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Vendor Manual

autoelectric of America and
Elektrokontakt Mexico



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1. Preface

1.1 Welcome to Team autoelectric of America, Elektrokontakt Mexico!

As a Supplier, there are many specific requirements that must be addressed when providing goods and services to autoelectric of America (aeA) and Elektrokontakt Mexico (EKM). We, like all customers, expect the right quality, in the right quantity, at the right price, at the right time. Understanding the true meaning and detail of those expectations can often be difficult and we want to be sure that you know the steps a Supplier should follow to successfully develop a long-lasting business relationship with autoelectric of America and Elektrokontakt.

This Vendor Manual is provided to help communicate aeA and EKM Supplier expectations by presenting a logical progression of people, events and documents that you will encounter in doing business with aeA and EKM, as well as requirements for doing business with aeA and EKM. We believe you will find it useful and we offer our sincere hope that our business together can be rewarding for both our organizations.

In addition to the Purchase Order Terms and Conditions (attached to aeA/EKM's Purchase Order and also located at [https://www.autoelectric.com/en_us/supplierportal/downloads/], this document outlines additional contract requirements that shall apply to all purchases from "Supplier" of all articles, materials, services or equipment ("Goods") by aeA/EKM (also referred to as "Purchaser") between aeA/EKM and Supplier.

The requirements in this Vendor Manual, together with the Purchase Order Terms and Conditions, are the sole and exclusive terms and conditions applying to the purchase of all Goods by Purchaser from Supplier save for any specific provisions contained on the face of the Purchase Order and product requirements found in individual product specifications and PPAPs.

We look forward to a long and successful working relationship with you.

Your Team autoelectric of America / Elektrokontakt Mexico

Please return the form on the following page to your buyer advising us of your contact persons and confirmation of receipt of Vendor Manual for autoelectric of America and Elektrokontakt.

1.2 Supplier Contact Information Sheet

Supplier:
Address:

Contact Person: Sales

Name:	Backup:
Phone:	Phone:
Email:	Email:

Contact Person: Scheduling

Name:	Backup:
Phone:	Phone:
Email:	Email:

Contact Person: Quality

Name:	Backup :
Phone:	Phone:
Email:	Email:

Contact Person: Engineering

Name:	Backup:
Phone:	Phone:
Email:	Email:

Contact Person: Accounting

Name:	Backup:
Phone:	Phone:
Email:	Email:

Contact Person: CTPAT

Name:	Backup:
Phone:	Phone:
Email:	Email:

Signature confirming receipt of Vendor Manual (Version 03.2019) – Please return this to your buyer

Signature: _____

Name: _____

Date: _____

1.3 Mission Statement

To design and deliver innovative, high value wiring assembly solutions, we are committed to exceeding customers' expectations through global support, continuous improvement and industry leading process innovation. We provide high quality, reliable products that meet market, regulatory and environmental demands.

Through trust and empowerment of our dedicated team members, operating in an honest and ethical environment, our focus is on customer satisfaction and the growth and respect of each individual, together contributing to the communities in which we live and operate.

1.4 Our Values

- **Integrity** - We possess and steadfastly adhere to moral principles and high professional standards.
- **Respect** - We treat customers, Suppliers and team members with sincere concern and respect.
- **Accountability** - We take responsibility for our decisions, commitments, actions and the quality of our work.
- **Making a Difference** - We personally seek to be a positive influence in our company, our families, our community, and to be good stewards of the environment.
- **Honesty** - In all we say and do, our actions reflect fairness, truthfulness, candor and sincerity.
- **Teamwork** - By working together, our results are far greater than the sum of individual contributions to the benefit of all.

As a result, we achieve high quality and safety in our work while being socially and environmentally responsible.

1.5 Entertainment / Gift and Favoritism Policy

Introduction

Many team members influence aeA/EKM's relationship with our Suppliers. Our interaction with Suppliers is a reflection of our individual professionalism and a reflection of aeA/EKM. Suppliers should comply with the rules of conduct listed in this section that are binding for aeA/EKM team members. For purposes of this Entertainment/Gift & Favoritism Policy, the term "Supplier" shall include current and potential aeA/EKM Suppliers, vendors, and clients.

aeA/EKM values should guide the conduct of all relationships – requiring integrity and serving the best interests of the company at all times. Though the values guide our behavior, the following

aeA/EKM "ENTERTAINMENT / GIFT AND FAVORITISM POLICY" has been developed to best serve the interests of aeA/EKM and our Suppliers, and to provide a practical guideline for employee, Supplier, vendor, and client interactions.

Decisions concerning Supplier selection are based on the Supplier's total performance, capabilities and competitive position. Relationships with Suppliers are to be cooperative and business related, focused on the best interests of aeA/EKM and the Supplier organization. They are not to be influenced by gifts, favoritism, gratuities or quid pro quo agreements. Each Supplier must comply with this policy in order to maintain a business relationship with aeA/EKM. All aeA/EKM team members who interact with Suppliers are obliged to comply with this policy or face potential disciplinary actions.

Policy

Gifts

Gifts from Suppliers should be of nominal value, not to exceed US\$50 per calendar year. Examples of acceptable gifts are traditional advertising items such as mugs, calendars, pens and folders. Gifts of cash, illegal items or gifts given in exchange for something are never acceptable. Gifts should be infrequent and must not be by aeA/EKM employees.

Entertainment

Entertainment offers are acceptable from a Supplier only if a business intention exists. Entertainment should be infrequent and not extravagant. The Supplier should be present with the aeA/EKM team member at the time of the entertainment, such as a golf outing or dinner. Offers for any form of weekend entertainment, paid vacations or seminars are unacceptable. Suppliers may not pay for travel or accommodations of aeA/EKM team members.

Meals are considered entertainment. However, it is recognized that at times it is necessary and/or convenient to conduct business over lunch or dinner. Therefore, occasional lunch and dinner meetings are acceptable but are not to be excessive. Multiple meals may be taken with a Supplier during a daylong or multi-day Supplier site visit. In such cases, aeA/EKM team members and the Supplier company should share expense for meals (for example, aeA/EKM team members might pay for meeting participants' lunch, and the Supplier might pay for dinner).

The type of entertainment attended reflects on both the Supplier and aeA/EKM. Therefore, any

entertainment that would negatively reflect on the participants or would be in conflict with company policy is unacceptable. This includes any entertainment which is illegal or sexually explicit.

Other Favoritism

Requesting, considering or accepting any personal financial benefit or favoritism from a Supplier is unacceptable. Such offers by a Supplier are also not acceptable.

Supplier Responsibilities

All Suppliers are expected to maintain professional relationships with aeA/EKM team members. Suppliers must be conscious of their actions when interacting with aeA/EKM team members. If there is doubt about the appropriateness of a gift, entertainment or other concern, then it should be avoided. Any aeA/EKM team member soliciting a gift from a Supplier should be reported to the team member's Manager and/or aeA/EKM President. Actions or behavior in conflict with the aeA/EKM Supplier Entertainment Policy by a Supplier may have consequences up to and including loss of business with aeA/EKM.

Requests for gifts or favors are not acceptable.

The acceptance of a gift or entertainment in compliance with this policy is not an indication to a Supplier that business will be awarded based on any criteria other than professional business considerations.

Supplier actions in conflict with this policy, as well as concerns regarding questionable relationships or Supplier behavior should be reported to the Director of the department in question and the aeA/EKM President.

1.6 Environmental Management – Reports, Material Safety Data Sheets

Environmental Policy Statement

autoelectric of America and Elektrokontakt Mexico endeavor to conduct all its activities and processes while duly respecting the environment at all times.

1.6.1 Material Safety Data Sheets (SDS)

Prior to the shipment of any Item, Supplier will provide AEA with (i) any and all Material Safety Data Sheets (“SDS”) that are related, directly or indirectly, to the Items (or Items used in subassemblies or in the manufacture or production of Items) and (ii) such other documentation as AEA may request from time to time that is prepared pursuant to any applicable Manufacturing and Legal Requirements and any and all AEA Specifications relating to environmental or similar matters (collectively, “Environmental Reports”). Environmental Reports shall be deemed Confidential Information. Supplier agrees to promptly furnish to AEA any modifications, amendments or supplements to the Environmental Reports. Further, Supplier agrees to promptly inform AEA of any changes in materials or ingredients in Items, and to promptly furnish AEA with updated or new Environmental Reports relating, directly or indirectly, to the Items. To the extent the applicable SDS or Environmental Reports is translated, Supplier is responsible for such translation and remains responsible for any problems or issues resulting from such translation. Supplier also agrees to provide AEA with any other ingredient information related, directly or indirectly, to the Items that is required to be provided by Supplier under any applicable Manufacturing and Legal Requirements.

1.6.2 International Material Data System (IMDS).

Prior to the shipment of any component, and included in the PPAP obligations, the Supplier will provide aeA with the IMDS approved number using the aeA ID number (22611) in the Material Data System website (<https://www.mdssystem.com>). It is a responsibility of the Supplier to register their company in the website mentioned before and to upload the information requested to get an approved number for each component supplied to aeA

1.6.3 Additional Information.

Supplier agrees to notify AEA immediately upon obtaining any information or indications that Items supplied by, or to be supplied by, Supplier have hazardous characteristics, regardless of the information provided in any Environmental Reports. If requested by AEA, Supplier shall provide AEA with any other information it reasonably requests concerning the ingredients, composition, manufacturing processes or materials in any Items.

2. Purchasing

2.1 Production

2.1.1 Supplier Manufacturing Review

aeA/EKM may perform a Manufacturing Review at the Supplier's manufacturing location. A Manufacturing Review is an assessment of the Supplier's manufacturing process. It may also be used to verify corrective action implementation and to promote continuous improvement activities

2.1.2 PPAP/PSW

PPAP's are mandatory for, but not limited to, the following conditions:

- New part
- Parts to be bought by aeA / EKM for the first time
- Tool moves or additional production facilities
- Design change
- New or modified tool
- New or optional material/color
- Optional constructions
- New sub-contractors
- Process changes

Supplier must notify any of these changes.

All costs related to PPAP submissions are the responsibility of the Supplier. aeA/EKM will not authorize additional payment to a Supplier for submission of a PPAP. Contact your aeA/EKM Buyer for specific contract terms.

Disclaimer: PPAP submissions containing instances where legal disclaimers and other references to legal terms and conditions are viewed as follows:

- **aeA/EKM purchases are governed exclusively by the AeA's Terms and Conditions of purchase, as reflected in the Purchase Order Terms and Conditions and this Vendor Manual.**

2.1.3 Supplier Capacity

Supplier Capacity assessed as follows:

- aeA Request-for-Quote (RFQ) – Supplier’s quote response must include confirmation of the RFQ noted volumes, and/or
- Run and Rate study – aeA may conduct a study at the supplier’s production site, or request supplier data that confirmed the maximum production output, and/or
- Supplier Readiness Audit – Separate Audit to review supplier’s preparedness to meet aeA’s demand based on start of production, ramp up and production schedules.

