



AQ WIRING SYSTEMS - GENERAL CONDITIONS of PURCHASE

1. DEFINITIONS

In the Purchase Agreement the following definitions shall have the meaning set out below.

“Part” shall mean the parts that the SUPPLIER shall supply to AQW.

“Defective Part” shall mean any Part which in accordance with Section 7 below shall be considered defective.

“Product” shall mean the product in which a Part is incorporated.

“Technical Specification” shall mean the documentation agreed upon by the Parties which describes the Part’s shape, function, material, process, required properties etc.

“Typebound Tooling” shall mean all tools, jigs, fixtures, molds, models and other equipment supplied by AQW or specially manufactured or adapted for manufacture or quality control of the Parts.

2. COMMUNICATION

Each Party shall continuously inform the other Party on all matters that are of importance to the Parties’ performance and shall also in all such communications express themselves with such clarity and with such means as are required in order to ensure a correct performance in all respects.

On request, the Supplier shall supply AQW on an annual basis with its latest Annual Report as soon as it is available.

3. INQUIRY FOR NEW PRODUCT / OFFER / PART APPROVAL.

When offering new products to AQW, the Supplier shall do so in accordance this General Conditions of Purchase, unless AQW makes a specific request. The offer shall have a format of cost break-down with clear indication of content of certain raw materials with their related costs as well as other ingredients of the price.

The Supplier shall always present his comments related to the drawings if something specified in the drawing cannot be fulfilled or if he has suggestion for improvements or simplifications. If the Supplier has no comments to present both to the drawing / specifications and to General Conditions of Purchase, this shall be considered as “Design checked without complaint or comments as well as General Conditions of Purchase of AQW accepted”.

Offer shall include samples for approval with appropriate reports (PPAP, FAI) free of charge.

Once a sample has been approved, alteration of the function, appearance, characteristic, material, production method, place of manufacture, Typebound Tooling or other equipment which may affect the Part, may be done only after written approval on each occasion from the responsible department at AQW. Delivery may thereafter be made only after renewed approval of a sample.

4. PRICE / DELIVERY AND PAYMENT CONDITIONS / PACKING.

The Parties shall agree prices for Parts in writing. The prices shall be valid till the date stated in the offer or till the date the new price is agreed between the parties. Any new prices shall be agreed prior to order reception by the Supplier.

Payment shall be made within the agreed terms of payment (calculated from the issue date of invoice but not earlier than the due delivery date).

The term of payment shall, in the absence of any other agreement, be ninety (90) days from the Invoice date. All invoices shall be correctly addressed, without being marked for the attention of any individual, and include all other information that is necessary to AQW.

Remittance of payment shall not imply any acceptance of the delivery or of the invoiced amount.

The agreed delivery clause shall be construed in accordance with “INCOTERMS”, 2010. Unless otherwise agreed, the delivery clause shall be “DDP” AQW factory. The SUPPLIER shall pack the Parts in the way to secure the goods during transport and storage or in accordance with agreement made with AQW.

5. ORDERS / DELIVERY PLANS / DELIVERY PRECISION / CANCELLED PURCHASES.

AQW’s authorized person sends written purchase orders or delivery plan by e-mail or EDI. The Supplier is obliged to confirm within three (3) days the reception of Purchase Order. The delivery plans are not subject of confirmation, however the Supplier is obliged to communicate lack of reception of delivery plan in case he doesn’t receive it in certain week. The delivery plan is described in details in separate delivery instructions.

The Supplier is obliged to communicate to AQW potential risk of variation from the agreed delivery plan (delay) at least 10 days prior to due delivery date.

In case of late delivery (for any reason related to the Supplier), the Supplier will take all necessary actions to eliminate or reduce the impact of that fact to AQW (including offer for the similar/equal product from the third party).



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AQW has anyhow the right to liquidate damaged by covering related costs as: premium freights, which he has to bear to secure deliveries to the AQW's Customer, lost production costs, overtime costs and other costs imposed by customers due to the delay.

The potential estimated additional costs shall be communicated in advance to the Supplier to let him present within 24 hours the alternative solution.

In the event of a late delivery of a Part, (exceeding 4 weeks) AQW is entitled to completely or partly terminate the purchase of the Part and of other Parts which AQW does not consider having any use of due to the late delivery, and make substitute purchases from other supplier.

6. ORDERED QUANTITY / CAPACITY.

Quantity included in the delivery plan that exceeds the fixed period shall be considered a forecast only and shall not be binding for AQW. However, the Supplier is obliged to maintain such production and delivery capacity so that deliveries can also be made in accordance with the forecasted quantity in the delivery plan. The Parties may enter into separate agreements relating to flexibility and capacity undertakings in respect of the forecast quantities.

AQW and the Supplier are aware that the actual need for the Parts is driven by the requirements of AQ's Customers and that both Parties must adopt a flexible approach in order to adjust to such requirements. Rapid exchange of information, high attention to exchanged information and a high flexibility are prerequisites for the collaboration between the Parties under this Purchase Agreement.

In the event that the Supplier delivers a quantity either in excess of AQW's call off Parts or prematurely, AQW shall not be responsible for taking delivery of, storing or maintaining such Parts and shall further be entitled to return any such excess or prematurely delivered quantity to the Supplier at the latter's expense or receive compensation from the Supplier for storage costs.

