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PURPOSE

This Document contains the Purchase Order Terms and Conditions and is considered contractual and supplemental to the UCI Purchase Order and the Supplier Quality Assurance Requirements (Attachment A-740-002).

APPLICABILITY

The following Terms and Conditions shall apply to all purchases made by Umbra Cuscinetti, Inc., unless otherwise agree to in writing.

Requirements herein are imposed on all purchase orders for products and services provided to UCI, as applicable.

NEED ASSISTANCE? If you have any questions about the **PURCHASE ORDER TERMS AND CONDITIONS** applicable to a Purchase Order, please contact the UCI Buyer.



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Purchase Order Terms and Conditions

1. Purchase Orders

All materials, goods or services procured by Umbra Cuscinetti, Inc. (hereinafter referred to as "UCI") shall be purchased by means of an approved UCI Purchase Order which incorporates these Purchase Order Terms and Conditions and the Supplier Quality Assurance Requirements (SQAR's). All Purchase Orders issued by UCI shall be signed by an authorized purchasing representative ("cognizant Buyer"), and may be communicated to the selected supplier ("Seller") either verbally, in writing, or electronically by facsimile transmission or email, as agreed between the cognizant Buyer and Seller. No goods or services shall be delivered to UCI without a purchase order, except in the case of petty cash transaction for small items valued at less than \$25, or items procured on open account or under an approved blanket PO or Long Term Agreement executed by UCI and Seller.

Purchase Orders issued by UCI shall identify the Seller, the date of order, the Purchase Order number, the ship-to and bill-to addresses, and shall include all applicable specifications and descriptions for all items being procured, along with delivery schedule, price, total quantity and cost of all items listed. In addition, the Purchase Order shall contain applicable quality requirements, contractual clauses (if any) flowed down from UCI customers, and any special instructions or other process specifications needed to ensure that the goods or services provided comply with UCI requirements. Seller shall ensure that all applicable quality requirements or material or process specifications are communicated in writing to sub-tier suppliers for any materials or third-party processes used by Seller in the performance of UCI Purchase Orders.

2. Purchase Order Changes


No change may be made to a Purchase Order issued by UCI except by authorization of the cognizant Buyer. No verbal or other instruction to change a Purchase Order shall be considered part of any contractual obligation until/unless incorporated in writing into the UCI Purchase Order.

3. Prices

Prices indicated on purchase order shall be considered firm, fixed prices, and may not be changed or amended, nor may any additions to the Purchase Order be made which increase prices, without express written authorization from the cognizant Buyer at UCI.

4. Payment

Unless a discount for early payment is specified or other terms are agreed to in advance, UCI shall pay all invoices 60 days NET from date of invoice or delivery of goods, whichever is later. All payments shall be in U.S. dollars. In the event a purchase is made from a source outside the United States, payment shall be made in U.S. dollars at the currency exchange rate as of the day the Purchase Order is issued. In the event of a discrepancy between the invoice or packing slip and the Purchase Order, UCI reserves the right to withhold payment of any disputed amount until such time as the discrepancy is resolved.

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5. Delivery


All goods to be delivered to UCI shall be presented at the time and location designated on UCI's Purchase Order. FOB point shall be "destination" for all items shipped by Seller's delivery service. For all other shipments, FOB point shall be as agreed between the cognizant Buyer and Seller at the time the Purchase Order is issued.

Seller shall be responsible for delivering all shipments to UCI no later than the date specified on the Purchase Order.

Seller shall not change delivery schedules without notifying the cognizant Buyer at UCI, who may, at his/her discretion, request amended shipment methods to achieve delivery improvements. If delivery is delayed by Seller for any reason other than those covered under "Force Majeure" below, Seller shall pay the difference between standard shipment methods and expedited delivery methods if such methods are required to meet UCI's production schedule. UCI reserves the right to return to Seller, at Seller's expense, any shipment received more than five (5) working days in advance of the date specified on the Purchase Order.

6. Acceptance

All goods delivered to UCI are subject to inspection to ensure compliance with UCI requirements as outlined in the Purchase Order. These requirements may include, but are not limited to, correct quantity, dimensions, material identification, test reports, material/process certifications, Certificates of Conformance, or factory or mill lot identification or traceability. Goods received by UCI that do not conform to UCI's requirements may be rejected, and UCI shall consider such rejected goods "not received" for purposes of invoicing and Purchase Order administration. Seller shall notify UCI in writing of any known discrepancies in materials to be delivered prior to shipment to UCI, and UCI reserves the right to refuse delivery of such materials prior to shipment if the non-conformance would result in the goods being rejected at receiving inspection.