2.2 General Terms and Conditions of Purchase

The applicable Purchase Order constitutes an offer by Purchaser to purchase the goods subject to the Purchase Order Terms and Conditions in addition these Terms and Conditions of Purchase. Any terms or conditions of sale proposed by Supplier that deviate from or supplement the provisions contained herein are expressly rejected and objected to and any such proposed terms and conditions are deemed to be excluded and null and void.

2.2.1 Orders

Purchaser reserves the right at any time to direct changes, or cause Supplier to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this Contract including work with respect to such matters as inspection, testing or quality control, and increases and/or reductions in the quantities of Goods originally requested. Supplier agrees to (a) promptly make such changes, and (b) accept any subsequently issued contracts implementing such changes. Any claim by Supplier for additional payment in respect of such modifications must be made in writing Supplier in writing not later than thirty (30) days from the date of Supplier’s receipt of any such direction from Purchaser. Supplier shall not be excused from proceeding with a change prior to negotiation of any adjustment. Any changes to this Contract shall be made in writing and signed by Purchaser.

Purchaser may provide Supplier with non-binding projections and forecasts but Purchaser is only responsible to purchase quantities designated in the Contract Documents. If the Purchase Order is a “blanket purchase order” (that is, the order does not specify a delivery date or does not specify a defined quantity of goods to be delivered), then the purchase order shall constitute a non-binding forecast only, and Supplier is authorized to ship if and only when purchaser issues a release referencing the blanket purchase order number. No purchase commitment is made upon receipt of a blanket purchase order, and a blanket purchase order does not represent a minimum purchase commitment.

Purchaser may buy items from other sources that are similar to Goods or reduce quantities of Goods acquired from Supplier irrespective of the course of dealing between the parties. The Contract Documents shall not constitute a requirements or output contract unless specifically designated as such in a Contract Document signed by aeA and Supplier.

2.2.2 Price

The price(s) set forth on the face of the Purchase Order are firm, or if no price appears thereon, then no higher than the last price quoted or charged by the Supplier for the same goods or services. Unless otherwise provided herein, such prices include all cost for packing, insuring and transporting the goods ordered to the Purchasers facility. Purchaser shall not be liable for any taxes or governmental charges or fees with respect to this Order other than those which Supplier is required by law to collect from the Purchaser. All such taxes and fees shall be stated separately on Supplier's invoice.

2.2.3 Delivery

- (A) TIME IS OF THE ESSENCE OF THIS ORDER. If delivery is not made at the time specified, Purchaser reserves the right to cancel the entire Order or that part of the Order not timely delivered, and to purchase elsewhere and hold Supplier liable for all costs and damages incurred by Purchaser. Supplier shall not make any material commitment or production arrangement in excess of the amounts or in advance of the time necessary to meet Purchaser's delivery schedule for goods or services covered by this Order. Any excess commitments or arrangements shall be made at Supplier's own risk. Purchaser shall not be liable for goods shipped in advance of or in excess of scheduled deliveries.
- (B) Unless otherwise agreed in writing, delivery of the Goods shall take place on the Delivery Date at the place and time stated in the Purchase Order and shall be accompanied by a delivery note bearing the number of the Purchase Order and the description and quantity of Goods delivered. If Supplier fails to provide the delivery note, the quantity and weight of the Goods as determined by Purchaser shall be conclusive.
- (C) Supplier will provide Purchaser with any information which may be necessary or useful to enable Purchaser to take delivery of the Goods.
- (D) Acceptance of delivery of the Goods shall not be deemed to constitute acceptance of the Goods.
- (E) Delivery prior to the Delivery Date shall not give rise to any increase in the Price. In case of a delivery more than 48 hours in advance of the Delivery Date, Purchaser may, but shall not be obliged to, store

Goods at Supplier's risks and costs. All such costs shall be set off by Purchaser against any amount owed by Purchaser to Supplier under any Purchase Order.

- (F) Purchaser may order Supplier to suspend delivery of the Goods at any time for up to sixty (60) days, provided that Purchaser shall provide Supplier with written notice of such suspension at least five (5) days prior to the Delivery Date and Purchaser shall be under no liability to Supplier in connection with any such suspension. In the event of a suspension by Purchaser, Supplier shall be liable for storing the Goods until the new Delivery Date at its risk and cost.
- (G) Supplier assumes all risk of loss and damage to the goods until delivery to Purchaser at its facility specified on the face of the Purchase Order. The term FOB in this order refers to transportation charges only.
- (H) If at any time Supplier has reason to believe that the delivery of any Items may not be made in strict conformity with the applicable Delivery Schedules, Supplier shall immediately notify aeA, setting forth the cause for the anticipated delay. Any oral communication shall be immediately confirmed in writing. During the period of any delay, Supplier shall use its best efforts to provide the Items called for in the applicable Contract Documents from other sources and reduce its deliveries of Items to aeA by such quantities of substituted Items, all without cost or liability to aeA. Supplier will not replace or supplement Items substituted by Alternative Items without new Contract Documents from aeA.
- (I) In the event of any delay, aeA shall have the right to immediately acquire substitute or replacement Items from one or more alternate sources ("Alternative Items"). aeA may elect to have the quantities of Items under the applicable Contract Documents reduced by the same amount of Items as the quantity of Alternative Items, unless otherwise notified by AEA in a separate Contract Document. AEA will have no obligation to pay Supplier for Items replaced by Alternative Items.
- (J) If Supplier's acts or omissions result in Supplier's failure to meet Purchaser's delivery requirements and Purchaser requires a more expeditious method of transportation for the goods than the transportation method originally specified by Purchaser, Supplier shall ship the goods as expeditiously as possible at Supplier's sole expense.
- (K) It is the intention of AEA to work with Supplier in the event of any delay, but such intention shall not be deemed a limitation of its remedies. If AEA obtains Alternative Items, such actions shall not be an election of remedies, nor shall it in any way limit the rights and remedies of AEA under these Terms for the breach by Supplier caused by its delay.

2.2.4 INCO Terms

aeA/EKM has a set standard of INCOTerms purchased commodities fall under. aeA/EKM is only responsible for transportation, export/import filing requirements, duty payments and documentation creation as related to these specific INCOTerms. aeA/EKM follows the International Chamber of Commerce (ICC) official rules for the interpretation of Trade Terms published in their current book INCOTerms. Specific INCOTerms are specified on the purchase order issued by aeA/EKM.

2.2.5 Services

- (A) Supplier shall be responsible for the execution of any services requested by Purchaser as specified in the Purchase Order, by the date specified by Purchaser in the Purchase Order. Supplier shall ensure that its personnel is suitably qualified to perform such services and shall ensure that all necessary licenses, work permits or other authorizations (**including any policies of insurance, as required by Section 2.2.15** which Purchaser may require Supplier to obtain) have been obtained.
- (B) The services to be performed by Supplier shall not be completed until:
- a. Purchaser or its authorized representative has signed a completion document in respect of such services as required by Purchaser; and
 - b. at the discretion of Purchaser, a technical inspection has been carried out by Purchaser to confirm the services have been completed to the standard or specification required by Purchaser
- (C) Signing a completion document and carrying out a technical inspection pursuant to Section (B) above shall not relieve Supplier of responsibility or liability for the performance of the services and shall not imply acceptance thereof by Purchaser. Purchaser shall not be deemed to have accepted the performance of any services unless and until it has confirmed to Supplier that they are in accordance with the Purchase Order.

2.2.6 Inspection and Acceptance

All goods and services sold hereunder shall be subject to inspection and acceptance by the Purchaser after delivery notwithstanding any payment. After receipt of the goods or services, Purchaser shall have a reasonable time (which time shall not be less than ninety (90) days) within which to inspect prior to Purchaser's acceptance thereof. Nonconforming goods shall be returned freight collect, and Supplier shall be debited for the inbound transportation cost plus handling and packaging expense when it applies in addition to other remedies that may be applicable pursuant to Supplier's Contract with Purchaser and as available by law.

2.2.7 Documents.

In order to avoid delays, the Supplier shall request in writing and in due time any documents and/or materials AEA needs to provide to the Supplier as agreed. The Supplier shall check such documents as to currentness, completeness and plausibility and inform aeA of any detectable deviations without delay.

2.2.8 Obligation to Cooperate and Provide Information

Purchaser and Supplier shall take all reasonable measures and to provide each other with all required information which is necessary to fulfil the purpose of this contract and to refrain from anything that could detriment the fulfillment of the purpose of this contract.

2.2.9 Audit

Supplier agrees to allow aeA or its agents, at all reasonable times, access to all pertinent bookkeeping and accounting information, as reasonably requested by aeA, for the purpose of auditing Supplier Payables as invoiced to aeA under the Contract Documents. Supplier also agrees to allow aeA or its agents to make copies of those portions of its records that aeA deems reasonably necessary for its audits, and further agrees to use commercially reasonable efforts to keep copies of such records for a period of 5 years after payment of the corresponding Supplier Payables. Supplier's information provided to aeA under this Subsection (h) shall be protected as Confidential Information under these Terms.

aeA and its authorized representatives shall have the right from time to time and on reasonable notice to Supplier to access Supplier's premises, as aeA may reasonably request, to verify, validate and monitor: (i) compliance with Manufacturing and Legal Requirements; (ii) compliance with aeA Specifications; and (iii) Supplier's performance or ability to perform under these Terms. Supplier shall have the right to limit or restrict aeA's access to the extent necessary to protect confidential information of or relating to Supplier's other customers. In exercising any access rights, aeA will take

commercially reasonable steps to protect the confidentiality of and not interfere with the business relationship between Supplier and any of its other customers.

2.2.10 Packaging

- (A) The Goods shall be marked in accordance with Purchaser's instructions and any applicable regulations and requirements and packaged by Supplier in containers built to ensure that the contents arrive in perfect condition and will subsequently remain in perfect condition when in storage, and will be delivered to Purchaser by a method of transport which ensures that the Goods arrive in perfect condition.
- (B) Supplier shall be liable and shall indemnify Purchaser for all loss, damage and expenses (whether direct, indirect or consequential) suffered or incurred by Purchaser in connection with, arising from or as a result of any claim in relation to unsuitable containers and/or packaging materials which do not comply with any relevant laws, rules or regulations.
- (C) Unless otherwise agreed in writing, Purchaser shall not be required to return to Supplier any packaging materials. Should Supplier wish to have such packaging returned, Supplier shall so indicate to Purchaser upon acceptance of the Purchase Order and shall arrange for such packaging collection at its own risks, account and costs. Purchaser shall bear no liability whatsoever towards Supplier with respect to any packaging which is lost or in bad condition.

