



**Passions** made possible.

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**JAC PRODUCTS  
GENERAL PURCHASE CONDITIONS  
AGREEMENT**



## I – ORDERS

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1. All JACL PRODUCTS - Produção de Componentes Automóveis, Unipessoal, Lda. (JAC) purchase orders, irrespective of their form, are subject solely to these conditions, unless otherwise expressly stated in a written agreement.
2. JAC shall only be bound by requests and agreements signed or confirmed in writing by the Purchasing Department.
3. Written acceptance of the purchase order or commencement of performance any work or services pursuant to the purchase order will constitute respective acceptance.
4. All terms and conditions proposed by the supplier that are different from or in addition to the purchase order are expressly rejected by JAC, unless otherwise expressly stated in a written agreement.
5. No purported oral agreement or other understanding that attempts in any way to modify the conditions of the agreement resulting from the purchase order will be binding upon JAC.

## II – SUPPLIES

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1. Execution of orders:
  - a) All goods to be supplied shall be manufactured in accordance with the requirements set out in the Supplier Statement of Work (SSOW).
  - b) All goods supplied shall comply with the applicable legal standards, currently recognized technical regulations and hygiene and safety rules applying to each of them. The obligation to submit basic documentation such as descriptions, samples, specifications, drawings, etc, shall be fulfilled.
  - c) The supplier shall guarantee the qualities of the products under standard IATF16949.
  - d) JAC becomes the exclusive owner of all the rights (including industrial property rights), titles and interests in and to the goods and means of production necessary to manufacture the goods, such as models, samples, descriptions, blueprints, prototypes, molds, tools, calibrators, drawings and similar (Tooling), as soon as they are manufactured by the supplier except if the supplier has been subcontracted by JAC,



in which case JAC's client shall be the exclusive owner of all the rights (including industrial property rights), titles and interests in and to such goods and Tooling.

- e) JAC or, in the event of subcontracting, JAC's client takes full ownership title to the manufactured goods and Tooling and therefore the supplier shall not have any right of retention of such goods or Tooling.

2. Safety parts and pieces:

- a) For the supply of goods intended for the production of safety parts and pieces subject to documentation ('D' parts and pieces in the abbreviated form), JAC special conditions for D parts and pieces shall apply.
- b) In addition to these conditions, JAC special conditions for safety parts and pieces subject to documentation shall also apply.
- c) These parts and pieces or materials will be marked as 'D parts and pieces' in JAC's orders.

3. Open purchase orders:

- d) In the case of open purchase orders for a certain period of time, the supplier will also be sent delivery schedules indicating quantities and delivery times.
- e) JAC only undertake to accept the quantities set out in the delivery schedules.

4. Delivery dates and late deliveries:

- a) The established delivery times and minimum quantities are mandatory and any supplier who is unable to respect them at any time shall report the fact in writing within a maximum of three days counting from the knowledge of the inability.
- b) Upon the receipt of a shipment of goods, JAC will examine the shipment to determine whether any item or items included in the shipment are in short supply. Whenever JAC become aware of such shortage JAC will notify the supplier in writing thereof. Within two days after the receipt of such notice, the supplier will deliver to JAC the necessary goods to replace any which JAC considers were in short supply at the time of delivery.
- c) JAC will not be required to make payment for goods delivered by the supplier that are in excess of quantities specified on the purchase order or on the basis

of another written agreement.

d) In the event of failure to respect time limits by fault of the supplier, the following alternative procedures shall apply:

- i) No new delivery date or time will be set, and the delivery of the goods will still be required, with increasing monetary penalties for late delivery to cover the costs caused by the delay as example: overtime labor costs, special transport costs, production stoppage at JAC, production stoppage at JAC Customer, alternative suppliers, and other costs incurred by the delay;
- ii) A new delivery date or time will be set;
- iii) A new delivery date or time will be set, with monetary penalties to cover the costs caused by the delay;
- iv) Total cancellation of the order;
- v) Partial cancellation of the order;
- vi) In the events foreseen in the previous paragraphs iv) and v), JAC shall be entitled to engage an alternate supplier to fulfil the goods' order which the supplier failed to meet.

e) The supplier shall be informed of these procedures within a maximum of fifteen days as of his mandatory communication that he is unable to meet the deadlines.

5. Force majeure:

- a) Should the supplier be unable to deliver orders punctually for reasons that are exclusively beyond his control, it shall inform JAC of the incident within a maximum of three days so that the problem can be solved in order to avoid serious losses to the parties.
- b) In the case of the supplier failure to comply the communication deadline herein the alternative procedures foreseen previously in paragraph 4. d) shall apply.