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7. Rejected Materials

All materials which do not meet UCI requirements shall be recorded on a Notice of Discrepancy, and set aside in a segregated area to await further disposition. The cognizant Buyer at UCI shall notify Seller of discrepant material, and shall inform Seller of UCI's intended disposition of such non-conforming material. Upon UCI's request, Seller shall issue, if required, a Material Return Authorization to ship non-conforming material or goods back to Seller for repair, rework, or replacement. Seller agrees to accept return shipment of discrepant materials at Seller's expense, or to retrieve non-conforming materials from UCI via Seller's delivery service at no cost to UCI. Seller further agrees to replace discrepant goods or materials at no charge to UCI, unless otherwise agreed in writing by the cognizant Buyer at UCI.

If the value of non-conforming materials is less than \$50, UCI reserves the right to scrap the discrepant items at its facility and to debit Seller for the value of items scrapped, unless Seller specifically requests return of such goods. Seller agrees to replace any items or materials scrapped by UCI under this provision at no charge to UCI.


Assignment, delegation or subcontracting by Seller, with or without UCI's consent, or the rejection of any portion of any shipment, shall not relieve Seller of responsibility for delivering compliant materials. UCI may, at its option, agree to accept for use goods or materials which are discrepant, or may decline to pursue all rights and remedies available to it in relation to non-conforming materials. However, Seller shall not interpret such action by UCI as a waiver, in whole or in part, of Seller's responsibilities or obligations to supply fully compliant goods or services on future deliveries, or of UCI's remedies under the terms of the purchase contract.

8. Damaged Goods

Because UCI sends many items to various outside vendors for additional processing, and because these items may include in their value a substantial amount of previous labor or processing (intrinsic value), there is significant risk to UCI if these items are lost or damaged. Accordingly, unless otherwise agreed to in writing by UCI, Seller assumes full responsibility for any materials delivered to it by UCI for processing, and agrees to reimburse UCI for the full intrinsic value of any goods scrapped, or for the full repair or rework cost, if applicable, of items damaged due to Seller's negligence or failure to properly safeguard or process the material while under Seller's control. This responsibility includes, but is not limited to, compliance with all process specifications and requirements, proper storage and handling of material during processing, and proper handling and packaging of materials for return shipment to UCI. In the event that goods must be reworked or scrapped due to damage incurred while under Seller's control as a result of causes which cannot be determined to be due solely to Seller's negligence or failure to exercise proper processing or handling safeguards, UCI and Seller agree to negotiate a mutually acceptable settlement. If such settlement cannot be reached through negotiations between UCI and Seller, both parties agree to binding arbitration.

9. Lot Quantities

Unless otherwise specified by the cognizant Buyer at UCI, deliveries of less than the quantity specified on the Purchase Order shall be considered partial shipments, and Seller shall remain liable for shipment of any outstanding balances due. Over shipments of no more than 10% of the total item quantity are permissible.

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10. Material Changes

All specifications for goods or services purchased by UCI shall be contained on UCI's Purchase Order, either explicitly or by reference (e.g. customer process or MIL-specifications), including but not limited to materials, processes, dimensions, inspection requirements, and documentation required. Seller may make no change to any material, specification or design which would change that item's identification, manufacturing process, or physical characteristics (including metallurgical properties), or alter repair or overhaul procedures or physical interchangeability, without express written authorization from UCI, including, if required, amendment to the Purchase Order and/or part identification and document revision.

11. Cancellation


UCI reserves the right to cancel or delay delivery of goods or services on any Purchase Order, in whole or in part, if such action is the result of changes to the delivery schedule of UCI's customer. In the event that UCI elects to cancel any Purchase Order or portion thereof, UCI shall be liable only for work completed by Seller, or for work actually in process, as of the date Seller is notified of the cancellation. UCI shall under no circumstances be liable for materials ordered, or work performed, by Seller which are not specifically listed on a UCI Purchase Order. This clause shall not apply to raw material ordered by Seller to meet forecasted demand by UCI as part of a long-term agreement or other pre-negotiated purchase arrangement in which UCI authorizes Seller to maintain inventory or purchase material in advance of actual need.