2.2.11 Warranty

- (A) Supplier warrants and represents to Purchaser that:
 - a) As outlined in the Purchase Order Terms and Conditions, the Goods (including replacement parts) and/or services provided shall be free from defects in design, workmanship and material and shall comply in all respects with the performance criteria, specifications, drawings and other descriptions supplied by Purchaser and will be new, fit and sufficient for the purposes for which they are intended as evidenced in the Purchase Order, and of satisfactory quality;
 - b) it has the experience and capability (including sufficient and competent engineers, supervisors and other personnel), has available all requisite services, expertise and financing and will make available all requisite materials, tools and equipment for the satisfactory and timely supply of the Goods;
 - c) it shall observe and exercise the standard of care and competence which reputable Suppliers normally practice in the performance of similar work and shall not incorporate into the Goods without the prior written approval of Purchaser any design or feature unless said design or feature has been incorporated in items similar to the Goods and proven in commercial service;
 - d) any services performed by Supplier or a Sub-Supplier shall be performed at all times to the highest standards of workmanship and with all due speed, care, skill and diligence and such services shall

be carried out in accordance with any specifications supplied by Purchaser and in accordance with the best standards prevailing in Supplier's industry; and

- e) the Goods shall be supplied in compliance with the relevant requirements of any statute, statutory instrument, order or regulation which may be in force from time to time when the same are supplied.
- (B) In the event the Goods are found to be defective or otherwise in breach of any of the warranties set out in (A) above, in addition to other applicable remedies as outlined herein, Supplier shall at its own expense as quickly as possible and at the option of Purchaser make such alterations, repairs and replacements as may be necessary so that the Goods comply with the contractual specification and warranties set out in (A) above and shall reimburse Purchaser for any and all costs and expenses incurred by Purchaser in connection with the rectification of such malfunction, breakdown or defect, including where the Goods have been incorporated by Purchaser into finished goods, the costs of recalling the goods, including the costs of re-manufacturing such goods, as well as any amounts owed by Purchaser to its customers such as the costs of dismantling and replacement of the finished goods incorporating the defective Goods and the cost of delivering replacement finished goods.
- (C) In the event that Supplier does not commence and diligently proceed to complete the alteration, repair or replacement of the Goods in accordance with (A) within the time agreed between the parties (to be a reasonable period in the event that the parties fail to agree such time), Purchaser may carry out such remedy or procure that a third party carries out such remedy on its behalf and all costs thereof shall be borne by Supplier, provided that prior written notice of the performance of the remedy by or on behalf of Purchaser is given to Supplier. Purchaser shall have the right to set off any amount owed to it by Supplier pursuant to Section (A), above, against any monies owed by Purchaser to Supplier (whether under this Purchase Order or otherwise).

2.2.12 Intellectual Property

- (A) Any reports, specifications, drawings, other documents, plans, designs or computer software supplied by Purchaser to Supplier in connection with this Purchase Order shall remain the exclusive property of Purchaser, shall be used by Supplier for the sole purpose of the performance of this Purchase Order and shall be returned forthwith to Purchaser upon completion of this Purchase Order or termination thereof for any reason whatsoever.
- (B) Title to all drawings, specifications, calculations and other documents or computer software (including object codes and documented source codes of software) prepared by Supplier or Sub-Suppliers specifically in connection with the supply of the Goods to Purchaser together with any copyright, design rights or other intellectual property rights therein shall vest exclusively in Purchaser and Purchaser shall have the right to use all drawings, specifications, calculations and other documents or computer software supplied under the Purchase Order without any obligation of any kind to Supplier or Sub-Suppliers.

- (C) Goods made specifically to Purchaser's specifications shall not be manufactured by Supplier for or used by Supplier for any third party without Purchaser's prior written consent.
- (D) Supplier undertakes not to assert against Purchaser any intellectual property rights held by Supplier in the Goods and to obtain from its personnel, its Sub- Suppliers, the creators and inventors and more generally any person directly or indirectly involved in the development/manufacture of the Goods, all the rights necessary to freely assign to Purchaser the Goods and the intellectual property rights therein free of charge.
- (E) Any invention, whether patentable or not, made by Supplier in connection with the performance of any Purchase Order placed by Purchaser for inter alia, the development of a new product or a new process, shall be the exclusive property of Purchaser. The use of any such invention by Supplier shall be authorized for the sole purposes of the performance of Purchase Orders placed by Purchaser with Supplier unless otherwise agreed by Supplier and Purchaser in a separate written agreement.
- (F) Supplier shall pay all royalties and license fees which may be payable on account of the manufacture or performance by it of the Goods hereunder or any part thereof.
- (G) Supplier shall indemnify and hold harmless Purchaser, its successors, assignees, vendees, and users of the Goods from and against any and all claims, demands, damages, losses, costs and liabilities arising out of or resulting from the actual or alleged infringement by the Goods of any rights under patents or other intellectual property rights or any litigation based thereon. If the Goods or any part thereof are held to constitute an infringement of the patents or other intellectual property rights of any third party and use thereof is enjoined, Supplier shall at the discretion of Purchaser and at the expense of Supplier either replace the infringing Goods or part thereof by non- infringing goods or parts with similar technical specifications as those of the infringing Goods or parts thereof; modify such Goods or part thereof so that they become non infringing without affecting the performance thereof; or obtain the right for Purchaser, its successors, assignees, vendees, and users of the Goods to continue use of the Goods at no cost to any of them.
- (H) Any alternative goods supplied to Purchaser by Supplier in accordance with Section G, above, shall be deemed to be the Goods for the purposes of this Purchase Order including, without limitation, for the purposes of the warranties and guarantee set out in the Purchase Order Terms and Conditions and in this Vendor Manual.

2.2.13 Confidentiality and Publicity

- (A) Supplier shall and shall procure that its employees and Sub-Suppliers shall maintain in strict secrecy and shall not divulge to any third party (except employees of Supplier on a “need-to-know” basis and Sub-Suppliers accepting a like obligation of secrecy, and then only to the extent necessary for the performance of Sub- Orders), any information, data and documentation furnished by Purchaser to Supplier in connection with the Purchase Order or becoming known to Supplier through its performance of work under the Purchase Order, in so far as it is not in the public domain other than through the act or omission of Supplier. Save to the extent necessary for the provision of the Goods, Supplier shall neither copy nor make abstracts of documents relating to the Purchase Order on its own behalf or on behalf of third parties.
- (B) Supplier shall be responsible for the compliance by its employees and Sub-Suppliers with the obligations of Supplier.
- (C) Supplier shall not disclose the existence of the Purchase Order or Purchaser’s name in any brochure, internal house organ, publicity material or other similar communication to any third party without the prior consent in writing of Purchaser.
- (D) Photographs of any of Purchaser's equipment, installations or property shall be taken only with Purchaser's prior consent in writing. Any such photograph and the negative or electronic medium thereof shall be considered to be proprietary information of Purchaser.
- (E) The provisions shall survive the termination or expiry of the Purchase Order for 5 years.

2.2.14 Inventions and Proprietary Rights

Supplier agrees to promptly disclose to Purchaser all ideas, inventions, discoveries and improvements that are made, conceived, compiled or reduced to practice by Supplier, solely or jointly with others, that are related to the performance of, or arising out of, or are paid for by Purchaser in connection with the Purchase Order (“New Developments”). Supplier further agrees to assign to Purchaser all right, title and interest to all such New Developments. Supplier understands and agrees that all New Developments which are subject to copyright protection under the United States Copyright Act of 1976, as amended, shall be considered “works made for hire” within the meaning of secrets of Purchaser. In the event that, notwithstanding the foregoing, title to and ownership of any New Development initially vest in Supplier, Supplier agrees to execute, at Purchaser’s request, all documents as many be necessary to grant, transfer and assign all such title and ownership thereof to Purchaser. Supplier agrees to obtain written assurance from its employees and contract personnel of their agreement to the terms hereof.

2.2.15 Insurance, Liability and Indemnity

- (A) Supplier agrees to defend, indemnify and hold harmless Purchaser and its employees, agents, distributors, dealers, affiliates, customers and users from all liabilities, obligations, costs and expenses (including attorneys' fees and costs) incurred by Purchaser as a result of all claims, demands, actions or judgments on account of personal injury or death, illness or injury, causes of action resulting directly or indirectly therefrom and arising out of any act or default on the part of the Supplier, its Sub-Suppliers, servants or agents in the performance of any of its obligations under this Purchase Order, including, without limiting the generality of the foregoing, any liability arising under any relevant product liability legislation which may apply from time to time.
- (B) Supplier shall be liable for all losses, damages, costs (including recall costs and legal costs) and expenses, (whether direct, indirect, consequential, loss of anticipated profits or otherwise) suffered by Purchaser as a result of any breach of warranty by Supplier, default by Supplier in the performance of its obligations under a Purchase Order, misrepresentation by Supplier or Purchaser terminating the Purchase Order.
- (C) Without in any manner limiting the generality of the foregoing indemnity, Supplier further agrees as follows:
 - 1. If Remedial Work is required or fines or legal costs are assessed against aeA by a government agency due to non-compliance by Supplier with any laws or regulations relating to the environment or occupational health and safety, including, without limitation, those pertaining to (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or release, or the threat of the same, of hazardous substances or (ii) the generation, manufacture, processing, distribution, use, re-use, treatment, storage, disposal, transport, labeling, handling and the like of hazardous substances ("Environmental Requirements"), or breach of any duty contained in these Terms and the Contract Documents, or if the work of Supplier is stopped by order of a governmental agency due to the Supplier's non-compliance with any such laws, regulations or Environmental Requirements, or if aeA incurs any loss or liability due to any breach or Default by Supplier of its obligations, Supplier will indemnify, defend and hold harmless aeA against any and all losses, liabilities, damages, claims, costs and reasonable attorney's fees and costs suffered or incurred on account of the failure of Supplier to comply therewith.
 - 2. Should aeA be joined as a party in any action or proceeding arising out of the violation or an alleged violation of the Federal Wage and Hour Law, or any other state or federal law relating to wage and hour claims or immigration matters, in the performance of the Contract Documents, Supplier, or any subcontractor violating or alleged to have violated such law, or using or introducing goods manufactured or alleged to have been manufactured in violation of the law, shall indemnify, defend and hold harmless aeA in any such action or proceeding and pay and defray any damage, expense and cost of any description by reasons thereof, including reasonable attorneys' fees and costs.