7. WARRANTY

The Supplier warrants that the Parts supplied are free from defects. A Part shall be considered defective if it - in any respect deviates from the Technical Specification,

- does not possess the characteristics that the Supplier has referred to through samples, prototypes or in marketing,

- is not fitted for the particular purpose for which the Parties intended it to be used, or

- otherwise deviates from what AQW reasonably could have expected.

The warranty period shall terminate twenty four (24) months after the later of

- the date on which a Defective Part has been delivered to a final customer; and

- the date on which a Defective Part has been brought into use on AQW's own behalf (in a manner other than by incorporation in a Product).

8. PRODUCTION PROCESS / TESTING / TYPEBOUND TOOLING

The Supplier shall in respect of design, development, production, installation and service comply with the applicable requirements of a quality system approved by AQW or/and the Authorised Third Party.

AQW shall be entitled, after notification, to inspect the Suppliers's production of a Part, perform tests and make other necessary examinations at the Supplier's premises.

The Supplier may not relocate production of a Part, wholly or partly, to another party without AQW's written consent. If AQW grants such consent, the Supplier shall ensure that the provisions of the Purchase Agreement are complied with.

Typebound Tooling shall be subject to the following.

a) The Supplier shall establish a register, accessible for AQW, of all Typebound Tooling.

b) The Supplier shall, at his own initiative and at his own expense, maintain Typebound Tooling in such a way that the specifications are complied with. In the event that Typebound Tooling requires renewal, the Supplier shall notify AQW thereof in due time.

c) AQW shall be entitled to acquire for a reasonable charge, and thereafter to freely utilize, such Typebound Tooling as is owned by the Supplier when deliveries of the relevant Part to AQW for serial production shall cease.

d) The Supplier shall ensure that Typebound Tooling is stored in a safe and adequate manner and that it is insured for an amount equivalent to its replacement cost.

e) Typebound Tooling may not be destroyed or scrapped without AQW's written consent.

Typebound Tooling that is the subject of intellectual property right(s) may furthermore not be copied without the consent of the owner of such intellectual property right(s).

In addition, the following applies to Typebound Tooling owned by AQW.

a) The Supplier shall mark Typebound Tooling in such a way that AQ's ownership is clearly shown and shall inform insurers as to the fact of AQW's ownership.



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b) The Supplier may not without AQW's written consent use Typebound Tooling for production for his own account or that of any third party.

An invoice related to Typebound Tooling ordered by AQW shall not be issued until such Typebound Tooling has been approved by AQW.

9. PRODUCT QUALITY. LIABILITY FOR DEFECTS OR SHORTCOMINGS

The Supplier acknowledges that fault free Parts are delivered directly to AQW's production. AQW is not obliged to perform any incoming inspection of the delivered Parts. The Suppliers shall immediately inform the relevant goods receiver and the responsible purchasing department at AQW of any Defective Parts, discovered or anticipated, which have been dispatched to AQW. If faulty or damaged Parts are received, complaint report is issued by AQW and sent to the Supplier. The complaint report shall be answered and returned within the stated on the report time with specified action that will be taken to prevent the same problem recurring.

On the Supplier's request end expense the samples of faulty goods can be shipped on his expense.

In cases where AQW has judged that whole or part of the delivery as faulty or damaged, return or scrap of the whole delivery can be made based on the Suppliers instruction. In case of return, the Supplier shall be responsible for arranging a replacement delivery in shortest possible time on his expense.

In case AQW cannot wait for a replacement delivery, AQW has the right to check the delivery and sort out correct Products on the Supplier's expense. Costs of such activity will be communicated and approved by the Supplier 24 hours in advance the claim is not resolved within a month, the Supplier is obliged to issue Credit Note with an amount covering the cost for faulty part.

The Customer has anyhow the right to liquidate damaged by covering related costs as: premium freights, which he has to bear to secure deliveries to the Customer's Customer, lost production costs, overtime costs and other costs imposed by customers due to the delay. The potential estimated additional costs shall be communicated in advance to the Supplier to let him present within 24 hours the alternative solution.

10. CONFIDENTIALITY

All information, equipment, know-how and technical documentation, including electronically stored data and computerized geometry's, to which a Party has obtained access through the Parties' business relationship, shall be treated as confidential and may not be used for any purpose other than for the deliveries to AQW. Technical and commercial information, which the Parties receive from each other, shall be treated as confidential by the receiving party.

The Supplier may not, without the AQW's approval, hand over any drawing or other technical information to a sub-supplier or engage a sub-supplier to produce the products, partly or in whole.

11. APPLICABLE LAW

The General Conditions of Purchase shall be governed and construed in accordance with English-language version of Article 1-13 and 25-88 of the United Nations Convention of April 11, 1980 regarding international sales of goods shall be applicable.

12. DISPUTES

Disputes arising out of or relating to the Purchase Agreement shall be finally settled by arbitration in accordance with the rules of Polish Chamber of Commerce applicable at the time arbitration is called for. The arbitration proceedings shall be held in Łódź, Poland. If not both Parties are domiciled in Poland, the arbitration proceedings shall be conducted in English.