6. Changes:

- a) The supplier must not make any change in design, processing, packing, shipping, or place of delivery without JAC's written approval.



- b) JAC at any time in writing may make changes in the drawings, designs and specifications of the goods or otherwise change the scope of the work covered by the purchase order, including work with respect to such matters as drawings, designs, specifications, inspection, testing or quality control, the method of packing and shipping, the place of delivery, shipping instructions, and quantity or delivery schedules. The supplier agrees to promptly make such changes.
- c) If such changes affect the cost or time required for performance, and if the supplier makes claim for adjustment in writing within ten (10) days of receipt of notification of change, an equitable adjustment shall be made by the parties, and the purchase order will be modified accordingly. Otherwise, such claim for equitable adjustment is waived and the purchase order will be deemed to be modified.
- d) The supplier shall diligently continue performance of the purchase order, as changed, pending agreement on the amount of an equitable adjustment.

### III – TRANSPORT

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#### 1. Route and mode of transport

- a) JAC reserves the right to decide on the route, type and means of transport and the packaging to be used.
- b) If transport instructions given by JAC are not followed, JAC reserves the right to deduct from the amount of the invoice any transport costs incurred unnecessarily.
- c) All shipments of goods must be accompanied by a packing slip, which describes the articles, states the purchase order number and shows the shipment destination.
- d) No charges will be allowed on JAC's behalf for packing, crating and transportation unless states in the purchase order.
- e) If the supplier fails to comply the agreed upon delivery requirements for reasons other than those specified in section VII paragraph 5, and JAC requires a more expeditious method of transportations for the goods than the one originally specified, the supplier shall ship the goods as expeditiously as possible at their own expense and invoice JA for the amount, if any, that JAC would have paid for normal



shipment.

2. Transfer of risk

- a) The risk of loss and damage of the goods supplied shall only be transferred when the goods are delivered to the premises indicated by JAC as the designated "place of delivery". Thereby the supplier shall be responsible for and bear the risk of any loss or damage to the goods until received by JAC as set forth herein.

## IV – PRICES AND METHOD OF PAYMENT

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1. Prices:

- a) The prices mentioned in JAC's purchase orders, after confirmation by the supplier, shall be fixed prices valid until delivery at the premises designated by us as the "place of delivery". Said prices shall include freight, storage, insurance, packaging and any charges and other related expenses. The supplier shall pay all delivery charges in excess of that which JAC has agreed in writing to pay.
- b) The price specified on the purchase order includes all subcontracting costs associated with it. JAC will have no responsibility for any increased costs incurred by the supplier in connection with any raw materials or subcontractors, unless such additional costs have been negotiated and agreed to in advance and in writing by JAC.
- c) The supplier warrants that the prices specified in the purchase order are no less favorable than prices given by the supplier to any other customer for like goods or services (after consideration of all discounts, rebates and allowances). If the supplier quotes a lower price to anyone or accepts payment of a lower price from anyone during the life of this contract, the supplier will quote the same lower price (after consideration of all discounts, rebates and allowances) with respect to any quantity undelivered under the purchase order.
- d) If someone, apart from the supplier, indicate to JAC a lower price and the supplier, after reasonable notice by JAC does not wish to meet the lower price, JAC may purchase any undelivered quantity under the purchase order at the lower price, thereby canceling the purchase order with no further liability to the supplier for such undelivered quantity.



- e) The prices specified on the purchase order include all applicable taxes that the supplier is required by law to collect from JAC and from which the supplier cannot obtain an exemption.
  - f) The supplier warrants that the prices will comply with all applicable governmental laws, rules, regulations and orders.
2. Terms of payment:
- a) The prices of the goods to be supplied shall be agreed as per the terms and conditions set out in the award letter accepted by the supplier (Acceptance Award).
  - b) Payment shall be made by cheque or bank transfer, as decided and communicated by JAC.
  - c) With the exception of special written agreements, supplies shall be paid for as follows:  

Goods sold and services rendered between the 1<sup>st</sup> and 31<sup>st</sup> of each month, up to the 30<sup>th</sup> of the following month.
  - d) If the invoice precedes delivery of the goods, the payment term shall only start as from the delivery date.
3. Credits:
- a) Only with JAC express written permission may credit be granted to third parties, such as factoring to banks.
4. Advance payments:
- a) If an advance on JAC's payments is occasionally agreed upon, JAC may require a guarantee, such as a surety, a first demand bank guarantee or any other, in order to ensure punctual fulfilment of the obligation to supply.