3. Supplier shall indemnify, defend and hold harmless aeA and its employees, agents, servants and representatives from and against any and all losses, liabilities, damages, claims, costs or expenses (including attorney's and other professional fees) arising from or related to Supplier's noncompliance with or violation of any terms and conditions in the Contract Documents.
- (D) Supplier shall, at its own cost and expense, procure and maintain in full force and effect insurance with sound and reputable insurance companies of the type and in such amounts as adequate for all risks in accordance with sound and prudent business practices including, without limitation, general liability, which shall include contractual liability, general automotive liability, public liability, workers' compensation liability, property damage (fire, casualty and theft) insurance and any other insurance required under the Contract Documents or as it may be applicable or required by law. Unless otherwise agreed to in writing by aeA, Supplier's insurance coverage required hereunder shall not fall below the following amounts:
1. Workers compensation and employers liability insurance providing statutory coverage that will comply in all respects to the statutes of the state or province where the Items will be provided and providing employers liability limits of not less than \$1,000,000 for all claims in one policy period.
 2. Comprehensive general liability, including coverage for products, completed operations, contractual liability, bodily injury and property damages with limits of not less than \$5,000,000 (in the form of general liability and/or umbrella coverage) combined single limit per occurrence.
 3. Automobile and/or vehicle liability, including owned, non-owned and hired vehicles with limits of not less than \$1,000,000 for automobiles and vehicles, \$2,000,000 for trucks larger than pick- ups and \$5,000,000 for tractor-trailer units combined single limit per occurrence. The coverage amounts may be in the form of automobile and/or vehicle liability and/or umbrella coverage.
 4. Product recall liability with limits of not less than \$1,000,000.

2.2.16 Suspension or Termination by Purchaser

- (A) If Supplier should fail to comply with any of its obligations under the Purchase Order, Purchaser may order Supplier to suspend the Purchase Order in whole or in part, at any time for up to 6 months, without prejudice to Purchaser's other rights in law or under this Purchase Order.
- (B) Any and all costs to Supplier due to a suspension under this Section shall be to the sole risks, account and expense of Supplier.
- (C) Purchaser shall be (without any liability on the part of Purchaser) entitled to terminate the Purchase Order in whole or in part (or any other Purchase Order with Supplier), without prejudice to its other rights at law or under the Purchase Order immediately upon notice and to be indemnified by Supplier in if Supplier:
 - a. should breach or fail to comply with any of its obligations under a Purchase Order; or
 - b. becomes insolvent or has a receiving order made against it or enters into liquidation whether compulsory or voluntary (except for the purposes of bona fide reconstruction or amalgamation), or compounds with or makes any arrangement with its creditors or makes a general assignment for the benefit of its creditors, or carries out its business under a Receiver, Manager, Administrative Receiver or Administrator for the benefit of its creditors or any of them, or is the subject of proceedings, analogous to any of
- (B) Upon termination hereunder Purchaser may:
 - a. Return to Supplier at Supplier's cost and risk part or all of Goods delivered, and/or
 - b. Enter Supplier's premises and recover any Goods in which title has passed to Purchaser.
- (C) The Purchaser may at its sole discretion and at any time terminate or cancel any Purchase Order issued hereunder, in whole or in part, at any time for convenience. Such notice of termination shall become effective forthwith upon receipt, unless otherwise provided in the termination notice letter. Termination shall be without any liability to the Supplier other than the payment of those Goods which are upon the termination date:
 - a. either ready for shipment to Purchaser or
 - b. in transit to Purchaser or
 - c. actually delivered to Purchaser in accordance with these general terms and conditions and the relevant Purchase Order. For this purpose, Supplier shall provide an invoice setting out details of the Goods shipped or delivered to support the requested payment.
- (D) Any and all losses, damages, expenses and costs incurred by Purchaser as a result of termination, whether direct, indirect, consequential or otherwise including but not limited to liquidated damages, shipping and storage costs and costs involved in having the Goods supplied by third parties, shall be to the sole account and expense of Supplier.

2.2.17 Invoicing - Payments

- (A) Each delivery shall be covered by a separate invoice.
- (B) Each invoice shall specify the total gross and net weight of each shipment, the quantities delivered, Purchaser's Purchase Order number, the Price, any discounts granted and, if applicable, any related expenses defined in the Purchase Order.
- (C) Unless otherwise stipulated in the Purchase Order, payment terms shall be sixty (60) days after the end of the month in which (A) the Goods have been delivered and accepted by Purchaser and (B) Supplier's valid and correct invoice has been received by Purchaser. Payment shall be made by bank transfer or check provided the invoice complies in all respects with Section (B), above.
- (D) Payment by Purchaser of the Price shall not constitute acceptance of the Goods and is without prejudice to any rights Purchaser may have by reason of the Goods failing to comply with any specification relating to the Goods or any breach by Supplier of all or any of the clauses in the Purchase Order
- (E) Purchaser may at any time set off any amount owed by Supplier to Purchaser, whether under the applicable contract of sale or otherwise, against any amount owed by Purchaser to Supplier (including any applicable VAT payable).

2.2.18 Purchaser's Tools

- (A) Any tools, molds or other equipment provided or paid for by Purchaser to Supplier in the performance of the Purchase Order (hereinafter "Purchaser's Property") shall remain the property of Purchaser and Supplier shall keep Purchaser's Property clearly labelled as being the property of Purchaser at all times.

Supplier shall hold Purchaser's Property as Bailee and use Purchaser's Property exclusively for the performance of the Purchase Order for and on behalf of Purchaser and shall return Purchaser's Property to Purchaser forthwith upon its request.
- (B) Purchaser makes no representations or warranties regarding the nature or quality of Purchaser's Property which is accordingly provided on an "as is" basis.
- (C) Supplier shall exercise all necessary care in safeguarding and maintaining Purchaser's Property and will be liable for any loss or damage thereto or caused by Purchaser's Property whilst it is in the possession or under the control of Supplier. Supplier shall insure Purchaser's Property to its full replacement value in the joint names of Supplier and Purchaser and to the satisfaction of Purchaser against loss, damage, theft or destruction. All monies received under such insurance shall be paid directly to Purchaser.
- (D) Supplier shall not pledge, charge or grant liens over or claim any title, right or interest in Purchaser's Property

2.2.19 License

Supplier grants to Purchaser an irrevocable, transferable, non-exclusive and royalty-free license to use all technology, data, information, materials, patents and know how now or hereafter owned or controlled by Supplier relating to the Goods and necessary for the development, manufacture and use of the Goods and their repair or alteration, whether by Purchaser or a third party of its choice, in the event that any of the following events occurs:

- a) Termination for whatever reason of the development or manufacture of the Goods under the Purchase Order; or
- b) The bankruptcy or winding up of Supplier or any other analogous proceedings against Supplier, or
- c) Termination of this Purchase Order due to breach by Supplier of any of its obligations hereunder; or
- d) Supplier ceasing to conduct business for any reason.

2.2.20 Waiver and Severability

- (A) Failure or delay of Purchaser in exercising any of its rights under a Purchase Order shall in no way constitute a waiver of those rights nor shall such failure excuse Supplier from any of its obligations under such Purchase Order.
- (B) No single or partial exercise of any right, power, privilege or remedy by Purchaser under this Purchase Order shall prevent any further or other exercise thereof or the exercise of any other right or remedy.
- (C) The rights, powers and remedies of Purchaser provided in these Terms and Conditions are cumulative and are not exclusive of any rights, powers or remedies provided by law or otherwise.
- (D) The parties agree that if any part of the Purchase Order is found to be unreasonable, invalid, void, unenforceable or unlawful under any enactment or rule of law pertaining thereto of any jurisdiction, the legality, validity and enforceability of the remainder of the Purchase Order in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of these Terms and Conditions shall not be affected in any other jurisdiction.

2.2.21 Liens and Claims

- (A) Supplier warrants that it sells the Goods as sole legal and beneficial owner thereof and accordingly Supplier warrants that the Goods will be free and clear of all liens, charges or encumbrances.
- (B) Supplier undertakes not to create or do anything (including by act or omission) which could result in the creation of any lien, charge or other encumbrance on the property of Purchaser (or the property of Supplier which could in any way affect Supplier's performance of its obligations hereunder), and Supplier hereby declares that it has not created any such lien, charge or other encumbrance or done anything herein above prior to the Purchase Order.
- (C) Supplier shall protect, indemnify and hold Purchaser harmless from and against all liabilities, demands, costs, expenses, claims, fines and penalties incurred in connection with discharging any lien claimed against the Goods or Purchaser's Property created or caused by any act, omission or negligence by Supplier and/or by Sub-Suppliers or their respective employees and agents. Purchaser shall have the right to deduct from any sums due or becoming due to Supplier such amounts necessary to discharge any lien or claim unless Supplier satisfactorily evidences forthwith that such lien is not valid.

2.2.22 Assignment and Sub-Letting

- (A) The Purchase Order shall not be assigned or sub-let, in whole or in part, by Supplier without the express prior written consent of Purchaser. Notwithstanding the consent of Purchaser, Supplier shall not be relieved of any obligations under the Purchase Order and for the purpose of the Purchase Order, Supplier shall be deemed to have supplied the Goods to Purchaser.
- (B) Any sub-letting of the whole or any part of the Purchase Order by Supplier shall not create any contractual relationship between the parties.

2.2.23 Compliance with Laws, Regulations, Codes and Standards

- (A) Supplier warrants that, in undertaking the requirements of the Purchase Order, both Supplier and the Goods shall comply with all applicable laws, regulations, codes and standards including, without prejudice to the generality of the foregoing, all regulations relating to export and import, health, safety, packaging, labelling, environment, manufacture and delivery, and shall procure that any Sub-Suppliers comply therewith. Supplier further warrants that it shall comply with Purchaser's code of conduct already in its possession.
- (B) Supplier shall defend, indemnify and hold harmless Purchaser against any fine, penalty or sanction of a similar nature which may be imposed on Purchaser by any government authority by reason of a breach of Section (A), above, as well as against all claims, suits and proceedings related thereto.
- (C) All taxes, fees, customs, import duties and related charges of whatever nature imposed upon Supplier as a result of the performance of the Purchase Order shall be paid by Supplier and Supplier

shall indemnify and hold Purchaser harmless therefor.