12. Confidentiality

Seller agrees to keep confidential all information, drawings, specifications, tools and data provided by UCI in connection with any Purchase Order or other procurement action and shall, upon request, immediately return all documents, drawings, tools or electronic files furnished by UCI. Seller shall not disclose or permit to be disclosed such information, drawings, specifications or data to any third party, except as required for efficient performance of Seller's obligations under the terms of the Purchase Order, without written authorization from UCI. In addition, this clause shall be interpreted to prohibit sale or transfer by Seller to any third party of any goods manufactured in accordance with designs, drawings, specifications or data which are considered proprietary to UCI or its customers, and to prohibit the use of any tooling, designs, documents or other confidential data for purposes of manufacturing any goods or materials to be delivered to any party other than UCI or, if applicable, UCI's end customer.

13. Right of Entry

UCI and its customers or their authorized representatives, including representatives of the United States Government or the Federal Aviation Administration, shall be granted access to Seller's facilities, and shall be entitled to enter such facilities at any reasonable time during Seller's normal operating hours to inspect Work In Process and/or conduct tests of processes or materials, and to monitor compliance with applicable specifications as contained in UCI Purchase Orders.

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14. Subcontracting

Seller shall not have the right to subcontract any or all of the Services under this Agreement to a third party (“Subcontractor”) without the prior written permission of Umbra. If Umbra approves the use of a Subcontractor, Seller shall comply with the following conditions:

- a. Seller guarantees Subcontractor’s fulfillment of applicable Seller obligations;
- b. Seller indemnifies Umbra for all damages and costs of any kind incurred by Umbra or any third party and caused by Subcontractor’s acts or omissions;
- c. Seller shall not transfer any export-controlled technology (drawings, data or items) to non-U.S. subcontractors or sub-tier suppliers without a U.S government export authority;
- d. Seller makes all payments to Subcontractor. If Seller fails to pay Subcontractor for Service performed, Umbra shall have the right but not the obligation to pay Subcontractor and offset any amounts due to Seller with amounts paid to Subcontractor. Seller shall indemnify Umbra for all damages and costs of any kind, without limitation, incurred by Umbra and caused by Seller’s failure to pay a Subcontractor; and
- e. Seller shall not markup Services fees because of Seller’s use of a Subcontractor.


15. Compliance with Law

Seller shall comply at its own expense with the provisions of all federal, state, provincial and local laws, regulations, ordinances which are applicable to Seller’s performance of this Agreement, including but not limited to the following;

- a. Unites States export control and asset control laws, regulation, and orders, as they may be amended from time to time, applicable to the export or re-export of goods or services, including software, processes, or technical data (“Items”). Such regulations include without limitation Export Administration Regulations (“EAR”), International Traffic in Arms Regulations (“ITAR”), and regulations and orders administered by the Treasury Department’s Office of Foreign Assets Control (collectively, “Export Control Laws”).
- b. Environmental laws affecting the manufacturing and processing of the materials or products.
- c. Laws prohibiting human trafficking (e.g. California Transparency in Supply Chain Act) and Presidential Executive Order 13627.
- d. Wall Street Reform and Consumer Protection Act relating to Conflicting Minerals for SEC register companies.

16. Insurance

Seller shall maintain (a) a Commercial General Liability “occurrence” form with policy limits of not less than \$1,000,000 each occurrence for bodily injury and damage to property including coverage of premises and operations, contractual liability, broad form property damage, and products and completed operations. The policy shall name Umbra as an additional insured to the extent of contractual liability assumed by

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Seller in any Schedule or PO, (b) automobile liability insurance covering any vehicles used in the delivery of the materials, goods or services with policy of not less than \$2.0M combined single limit for bodily injury and property damage combines, or if limits are obtained on a per person and per accident basis, not less than \$1.0M per person and per accident for bodily injury, and \$500,000 per accident for property damage, and (c) Seller's program for compliance with worker's compensation and occupational disease laws, statutes and regulations shall provide for a full waiver of rights of subrogation against Umbra and its officers, employees and agents, and Seller shall indemnify Umbra therefore. Seller shall provide a Certificate of Insurance to the Buyer prior to the commencement of any work, and shall comply with all applicable worker's compensation, occupational health and safety laws, statutes and regulations.