## V – MANUFACTURER'S GUARANTEE

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- 1. The supplier shall be responsible for ensuring that the goods to be supplied meet applicable specifications set out in the SSOW or in general as manufacturer and supplier towards JAC.



2. The supplier shall comply with the applicable terms and conditions of any agreements between JAC and JAC's Customer pursuant to which JAC agreed to sell to JAC's Customer products or assemblies which incorporate the goods provided by the supplier hereunder.
3. The supplier expressly warrants that all goods or services covered by the purchase order
  - a) conform to the purchase order, specifications, drawings, samples, and descriptions furnished to or by JAC;
  - b) are merchantable, of good material and workmanship, and free from defect;
  - c) are fit and sufficient for the particular purpose intended by JAC. If the supplier has participated in the design of the item or approved the design, also warrants that the items are free from defects in design;
  - d) will not infringe any copyright, patent or trademark rights, by reason of their manufacture, use or sale, and will not misuse or misappropriate any trade secret.
4. Unless stated otherwise on the purchase order, the supplier warrants that the goods will be free of any defects.
5. JAC is relying upon the expertise of the supplier in the selection, manufacture and integration of the goods or services. If the supplier is aware, is made aware or becomes aware that the goods or services are not appropriate for the use intended by JAC or that the specifications given to the supplier by JAC or JAC's Customer will result in less than optimal performance of the goods or services, the supplier shall immediately notify JAC. The supplier shall also notify JAC if the location or environment of the goods or services within the vehicle or product will affect their performance or if anything (different than that called out in the prints or specifications) is necessary for the goods to perform for the intended use.
6. All goods and services are subject to JAC's inspection. Payment for, inspection of, or receipt of goods or services will not constitute acceptance of the goods or a waiver of any breach of warranty.
7. JAC right to complain about defects is subject to the following time limits:
  - a) Parts and pieces to be fitted into vehicles - 24 (twenty four) months as of delivery of the vehicle to the end user.



- b) If defects are found in the goods, JAC may require their repair, replacement or make a claim on the guarantee.
  - c) The repair or replacement with new goods shall run by the supplier risk and expense, including all expenses for labor and materials in dealing with or removing the defective parts, all charges for handling, sorting, packaging and transportation both ways.
  - d) If the supplier, after being duly notified in writing, does not immediately repair or replace the defective pieces, JAC reserve the right to replace or repair them and the resulting costs shall be the supplier's exclusive responsibility, without prejudice to compensation for losses or loss of profits.
  - e) If the supplier's supplies or actions are the cause of a loss resulting in JAC's liability towards its clients and/or the authorities for breach of national or international safety requirements, the supplier shall be exclusively liable and hold JAC harmless against any claims, liabilities, requests, law suits, rulings, decisions, actions, losses, expenses and damages (including reasonable lawyer's fees) that may occur.
8. In the event of faults and/or malfunctions arising from the supplies made by the supplier, and regardless of whether a technical analysis and/or commercial negotiation process is initiated, any amounts and/or impacts arising therefrom shall be calculated on the basis of the cost table below:

<b>KEY - STANDARD COSTS USED IN COST RECOVERIES</b>			
	<b>JPE</b>	<b>JPP</b>	
<b>Hourly Rate</b>	24,00€/hr	24,00 €	Used for all labor related charges
<b>JAC Staff Support</b>	33,40 €	33,40 €	Charge based on number of hours required from JAC salary staff
<b>3rd Party Sorting</b>	Charge based on invoice received from 3rd party		
<b>Scrap</b>	Charge based on invoice received from 3rd party		
<b>Premium Freight</b>	Charge based on invoice received from 3rd party		
<b>Missing ASN*</b>	400€ - 2 hours of time @ 200€/hr	196 €	-
<b>MDN Notice</b>	400€ - 2 hours of time @ 200€/hr	196 €	-
<b>Vendor Return*</b>	75 €	75 €	-
<b>Admin Fee</b>	75 €	75 €	Represents time spent filling out cost recovery form, and any management escalation that was required.
<b>Other</b>	Details to be provided from JAC Controller.		
<b>Machine Downtime</b>	JAC Controller will provide Overhead Rates	28,96 €	