- (D) **The Supplier's Compliance with Regulation (EC) No. 1907/2006, so-called « REACH ».** For the purpose of this article, the term "Article" designates any Good supplied by the Supplier hereunder that must comply with REACH. The Supplier declares and warrants at any and all times that it and its Sub-Suppliers strictly comply with REACH. The Supplier is required to provide all up-to-date information and data about substances as such, in preparation or in an Article, and more particularly as requested in Titles II, IV, VII, VIII and Annexes XIV and XVII of REACH.
- (E) For the Supplier incorporated within the EU and EEA countries: Supplier declares and warrants that, each substance as such, in preparation or in an Article (i) has been (or will be, pursuant to Article 28 § 6 of REACH) duly and timely pre-registered and/or registered according to the intended use by the Purchaser; (ii) is not restricted, as specified in Annex XVII of REACH; (iii) is not forbidden as specified in Annex XIV of REACH, unless an authorization has been granted for the Purchaser's intended use in accordance with Article 66 §1 of REACH; The Supplier shall inform the Purchaser of any suitable alternative substance or technology to the substances as defined in article 57, as such, in preparation or in an Article. The Supplier declares and warrants further that the registration dossier of each substance as such, in preparation or in an Article, covers and will cover the normal and reasonably foreseeable conditions of use. The Supplier is required to inform immediately the Purchaser by registered letter and in any case no later than twelve (12) months before the relevant deadline for registration of any decision of a third person or of the Supplier itself that could (i) impact directly or indirectly the use of a substance as such, in preparation or in an Article and (ii) prohibit or restrict the manufacture, import, use and/or supply of such substance as such, in preparation or in an Article.
- (F) For the Supplier not incorporated within the EU and EEA countries: The Supplier certifies that it appointed an Only Representative incorporated within the EU territory in charge of the strict compliance with REACH of the Supplier's entire portfolio of substances as such, in preparation or in an Article. If the Supplier did not appoint such Only Representative, it certifies that it has notified and provided the Purchaser with all relevant information and data regarding these substances as such, in preparation or in an Article prior to the effective date of the Purchaser Order, so as to allow the Purchaser to strictly comply with REACH.
- (G) The Supplier bears any and all additional costs associated to or resulting from REACH for the substances sold as such, in preparation or in an Article and shall indemnify the Purchaser for any breach of REACH.
- (H) **RoHS.** Supplier warrants and agrees that the goods or services sold to Buyer under this Order and specified to be "RoHS compliant" shall be fully compliant with the European Union Directive No. 2002/95/EC on the Restriction of Hazardous Substances ("RoHS"). Upon Purchaser's request, Supplier shall promptly provide Purchaser with access to all necessary information and records evidencing the goods' RoHS compliance. Additionally, Supplier shall promptly provide material declarations upon request with respect to the goods provided to Purchaser hereunder.
- (I) **Compliance with Social Accountability 8000 (SA8000)** Supplier shall comply with the SA8000

Standard. The SA8000 Standard is the central document of work at Social Accountability International (SAI). It is one of the world's first auditable social certification standards for decent workplaces, across all industrial sectors. It is based on the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance. It takes a management systems approach by setting out the structures and procedures that companies must adopt in order to ensure that compliance with the standard is continuously reviewed. Those seeking to comply with SA8000 have adopted policies and procedures that protect the basic human rights of workers. The *Guidance Document* is found online at the SAI website. <http://www.sai-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=937>

2.2.24 Breach, Rights and Remedies

- (A) **Term.** Unless otherwise provided for in the applicable Contract Document, the term of the Contract Document shall be for the duration of the life of the programs into which the Goods ultimately are incorporated, plus applicable service and replacement parts requirements (as determined solely by Purchaser).
- (B) **Termination by Purchaser.** Purchaser may, at its sole option, immediately terminate all or any part of a Contract Document, at any time and for any reason or no reason, by giving written notice to Supplier as provided for in these Terms.
- (C) **Obligations of Supplier on Termination.** Upon receipt of a notice of termination, Supplier will, unless otherwise directed by Purchaser: (i) promptly terminate all work in progress under any Contract Documents; (ii) inform Purchaser of the extent to which performance has been completed through such date; (iii) transfer to Purchaser any raw materials, inventory and such other materials which Supplier produced or acquired in performing under the Contract Documents; and (iv) take all actions reasonably necessary to protect any Purchaser Property and Items in the possession of Supplier until it has received written instructions from Purchaser regarding such property. The foregoing shall be inclusive of any other requirements set forth herein relating to the obligations of Supplier upon termination of any Contract Documents or part thereof.
- (D) **Obligations of Purchaser on Termination.**
- **Generally.** Upon termination by Purchaser under this Section, Purchaser will pay to Supplier (i) the prevailing Purchaser price for all conforming Items provided to Purchaser, (ii) the actual cost to Supplier for all work in process, raw materials fabricated or procured by Supplier and finished goods inventory to the extent such costs and quantities are reasonable in amount and are proportional and properly allocated to the terminated portion of the Contract Documents and (iii) the actual cost of Supplier in protecting any Purchaser Property or Items (collectively, a "Termination Payment").

Purchaser will make no payment to or for the benefit of Supplier for work in process, raw materials fabricated or procured by Supplier and finished goods inventory in amounts in excess of those authorized in Contract Documents or in amounts inconsistent with releases and/or the general course of dealing between the parties concerning the quantity of Items generally purchased by Purchaser at the time of termination. Payment for fixed price Items shall be on a pro rata basis, based on the Items completed or otherwise in accordance with a schedule of payment to be included in the Contract Documents.

- **Calculation.** Supplier will furnish its written claim for a Termination Payment to Purchaser within one (1) month of the effective date of a termination, consisting exclusively of the costs outlined in this section. Payment to Supplier under this section will not exceed the aggregate Purchaser price payable to Supplier for the quantity of conforming Items that would have been manufactured or supplied by Supplier under the Contract Documents outstanding at the date of termination of these Terms. Subject to audit and review by Purchaser, and verification of amounts in any claim for a Termination Payment, Purchaser will pay the Termination Payment within 60 days after the claim is received. Purchaser reserves the right to offset against any Termination Payment (i) any costs or other expenses related to any termination under this section, (ii) any amounts otherwise owed by Supplier to Purchaser or (iii) for prior performance, acts or omissions of Supplier.
 - **Limitations.** Unless otherwise agreed to by Purchaser in the Contract Documents, Purchaser shall not be liable for and shall not be required to make payment to Supplier of any amount for claims by Supplier arising out of or related to subcontractor or other third party claims, labor or employee benefit charges, professional or other fees, for loss of anticipated profit, overhead, interest, product development or engineering and design costs, equipment or facilities costs, general and administrative burden, or operating costs of any kind related to the termination
- (E) **Default.** Purchaser shall have no obligation to Supplier under Section D above if Purchaser terminates the Contract Documents because of Supplier's breach of the Contract Documents, as set forth in this Section.

All right and remedies of Purchaser specifically set forth in this Order shall be in addition to any other or further rights and remedies provided at law or in equity. Failure of Purchaser to insist upon strict performance of any term or condition of this Order shall not be deemed to be a waiver of Purchasers rights and remedies.

2.2.25 Setoffs

All claims for money due or to become due from Purchaser shall be subject to setoff by the purchaser by reason of any counterclaim arising out of this or any other transaction with Supplier.

Purchaser may offset against Supplier Payables any amounts due to Purchaser for under shipments, adjustments in invoices, credits, returns, price changes or any other similar quantity or price reconciliation arising out of or related to the Items (a "Designated Offset"). Purchaser will attempt to reconcile the timing and calculation of the Supplier Payables to coincide with the corresponding Designated Offset, and will provide Supplier with an accounting of all calculations. To the extent the timing of payments and offsets cannot be aligned, it may be necessary from time to time for Purchaser to maintain a credit or debit balance for Supplier. The amounts calculated by Purchaser, and all records maintained by Purchaser, shall be controlling except in the case of clerical or mathematical error.

2.2.26 Governing Law and Jurisdiction

The rights and obligations of the Parties under the Purchase Order shall be governed by the laws of the State of Texas, without regard to its conflict of laws rules. Any action or proceeding by Purchaser against Supplier may be brought by Purchaser in any court having jurisdiction over Supplier, or at the option of Purchaser, in the courts having jurisdiction over Purchaser, in which event Supplier consents to jurisdiction and service of process in accordance with applicable procedures. Any action or proceeding by Supplier against Purchaser may be brought by Supplier only in the courts located in the State of Texas.

In the event of any disagreement or dispute between the parties and notwithstanding any legal proceeding arising out of or in connection with the Purchase Order or its performance, Supplier and Purchaser shall carry out their obligations hereunder until a final judgment has been issued by a competent court unless the parties agree otherwise in writing, and thereafter in accordance with such judgment. Any failure to proceed in accordance with the foregoing shall constitute a breach of a condition of the Purchase Order.

3. Quality and Engineering

3.1 Quality Guideline

Unless otherwise agreed to in writing by Purchaser, Supplier shall comply with all requirements in aeA/EKM's Quality Guideline, attached hereto as Appendix I and incorporated by reference herein.

3.2 Sub-Suppliers

Supplier shall bind its sub-suppliers accordingly as to all quality requirements in this Section.

3.3 Conformity with Quality Standards

Supplier agrees that its Supplier's Warranties for quality includes its express warranty that all Items shall comply strictly and completely with any and all Purchaser Specifications related to quality and additional quality assurance procedures for particular Items separately prescribed by Purchaser and with a target of zero defects (collectively, the "Quality Standards"). Purchaser shall, in its sole discretion, decide whether the Quality Standards are being met. Supplier shall, in accordance with the Quality Standards, provide, maintain and enforce all measures necessary to secure the quality of Items and the manufacturing process thereof, including, and without limitation, regulatory requirements, quality control standards, inspection standards, specifications and state of the art.

If Purchaser requests initial samples and type samples, the Supplier may not commence serial production without Purchaser's express written consent. The Supplier shall inform Purchaser of possible improvements and technical changes. Any changes to the delivery item, including relocation of production shall require Purchaser's express prior consent. Purchaser shall be entitled to stipulate as subject matter of the contract specific requirements made by its end customers regarding documentation requirements for production and quality control.

3.4 Evidence of Supplier's Quality Assurance; Testing

Upon Purchaser's request, Supplier shall deliver to Purchaser data, records and other materials to evidence Supplier's testing, inspection, and analysis of field quality data as provided by Purchaser and such other quality assurance actions as will validate compliance with all Quality Standards. Purchaser may, upon prior notice and during normal business hours, (i) inspect the Items and/or work in process on the Items and (ii) conduct quality control measures and tests at Supplier's, or any subcontractor's, premises. Without cost to Purchaser, Supplier shall provide facilities and assistance for Purchaser's inspections, tests and measures. Purchaser shall not be liable for any reduction in value of samples used, nor shall any Items rejected be submitted to Purchaser.