17. Indemnity

Seller agrees to defend, hold harmless and indemnify Umbra, and/or its subsidiaries, affiliates, directors, officers, employees, and assignees of Umbra ("Umbra Indemnified Parties"), from and against any and all actions, causes of actions, claims, demands, losses, costs, liabilities, expenses and damages, herein referred to as "Claims", arising out of, or in connection with (i) any claim for bodily injury, death, or property damage in connection with the materials, goods or services, (ii) any claim that the materials, goods or services, names, and marks furnished by Seller under this Agreement constitute an infringement of any confidential information, trade secret, patent, copyright, trademark, trade name, or other legal right of any third party, or (iii) any other claim that would constitute a breach of the Seller's warranties except to the comparative extent such Claims arise from the gross negligence or willful acts of Umbra.

18. Force Majeure

Seller shall not be held liable for delays in performance of services and/or delivery of materials arising from causes not reasonably under Seller's control, including but not limited to: breakdowns or mechanical failure of Seller's equipment; strikes, lockouts or other labor unrest; acts of God such as fire, earthquake, flood, or acts of war, riot, insurrection, or the public enemy; or by the effect of any priorities, allocations, or limitations imposed on Seller by the United States Government, or by state or local governments or of their any of its agencies, subdivisions, or authorized representatives.


19. Interpretation

All parties shall interpret these terms and conditions using good business practice and common sense, but in the event of any disagreement or legal action arising because of any breach of these terms and conditions, any such legal action shall be interpreted in accordance with, and adjudicated under, the laws of the State of Washington.

20. Severability

The invalidity, in whole or in part, of any provision(s) hereof shall not affect the validity of any other provision(s). In the event that any portion of these terms and conditions is held to be invalid or is deleted by mutual agreement of both parties, the remaining terms and conditions shall continue in full force and effect.

21. Choice of Law

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This Agreement shall be construed under the laws of the State of Washington. Venue for any action brought under this Agreement shall be in the appropriate State of Federal court in Snohomish County, Washington. The prevailing party in any claim or action, including on any appeal, shall be entitled to all costs and reasonable attorneys' fees.

22. Information for External Providers

Sellers are expected to ensure awareness of:

- a. their contribution to product or service conformity;
- b. their contribution to product safety;
- c. the importance of ethical behavior.

23. Equal Employment Opportunity

This contractor and subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability.

24. Notice of Employee Rights under the national Labor Relations Act


The provisions of 29 CFR Part 471, Appendix A to Subpart A (relating to the obligation to post a notice of employee rights under the National Labor Relations Act and to notify covered subcontractors of their obligation to do so) are incorporated by reference in this contract.

25. Employment Eligibility Verification (E-Verify)

If this contract is covered by Executive Order 12989, then the Employment Eligibility Verification Clause required under Executive Order 12989 and the related Federal Acquisition Regulations (48 CFR 22.1800 et seq. and 52.222-54) are incorporated by reference.

26. Requirement to Inform Employees of Whistleblower Rights

If this is a contract or subcontract for the Department of Defense (DoD) or the National Aeronautics and Space Administration (NASA), then according to 10 USC 2409, as described in Subpart 203.9 of the Defense Federal Acquisition Regulation Supplement, you must inform your employees in writing of their federal whistleblower rights and remedies in the predominant native language of the workforce.

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Revisions

REV.	DATE	DESCRIPTION OF CHANGE	AUTHORIZED BY
NEW	18-Jun-04	ORIGINAL RELEASE	Russell R. Preston Quality Manager
A	24-Oct-06	Added cover sheet.	Christina Arnold Purchasing Manager
B	27-Mar-09	Revised Purchase Orders section	Christopher Thome Quality Manager
C	01-Apr-11	Added sample requirement for material changes	Bill Stone Materials Manager
D	01-Apr-16	Added sections; 14,15,16,17 and 21	Rick Cuzzupoli Director of Supply Chain
E	02-Oct-17	Added clause 22: Information for External Providers	Rick Cuzzupoli Director of Supply Chain
F	02-Mar-18	Added clauses 23, 24, 25, 26	Rick Cuzzupoli Director of Supply Chain