*\* If there are three occurrences for the same issue within a 3-month period of time, JAC Products will triple the above fees. If the issues continue, JAC Products will continue to increase the fees until resolved.*

## VI – PROTECTED RIGHTS, MEANS OF PRODUCTION AND CONFIDENTIALITY

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1. If the supplier does not manufacture the goods exclusively in accordance with the drawings and models provided by JAC and they are the cause of direct or indirect violation of nationally or internationally protected rights and guarantees, the supplier shall be exclusively liable and hold JAC harmless against any claims, liabilities, requests, law suits, rulings, decisions, actions, losses, expenses and damages (including reasonable lawyer's fees) that may occur.
2. Notwithstanding JAC'S or, in case of subcontracting, JAC's clients' exclusive property of all the Tooling, the costs of manufacturing such Tooling and of its maintenance and renewal shall be borne exclusively by the supplier, unless otherwise set out in a written agreement.
3. In any event, the risk of wear and tear and depreciation of the means of production shall be borne exclusively by the supplier.
4. The supplier shall maintain absolute confidentiality regarding JAC's orders and all technical and commercial details with third parties, and may only mention the existent business relationship with JAC's prior written permission. The supplier shall keep confidential the features of any equipment, tooling, patterns, designs, drawings, processes, engineering and business data and other technical and proprietary information (without limitation), furnished by JAC and shall use such items only in production of goods under the purchase orders from JAC, unless JAC's written consent is first obtained. Upon termination or completion of the purchase order, the supplier shall return all such items to JAC or make other disposition, as directed by JAC. The confidentiality obligation will remain valid even after the termination of the purchase order.

## VII – TERM AND TERMINATION

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1. Term:
  - a) The supply of goods shall remain in effect for the time period set out in the award letter accepted by the supplier (Acceptance Award).

## 2. Termination:

- a) In addition to any other remedies or rights afforded by law, JAC reserves the right to cancel all or any part of the purchase order, for default of the supplier, if the supplier: (i) repudiates or breaches any of the terms of the purchase order, including the supplier's warranties; (ii) fails to perform services or deliver goods as specified by JAC; or (iii) fails to make progress so as to endanger timely and proper completion of services or delivery of goods, and does not correct such failure or breach within five (5) days after receipt of written notice from JAC specifying such failure or breach.
- b) If JAC terminates its purchase obligations pursuant to this paragraph will have no obligations to the supplier in respect of the terminated portion of the purchase order and JAC's liability will be limited to the delivered portion of the purchase order.
- c) JAC's purchase order termination pursuant to this paragraph shall determine the constitution of the supplier in the obligation to return any and all injection molds, tools or drawings specific to the order, in 5 working days, counting from the written notice, unless agreed otherwise with JAC.
- d) In case of any delay or refuse in returning, as in paragraph 2. c), the supplier will be obliged to pay JAC, as a penal clause, the minimum amount already fixed at 250.000 EUR (two hundred fifty thousand euros), without prejudice (i) of compensation for the proven damages or (ii) the application, if applicable, of article 812<sup>o</sup> of the Portuguese Civil Code, in case the excessive nature of these sanctions is evident, taking into account the circumstances.
- e) Further to this clause JAC may immediately terminate the purchase of goods upon written notice to the supplier in the following cases:
  - i) If the supplier:
    - Winds up or liquidates its business (except in connection with a merger or acquisition transaction);
    - Has its ability to conduct business suspended or terminated;
    - Is subject to a voluntary or involuntary filing under any insolvency or bankruptcy laws of any jurisdiction, unless the filing is discharged within 30 (thirty) days, or is unable to pay its debts as they become

due;

- Has a receiver appointed for substantially all of its assets;
  - Is involved, directly or indirectly, by willful misconduct or gross negligence, in any action or actions capable of affecting the reputation and/or the image of the goods to be supplied.
- ii) In case of subcontracts, if JAC's supply agreement is terminated.
- f) JAC may terminate the purchase of goods, in whole or in part, at any time and for no reason by means of a 90 (ninety) days prior written notice to the supplier.
- i) Upon receipt of such notice, the supplier shall immediately stop work on the purchase order or the terminated portion thereof, and notify any subcontractors to do likewise. JAC shall pay to the supplier the purchase order price for all goods or services that have been completed in accordance with the purchase order and not previously paid for.
  - ii) JAC will not be liable for any charges or expenses incurred by the supplier in advance of the normal lead time necessary to meet scheduled delivery dates nor for any expenses, charges or liability incurred subsequent to the giving of notice of cancellation.
  - iii) The supplier must submit any claim to JAC within thirty (30) days after the date of termination or that right of claim will be considered irrevocably waived. Payments made to the supplier under this Paragraph 2. b) represent the only responsibility of JAC in case of cancellation of the purchase order and the supplier agrees not to charge any other costs, expenses or fees to JAC nor will JAC be liable for any other costs, expenses, losses or fees arising out of the cancellation or termination of the purchase order under this Paragraph.
  - iv) JAC has relied upon the supplier's agreement to manufacture the goods or provide the services at the price and on the terms stated in the purchase order to allow JAC to fulfill its contract to sell to JAC's Customer the products that incorporate the goods or services. Consequently, the supplier may not terminate the purchase order before its term (as foreseen in this paragraph 1. a)), unless for good cause under mandatory laws.