3.5 Evidence of Supplier's Quality Assurance; Document Retention.

The Supplier shall be obliged to retain its product-related documents for a period of not less than 15 years in order to make a complete tracing possible.

3.6 Accountability and Cost of Quality

Suppliers are selected based on their ability to provide: cost effective, superior defect-free products, expert knowledge of their product and manufacturing processes, and, responsive and proactive support. With these expectations, Suppliers will be held accountable and responsible for all costs incurred due to defective product identified during aeA/EKM manufacturing/installation, or end-customer use of the product.

Suppliers are responsible for all costs incurred while the defect situation is contained and remedied. Items such as, but not limited to, the following may be charged to the Supplier:

- Recovery costs due to a vehicle recall
- 3rd party sorting and/or reworking costs
- Labor for sorting and/or reworking of raw stock
- Labor for sorting and/or reworking finished goods
- Labor for sorting and/or reworking of finished goods installed in the end customer product
- Scrapping and/or reworking of finished goods due to defective Supplier product
- Reimbursement and/or replacement of defective raw material
- Shipping fees related to return of defective product
- Fees and taxes related to scrapping of material outside the U.S.
- Warehousing/storage fees accumulated through to disposition of suspect product
- All necessary travel, lodging, and meals
- Rework and/or repair materials, tooling, gauges, testing equipment, or third party testing
- Excess and additional freight charges and air shipments
- Production downtime at aeA/EKM manufacturing facilities
- Production overtime at aeA/EKM manufacturing facilities
- Production downtime at customer locations
- Administrative, corporate, and management support fees
- Follow up actions and assessments, as appropriate
- Regulatory fines or penalties

- Any other fees or costs associated with a defective condition

All costs are calculated based on US currency. Labor man-hour rates for line down or overtime production at aeA/EKM shall be charged at a standard rate of \$18 per hour. Appropriate debits are issued to the Supplier through the Finance Department.

3.7 Zero Defect

Supplier shall provide continuous deliveries free from defects i.e. each product shall comply with the agreed-upon specifications and shall be available in the agreed-upon quantity, with the agreed upon consistently high-level of quality and at the agreed-upon time and place.

The supplier is committed to the zero-defect objective and therefore is obliged to constantly control, optimize and improve its products and processes within the scope of a continuous improvement process.

The Supplier shall at minimum comply with current state of the technology for all products and processes.

The responsibility of the Supplier for the faultless conditions of its products also includes the performance of its vicarious agents (e.g. refining processes, electroplating, curing etc.). By means of appropriate actions (e.g. inspections, control of the process parameters and others) the faultlessness of the products shall be guaranteed. These actions must be documented. Specific characteristics that shall be documented of particular importance for aeA or the use of the part have to be documented, shall be agreed upon on a project basis.

3.7.1 ppm's Agreement

In order to render transparent the quality performance with regard to delivery for both parties, individual ppm-agreements shall be made on an annual basis. Individual ppm-values, with regard to intervention limits and actions, shall be individually agreed upon with aeA's quality management. A value of 80 ppm is deemed to be binding, until an individual ppm-value has been agreed upon between ae and the Supplier. Ppm-values shall have no influence on the warranty obligations of the Supplier for all defective parts and shall not constitute a release from the joint zero-error target.

3.8 Supplier Requirements

Is highly recommended that EKM and aeA Suppliers be certified to IATF 16949 or at a minimum to ISO 9001. In case that this is not possible, a "Supplier Evaluation" must be filled out. This evaluation can be filled out by the Supplier and sent back to EKM and / or aeA Quality representative for verification and approval of the supplier. EKM / aeA decides if an on-site audit has to be performed.

- Suppliers must adhere to Customer Specific Requirements (CSR).
- Suppliers must participate in all required Supplier development and improvement activities.
- Suppliers must comply with other directives as required.

3.9 Tool Move Requirements

Suppliers moving production tooling must notify EKM in writing and gain approval prior to physically moving the equipment. Suppliers must propose a detailed, comprehensive tool move plan that includes, but is not limited to, location addresses, timing plans, bank stock requirements, risk assessment, PPAP timing, etc.

Updated timing plans are required to be submitted bi-weekly and must highlight any changes. Refer to the SICR or contact EKM Commodity Purchasing for specific requirements.

3.10 Compliance to ISPM 15 Requirements

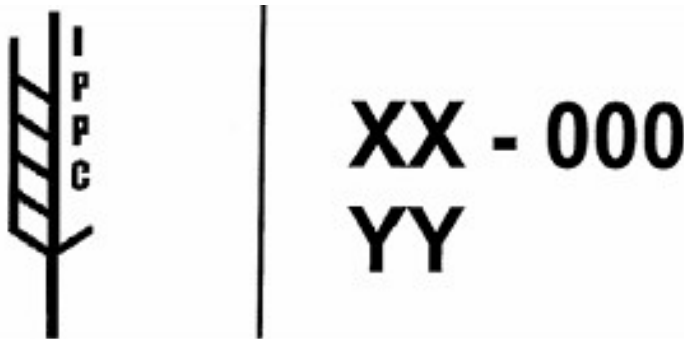
Suppliers and service providers who ship internationally to EKM related facilities or on behalf of EKM are required to adhere to the wood packaging material requirement set by the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS). International Standard for Phytosanitary Measures (ISPM) 15 describes phytosanitary measures to reduce the risk of introduction and/or spread of quarantined pests associated with wood packaging material (including dunnage) made of coniferous and non-coniferous raw wood, for use in international trade.

Any costs incurred by aeA/EKM in relation to the Supplier's and/or service provider's non-conformance to this standard will be passed back to the respective Supplier(s) and/or service provider(s) in full.

3.10.1 Wood Packaging

The United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) has revised its import regulation for Wood Packaging Materials (WPM), 7 CFR § 319. The final rule was posted in the Federal Register September 16, 2004, with an effective date of September 16, 2005.

The regulation requires WPM used in international trade to be treated to kill harmful insects that may be present. WPM must be marked with the International Plant Protection Convention (IPPC) logo, the two-letter International Organization for Standardization (ISO) code for the country that treated the WPM, the treatment facility number assigned by the national plant protection organization, and either the abbreviation HT (heat treatment) or MB (methyl bromide). The rule states that regulated WPMs must be marked in a visible location on each article, preferably on at least two opposite sides of the article, with a legible and permanent mark that indicates the article meets the new requirements. Paper treatment certificates will no longer be required or accepted. An example of an acceptable WPM mark is:



XX represents the ISO country code.

000 represents the unique number assigned by the national plant protection organization.

YY represents either HT for heat treatment or MB for methyl bromide fumigation.

The regulation restricts the importation of many types of wood articles, including wooden packaging materials such as pallets, crates, boxes, and pieces of wood used to support or brace cargo. The regulation currently refers to these types of WPMs as solid wood packing materials, defined as “wood packing material other than loose wood packing material, used or for use with cargo to prevent damage, including, but not limited to, dunnage, crating, pallets, packing blocks, drums, cases, and skids.” Effective September 16, 2005, the U.S. regulation allows non-compliant regulated WPM to be re-exported. CBP recognizes that the usage of this term may be confusing. For purposes of CBP implementation of the USDA regulation, —re-exportll will refer to the immediate export of violate WPM and, where the violate WPM cannot be separated from the accompanying

merchandise, the immediate export of the violate WPM and any accompanying merchandise. By regulation, no treatment options for WPM being imported into the United States are available.

For the purposes of this rule, WPM imported as cargo, such as a container or truckload of new or unused pallets, will still be considered WPM and subject to the rule. Its status as merchandise is irrelevant.

Charges and potential fines responsibility of suppliers not following this legal requirement – Applies to direct/raw materials as well as indirect/MRO items.

3.11 Supplier Rating System (SES)

The evaluation of the EKM / aeA Suppliers will be performed by the Quality department every six months. This evaluation will be performed as follows – The evaluation considers 4 scores:

3.11.1 PPM rating (weighting for calculation: Factor 20)

Relation of ppm aim to delivered ppm

Exceedance in %	Ppm – score
<= 1	100
<= 10	85
<= 100	70
>100	50

3.11.2 Quantity / Date reliability

Date and quantity of income bookings are compared with delivery plan.

Score for date reliability (weighting for calculation: Factor 15)

It is calculated the difference between planned delivery date and date of booking of income. This is for working days and each delivery gets scored, considering the following chart:

Late days	Date reliability score	Early days	Date reliability score
0	100%	0	100%
1 – 5	100%	1 – 2	95%
6	95%	3	90%
7	90%	4	85%
8	90%	5 – 6	55%
9	85%	7	45%
10	75%	8	25%
11	55%	9	10%
12	45%		
13	25%		
14	10%		

Score for quantity reliability (weighting for calculation: Factor 15)

Scores for differences in quantity (relative difference in %).

Over (%)	Qty reliability score	Under (%)	Qty reliability score
0	100	0	100
5	100	5	100
10	90	10	90
15	80	15	80
20	70	20	60
25	60	25	40
30	50	30	20
35	40	35	10
40	30		
45	20		
50	10		

3.11.3 Soft facts (weighting for calculation: Factor 50)

The following factors are used to calculate a summarized score for the different categories of the soft facts:

No	Category	Factor for calculation
1	Quality	60
2	Purchasing price	20
3	Purchasing service	20

Note: If a supplier is rated in a quality audit as "C" or a supplier has to be blocked from new business, the soft fact for Quality category will be set on the minimal value "1" and all other soft facts will be deleted to "0". This will put the supplier "on hold" for new business until the situation from the supplier is fixed. Once that the supplier presents an effective action plan for any situation that generated these results, the soft facts values will be restored.

Soft fact: **Quality** - The following facts are scored:

- a) 8D evaluation (working time for 8D, containment actions, root cause, long term actions)
- b) Results of audits
- c) Collaboration generally, for example at quality planning
- d) Avg of relevance of complaints (if the defective parts are detected in warehouse, in production area, with the customer or in the field).

Score	Score in %	Description	Details
10	100	Excellent	a – no reminder for complaints b – audit result during rating period "A" c – cooperation excellent d – relevance (9.1 – 10)
9	90	Good	a – complaints most in time and effective b – audit result during rating period "A" c – cooperation most trouble – free d – relevance (8.6 – 9.0)
7	70	In average	a – complaints had to be reminded several times b – audit result during rating period "B" c – cooperation difficult d – relevance (8.0 – 8.5)
5	50	Bad	a – complaints often to late; effectivity not sure b – audit result during rating period "B" c – assistance on site was several times necessary d – relevance (<8)
1	10	Order restrictions	For example audit result "C"

Note: Suppliers which don't have a certified QM System due to IATF 16949 can't get more than 90% on the soft fact Quality score.

