

31. **GOVERNMENT REGULATIONS:** The laws of the State of Indiana, USA, without regard to conflict of laws principles, shall govern the rights of the parties hereunder as well as the construction and effect to be given to every provision hereof. In the performance of this order Seller will comply with all federal, state and local laws, ordinances, rules, orders, regulations or requisitions which may be applicable to this order or to the Seller, all of which are incorporated herein by reference and made a part hereof. Seller agrees upon request to furnish Buyer with such certificates of compliance in such form as Buyer may from time to time request. Seller agrees to incorporate the foregoing provisions in all subcontracts under this order. Seller shall promptly prepare and submit to the proper officer, person, agency, bureau, regulatory authority or department all confidential or other reports which may properly be required of Seller by any law, ordinance, rule, regulation or order or by any authorized representative of the United States or other government.

32. **AUDIT:** Seller agrees that work performed on cost plus contracts or orders are subject to inspection and supervision by Buyer and that costs incurred fulfilling cost plus contracts or orders are subject to audit and approval by a representative of the Buyer.

33. **EQUAL OPPORTUNITY:** The Seller shall comply with all the provisions of Executive Order 11246 of September 24, 1965, The Rehabilitation Act of 1973 - Section 503 (PL 93112), the Vietnam Era Veterans Readjustment Act of the Secretary of Labor pertaining to Equal Employment Opportunity. The Seller shall also adhere to Section 402 of the Vietnam Veterans Readjustment Act of 1973 and Section 503 of the Rehabilitation Act of 1973.

34. sub supplier, scrap responsibility. And inventory differences.

EXEMPTION CERTIFICATE

(Purchase for further manufacture under the Internal Revenue Code)

Hitachi Cable Automotive Products (USA), Inc. hereby certifies that it is a manufacturer or producer of articles taxable under the Internal Revenue Code and holds Certificate of Registry No. 002939428-001-0 issued by the District Director of Internal Revenue at Indianapolis, Indiana and Certificate of Registry No. 27-8015894455-6 issued by the District Director of Revenue Florida and that the articles specified in the accompanying order will be used by the Buyer as material in the manufacture or production of, or as a component part of, an article or articles enumerated in the Code, to be manufactured or produced by the Buyer.

It is understood that, for all the purposes of such taxes, the Buyer will be considered the manufacturer or producer of the article purchased hereunder and (except as specifically provided by law) must pay tax on resale or use, otherwise than as specified above, of the articles purchased hereunder. It is further understood that the fraudulent use of these Certificates to secure exemption will subject the Buyer and all guilty parties to revocation of the privilege of purchasing tax free and to a fine of not more than \$10,000, or to imprisonment for not more than five years, or both, together with costs of prosecution.