3. Effects of termination:

- a) In case of termination of the purchase of goods, regardless of the cause, the supplier shall, at its own costs, deliver to the premises indicated by JAC the Tooling identified in the award letter accepted by the supplier.
- b) In the event the supplier does not comply with its obligation foreseen in the preceding paragraph JAC shall be entitled to a contractual penalty per the of delay in delivering the Tooling, in the amount of 10.000 EUR (ten thousand euros) per day late.

4. Transition of supply:

- a) In connection with the expiration, cancellation or termination of the purchase order by either JAC or supplier, in whole or in part, for any or no cause (including, without limitation, JAC's decision to change to an alternate source for manufacture of the goods in question, including but not limited to a JAC-owned or -operated facility), the supplier will cooperate in the transition of supply. The supplier will continue production and delivery of all goods and services as ordered by JAC, at the prices and in compliance with the terms of the purchase order, without premium or other condition, during the entire period reasonably needed by JAC to complete the transition to the alternate supplier(s).

5. Excusable delays:

- a) Neither party will be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, including but not limited to acts of nature, actions by any domestic or foreign governmental authority (whether valid or invalid), fires, riots, wars, sabotage, acts of terrorism, labor problems (such as lockout strikes), or inability to obtain materials. The affected party shall give written notice of such delay, including the anticipated duration thereof, to the other party within ten (10) days of the beginning of the delay. If the supplier is the affected party, the supplier shall take all reasonable action, including, but not limited to, utilizing temporary production facilities or a temporary work-place, or moving existing tooling to third party production facilities in order to ensure that the supply of goods and/or services meets the requirements of this purchase order. During the period of such delay or failure to perform by the supplier, JAC may purchase goods from other sources and reduce its schedule to the supplier by such quantities without any liability. If requested by JAC, the supplier shall, within ten (10) days of such request, provide adequate assurances that the delay will not exceed thirty (30) days. If the delay lasts more than thirty (30) days or the supplier does not provide



adequate assurances that the delay will cease within thirty (30) days, JAC may immediately cancel this Purchase order without liability.

## VIII – PLACE OF FULFILMENT

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1. The place of fulfilment of supplies and services shall be their place of delivery.
2. The place of fulfilment of the obligation to pay the price shall be at the supplier's head office, provided that it is located in Portugal. If the supplier's head office is located abroad, the place of fulfilment of the obligation to pay shall be the head office of JAC.

## IX – MISCELLANEOUS PROVISIONS

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1. The invalidity, illegality or unenforceability of a provision of these General Purchase Conditions does not affect or impair the continuation in force of the remainder of this General Purchase Conditions, provided that the rights and obligations hereto are not affected in any essential manner. By 'essential' is meant any situation that seriously harms the interests of JAC or the supplier or which affects the very purpose of these General Purchase Conditions.
2. Should any provision hereof be declared null or void, the validity of the remaining provisions of this General Purchase Conditions shall not be affected.
3. JAC Reserves the right to unilaterally alter these General Purchase Conditions. The amendment shall take effect only if the supplier, within 30 (thirty) days of being informed of such amendment, does not terminate this contract.

## X – GOVERNING LAW AND JURISDICTION

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1. The laws of the Portuguese Republic shall apply, excluding any international agreements or conditions on contracts for the international purchase of goods.
2. Any dispute arising from this General Purchase Conditions shall be settled by the Alenquer's District Court.



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Name: \_\_\_\_\_

Date: \_\_\_\_\_

Supplier:

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Name: \_\_\_\_\_

Date: \_\_\_\_\_

By and on half of JACL PRODUCTS - Produção de Componentes Automóveis, Unipessoal, Lda.



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