Soft fact: **Purchasing Price** - The following activities are rated:

- VA/VE opportunities/ideas submitted
- Annual price reductions (APRs)
- Cost Avoidance opportunities
- Total Cost improvements
- Process Efficiency/Effectiveness

Supplier Involvement is critical to achieving better pricing/total costs. Opportunities can be but not limited to:

- Improvements in product Raw Material pricing
- Improvements in supplier Operational Costs
- Processes that are Technology driven
- VA/VE (Value Analysis / Value Engineering) Proposals
- Volume Discounts or Volume Pricing
- Contract Pricing with APR
- Shipping Cost opportunities

70 will be the standard rate if no opportunities exist/are documented for the calendar year. Supplier rate of a 100 will represent the 20 points of the soft facts section for the next 12 months after the price/cost/idea is effective.

Savings recorded	Rate	Length of rating
Yes	100	12 Months
No	70	Current Month

Soft fact: **Purchasing Service** - The following activities are rated:

The main driver of Purchasing Service will be RFQ response time. We will be evaluating the number of days that the suppliers takes to answer our RFQ:

Number of Days	Rate
0-4	10
5-7	9
8	8
9	7
10	6
10+	5

The rate of 10 will represent the 20 points of the soft facts.

However, each month on our internal 'Supplier Evaluation' meeting we will review the following supplier service activities:

- Not responding or late response to emails (*Target = 48 hrs.*)
- Not responding or late response to issues send by our Quality team (*Target 48 hrs.*)
- Not responding or late response to requested documents (*Target 24 hrs.*)
- Other (examples): Invoice errors or timely submission, Missing shipment paperwork, etc.

Noted issues will a result in an additional deduction of **5 points** (from the RFQ response score) for the Service rate.

3.11.4 Summarized score (ABC – ranking)

The following ABC – ranking is specified:

ABC ranking	Score %	Action
A – vendor	90 – 100	<u>No action</u> Supplier notification
AB – vendor	80 – 89	<u>Monitor</u> Supplier notification An improvement plan could be required to the supplier
B – vendor	60 – 79	<u>Action</u> Supplier notification An improvement plan is required to the supplier
C – vendor	0 - 59	<u>Alarm</u> Supplier notification Blocked for new business Cancellation of orders if supplier fails to propose a reasonable improvement plan

If the supplier is requested for an improvement plan, the supplier shall submit this no later than 15 days after receiving the notification of the evaluation result.

If the improvement plan does not fulfill the requirements to solve the situation, aeA / EKM can degrade the supplier to a vendor C with the consequences mentioned before.

3.12 Supplier Development

The selection and continued development of Suppliers by aeA is based on a combination of the audit risk assessment and SES ratings. Our goal is to further develop Suppliers with the requirements of our end customers in mind.

1. If the SES Score, or an audit results in a "A" or "B" rating, no action is required. However, if the score ends in a "B" or "C" rating, a development plan is required.
2. Supplier is analyzed to determine deficiencies.
3. If Supplier is being developed based on the SES Score, based on deficiency / severity of situation and importance of Supplier ("A" Supplier, key product), an on-site audit may be required.
4. Based on Inputs (either deficiencies, or audit) a customized improvement plan is developed by Purchasing and Quality, and communicated to Supplier.
5. Implementation of improvement plan is tracked on a higher frequency basis based on severity of issues – normally by telephone, but also visits to validate action plan are taken as required
6. Based on the reassessment, a decision on whether more actions are required or the Supplier has shown significant improvement to reach the "A" or "B" rating is reached.
7. If the Supplier shows no improvement, actions will start to resource the items purchased from Supplier.

3.13 Conflict Materials Legislation

On August 22, 2012, the United States Securities and Exchange Commission adopted final rules, as required by the Dodd-Frank Act (Wall Street Reform and Consumer Protection Act of 2010), relating to the public

disclosure by companies, like Nexans autoelectric of America, Inc. ("aeA"), of their use of "conflict minerals" that originated in the Democratic Republic of the Congo ("DRC") or adjoining countries ("Covered

Countries"). aeA is registered under the Securities Exchange Act of 1934, as amended, and is therefore subject to the disclosure requirements mandated by the new conflict mineral disclosure rules.

Your cooperation in helping aeA achieve compliance with these new requirements is critical.

Specifically, the Dodd-Frank law and the final SEC rules on conflict mineral impose reporting

requirements upon publicly-traded companies, like aeA whose products contain metals derived from minerals defined as “conflict minerals”, which include tantalum, tin, tungsten, and goldⁱⁱ. The new reporting requirements reflect Congressional concern that revenues obtained from mining and transport of “conflict minerals” finance the ongoing conflict in the DRC and surrounding countries and the resulting humanitarian crisis.

The rules require SEC-registered companies to report annually to the SEC on (a) their worldwide use of “conflict minerals” in products they manufacture or contract to manufacture, and (b) the cooperation of their supply chains in identifying the use of “conflict minerals” and identifying the country of origin for any tantalum, tin, tungsten, and gold to determine whether “conflict minerals” are from the DRC region.

As a Supplier to aeA you must:

1. Identify the person we can contact to with information or question regarding conflict minerals request. This must be informed to an EKM / aeA representative
2. Register your company for the iPoint Conflict Minerals Platform (iPCMP). This tool endorsed by the Automotive Industry Action Group (AIAG) and required for use by many OEMs, enhances the ability to compile reports up and down the supply chain. More information can be found at <http://www.conflict-minerals.com/>
3. If registration for iPCMP is not possible please inform us and please be prepared to complete your report in the Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative (EICC-GeSI) template. The template can be found at <http://www.conflictreesmelter.org> . Please note that subject to any updates to the template that may occur after the date of this letter, we will only accept the latest version of the template published.
4. Complete your company-wide Conflict Minerals report in iPCMP if you provided parts or materials to aeA annually by end of March.

Please contact any EKM / aeA representative for questions or concerns.

4. Logistics

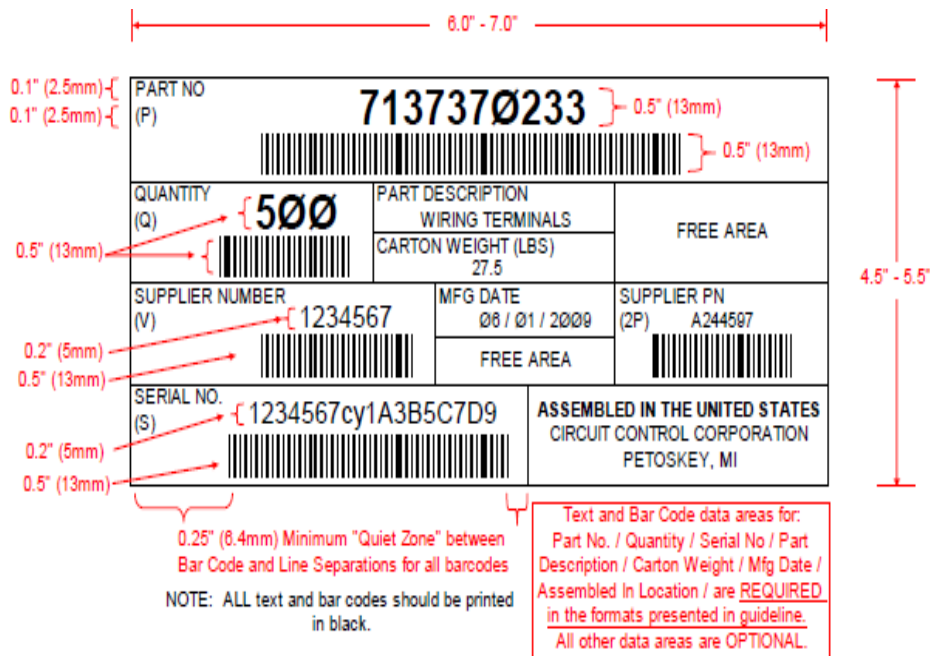
4.1 Logistics Guideline

Unless otherwise agreed to in writing by aeA/EKM, Supplier shall comply with all requirements in aeA/EKM/s Logistics Guideline, attached hereto as Appendix II, and incorporated by reference herein.

4.2 Component Supplier Bar Code Label

4.2.1 Purpose

All component and raw material Suppliers that supply to EKM or any of its affiliate locations shall be required to provide bar code labels on each container or handling unit of product shipped to EKM.



4.3 2.0 Bar Code Symbology

The bar code labels shall follow the bar code standard set by AIAG Shipping/ Parts Identification label guideline B-3.

4.4 Reflectivity Contrast

Reflectivity and contrast shall be measured at B900 nanometers. Symbol shall comply with all optical specifications of AIAG B-1.

4.5 Data Areas and Titles

Data areas should be separated by thin horizontal lines and should contain their respective titles in the upper left hand corner. Preferably, thin vertical lines should be used to separate all data areas.

4.6 Data identifiers

Data identifiers shall be used as defined in the current ANSI FACT-1 Data Identifier Directory Standard. A data identifier immediately follows the start character of the bar code symbol and is used to identify the information to follow. More discussed below.

4.7 aeA Part Number Area

The bar code symbol shall be directly below dashes and spaces should NOT be included in the bar coded.

4.8 Quantity Area

The bar code symbol for the quantity shall be directly below quantity shall be the total number of pieces contained.

4.9 Supplier Part Number Area

The bar code symbol for the Supplier number shall be directly below it is the Supplier's discretion whether or not they wish to fill in the Supplier Number Data Area.

4.10 Part Descriptions

Part Description may be full descriptive wording or abbreviation.

4.11 MFG Date

Shall be shown in mm/dd/yyyy format.

4.12 Assembled In / Country of Origin

The "Assembled In" or "Country of Origin" location shall be printed at the top of this area.

5. Customs

5.1 Country of Origin Requirements

Country of origin (CoO) is a very critical element in aeA/EKM process. Providing accurate country of origin (country of manufacture and location) is a mandatory requirement of aeA/EKM Suppliers. Proof of country of origin may be provided in various forms depending upon the respective import trade program or importation purpose aeA/EKM needs. aeA/EKM utilizes the services of a buyer's agent/service provider for purposes of requesting and gathering all country of origin requests from all of aeA/EKM Suppliers.

In the case that, for any reason, the country of manufacture and location is changed, the supplier is responsible to notify and send the documentation required.

5.2 Country of Origin Marking

Suppliers are responsible to insure that their product is marked according to CBP requirements, especially in the case of service parts.

Section 304 of the Tariff Act of 1930, as amended (19 USC 1304) provides that, unless expected, every article of foreign origin imported into the U.S. shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit, in such a manner as to indicate to the ultimate purchaser in the U.S. the English name of the country of origin of the article.

Resources available to AEA/EKM's Suppliers for further education include:

- CBP Publication 539 – Marking of Country of Origin on U.S. Imports
- 19 CFR 134
- Supplier's Customs Broker
- Customs Consultants

5.2.1 Export Transactions

All software, documents, technical data, and materials being exported either by the Supplier or the Purchaser are subject to U.S. Export Administration Regulations (EAR). Exporting Suppliers are responsible for understanding and complying with the EAR in all transactions.

In addition, all exported goods may be subject to import regulations in other countries. All parties must comply strictly with these laws and regulations and acknowledge the responsibility to obtain any licenses to export, re-export, or import as may be required

5.2.2 Export Screening

Export regulations restrict the export of products to certain countries set forth in the Export Administration Regulation (EAR) and applicable governing agencies. aeA/EKM Suppliers have the responsibility prior to export taking place to ensure that:

- Supplier arranged shipments do not have transportation arranged through countries set forth in the Country Group E, 1 of Supplement No. 1 to Part 740 of EAR
- Supplier arranged transportation does not move in transit through the countries listed in General Prohibition 8 of the EAR
- Supplier arranged vessels which are owned or operated by countries listed in Group E of the EAR, Part 740, supplement 1 are not used to transport the freight of aeA/EKM or its related parties

Export shipments departing from Canadian locations, the Canadian Customs Act, Area Control List and Canadian Economic Sanctions Act shall apply. Supplier arranged export shipments for aeA/EKM shall not move in transit through to or any of the countries or locations prohibited by these regulations, without proper authorization in the form of an export permit issued by the Canadian government prior to exportation. Suppliers are prohibited to file for such permits on aeA/EKM's behalf without prior instruction and/or authorization from the aeA/EKM Customs Department.

As these lists change, Suppliers are responsible to monitor and make necessary changes to their services in order to remain compliant with both U.S. and Canadian export regulations. In addition, when facilitating export on behalf of aeA/EKM, the Supplier shall understand and adhere to any additional requirements necessary for the shipment to be imported in other countries.

6. Record Keeping

6.1 U.S. Export Record Retention

In accordance with the EAR, and the Foreign Trade Regulations (FTR) all information relative to export transactions from the United States are required to be retained for five years from the date of export.

While AEA/EKM retains complete export file records, Suppliers are responsible to supply relative export documentation to AEA/EKM prior to shipment departure when facilitating the export. Suppliers who direct ship for AEA/EKM must have the ability to retain and access AEA/EKM related export documentation for up to five years upon AEA/EKM request.

6.1.1 Canadian Export Record Retention

Suppliers located in Canada must have the ability to retain and access documentation related to export transactions from Canada for AEA/EKM for a minimum of six years after the end of the calendar year in which the goods were exported according to Canada Border Services Agency (CBSA) regulations.

6.1.2 Manufacturers Affidavit

aeA/EKM Customs requests that Suppliers provide a Manufacturer's Affidavit (MA) for all product supplied to aeA/EKM. When the Suppliers receive this request, they will be asked to complete a multi-purpose MA form necessary for use in declaring and determining country of origin information. The MA form is mandatory for all Suppliers providing product to aeA/EKM. The manufacturing location must represent the actual location where the product has been manufactured or assembled – meeting the requirement for substantial transformation.

During audit verification for U.S. import trade programs, CBP may use these records to allow or disallow qualification in a given program.

Please note that your company must provide a Manufacturer's Affidavit to aeA/EKM if they manufacture articles or pass-through parts which are not further processed by your company

MA documents must be submitted to aeA Purchasing upon award of the component/part to the supplier – Or at the very latest before the first shipment is made to aeA. On a yearly basis, aeA Customs department will request annual revisions.

6.1.3 HTS 9081- U.S. Goods Returned

Origin goods returning to the United States having not been advanced in value or improved in condition require the following documentation:

- Manufacturer's Affidavit
- Foreign Shippers Declaration

6.1.4 HTS 9082- Articles Exported and Returned, Advanced or Improved Abroad

For articles exported for repair or alteration (under HTSUS 9802.00.40 or 9802.00.50), it is the policy of aeA/EKM that the invoice must clearly state the value of the repair or alteration and the following documentation has been provided at the time entry:

- Declaration by the owner, importer, consignee or agent U.S. Goods Assembled Abroad – For articles assembled abroad with U.S. Components, aeEA/EKM's policy is that HTSUS 9802.00.80 may be claimed only when the following documents are provided at the time of entry:
 - Assembler's Declaration
 - Endorsement by the Importer.
 - Declaration from the person who performed the repairs

Note: For import shipments where aeA/EKM is the importer of record, the Supplier is required to provide advance notice to the aeA/EKM Customs Department for confirmation of the exact documentation required. In the event the Supplier has not made prior contact and aeA/EKM incurs additional costs and/or penalties due to improper shipment documentation – aeA/EKM will debit all costs and/or penalties plus an administration processing fee back to the Supplier.

6.1.5 NAFTA (North American Free Trade Agreement)- USMCA requirements pending

aeA/EKM Customs requests Suppliers to provide a NAFTA Certificate for all product supplied to aeA/EKM that has been manufactured in the United States, Canada, or Mexico regions. aeA/EKM Customs will use a buyer's agent/service provider for making the requests/solicitations and collecting the required information from all aeA/EKM supply base. When the Suppliers receive this request, they will be asked to complete a NAFTA Certificate which is necessary for use in declaring and determining country of origin information.

Suppliers manufacturing outside the United States, Canada and Mexico **MUST NOT COMPLETE** the NAFTA certificate of origin form but **MUST COMPLETE** the Manufacturer's and/or Supplier's Affidavits **ONLY**. (See the Manufacturer's Affidavit section above).

The NAFTA form is only required to be completed by our Suppliers and processors manufacturing in the NAFTA territories. Those Suppliers with manufacturing locations in the United States, Mexico, and Canada are the only Suppliers that need to complete the NAFTA form. The NAFTA form is required to be completed by the Supplier regardless if they are shipping to aeA/EKM on a domestic or international basis. Suppliers must provide a written request to the aeA/EKM Customs Department if they would like to use a form other than the CBP Form 434, Revenue Canada Form B 232E, or the Mexican Customs Administration (MCA) approved form.

If the Supplier needs specific assistance and/or is unfamiliar with how to complete a NAFTA Certificate and determining NAFTA eligibility, the Supplier is responsible to contact a knowledgeable customs source (Supplier's broker, Supplier's customs consultant, Supplier's customs legal counsel, etc.) for proper direction.

NAFTA documents must be submitted to aeA Purchasing upon award of the component/part to the supplier – Or at the very latest before the first shipment is made to aeA. On a yearly basis, aeA Customs department will request annual revisions.

6.1.6 Traced Value

In conjunction with the NAFTA Certificate request, the Supplier will be requested to provide any traced value for product supplied to aeA/EKM. aeA/EKM's Customs will request traced value in the solicitation package. If the Supplier needs specific assistance and/or is unfamiliar with determining and reporting traced value, the Supplier is responsible to contact a knowledgeable customs source (Supplier's broker, Supplier's customs consultant, Supplier's customs legal counsel, etc.) for proper direction. There are—Rules of Origin specific to the automotive industry.

The automotive goods rules are found in the 19 CFR 181.131, part 181, part V, sections 8, 9 and 10 and includes references to schedule IV and V in as listed below:

- Section 8 – Definitions and Interpretation
- Section 9 – Light Duty Automotive Goods
- Section 10 – Heavy Duty Automotive Goods
- Schedule IV – List of Tariff Provisions for the Purpose of Section 9 of the Appendix
- Schedule V – List of Tariff Provisions for the Purpose of Section 10 of the Appendix

6.1.7 Customs and Trade Partnership against Terrorism (C-TPAT)

As a C-TPAT member, aeA/EKM is responsible to develop, enhance and maintain effective secure supply chain processes, including a written and verifiable process for the selection of business partners including manufactures and Suppliers. All forms below and documentation must be reviewed, maintained, completed, and returned to aeA/EKM.

1. aeA/EKM C-TPAT Business Partner Confirmation Letter
2. aeA/EKM C-TPAT Business Partner Form (to be completed and returned)
3. aeA/EKM C-TPAT Shipment Requirements

6.1.8 Business Partner Requirements

All aeA/EKM Suppliers and service providers are expected to meet and maintain CBP C-TPAT guidelines in regard to their respective supply chain process. CBP's website provides guidelines and best practices as to how these requirements can be meet. Each Supplier and service provider is responsible to:

- Educate and provide awareness training to employees
- Complete the aeA/EKM C-TPAT Business Partner Confirmation Form and email it to C-TPAT@nexansauto.com (this attests your company's adherence to CBP guidelines and C-TPAT status), and notify aeA/EKM in writing of any changes to your company's C-TPAT status
- If the Supplier is a C-TPAT participant, please provide SVI # and/or notification via CBP's C-TPAT web portal to C-TPAT@nexansauto.com and complete aeA/EKM C-TPAT Business Partner Confirmation Form
- If Supplier is not a C-TPAT participant, aeA/EKM requires that the Supplier meet CBP's C-TPAT criteria and minimum security requirements
- The Supplier is also required to complete the aeA/EKM C-TPAT Business Partner Confirmation Form and email to
- Adhere to all aeA/EKM directives regarding C-TPAT compliance

6.1.9 Tooling

To the extent applicable, Supplier shall comply with all requirements set forth in the Tooling Agreement, attached as Appendix III, including any Specific Tooling Agreements as agreed upon by the Parties.

Any tooling that has been provided to the Supplier free of charge (re-imbusement for the tool is

not included in the piece price) for production of goods outside of the United States, it is the Supplier's responsibility to communicate any movement or transfer of tooling location to the aeA/EKM Customs Department prior to tool movement. This also includes any free of charge tooling that is modified to produce different part numbers.

All notification of tooling should always include the specific aeA/EKM part numbers with engineering levels.

6.1.10 Compliance with ISF Requirements

It is the Supplier's responsibility to meet the Importer Security Filing (ISF) requirements for all ocean shipments. If aeA/EKM is the importer for the shipment based upon the agreed sales terms, it is the responsibility of the Supplier to provide this data to aeA/EKM freight forwarders and/or carriers in order to meet the ISF timing requirements.

ⁱ Countries like Angola, Burundi, Congo, Central African Republic, Republic of Tanzania, Rwanda, Sudan, Uganda, and Zambia.

ⁱⁱ Columbite-Tantalite (Coltan, Niobium, Tantalum), Cassiterate (tin), Gold and Wolframite (Tungsten), their derivatives, or other minerals designated by the Secretary of State.