

**PENINSULA COMPONENTS, INC.**  
**NORTH AMERICAN TERMS AND CONDITIONS FOR PURCHASE OF PRODUCTS**

1. **DEFINITIONS:** The term “Contract” means these Terms and Conditions for Purchase of Product(s) and/or related Service(s) (“Terms and Conditions”), together with all documents, attachments and exhibits, specifications, drawings, notes, instructions and other information, whether physically or electronically attached or incorporated by reference herein and any written purchase order, contract or agreement which attaches, incorporates or otherwise references these Terms and Conditions (the “Order”). The term “Products” means any deliverable, be it material(s), good(s) and/or service(s), physical, electronic or otherwise, which Company seeks to obtain from Seller under the execution of this Contract. The term “Company” means Peninsula Components, Inc., or its subsidiary(ies) or affiliate(s) executing this Contract. The term “Seller” means any individual, corporation or other entity who is to supply Products and/or related Service(s) purchased by the Company pursuant to this Contract. The term “Buyer” means any individual, corporation or other entity who is to procure or otherwise obtain Products and/or related Service(s) purchased by the Company pursuant to this Contract.
2. **ACCEPTANCE:** All Products are supplied pursuant to this Contract. This Contract will become legally enforceable upon delivery of a signed acknowledgment, or commencement of performance, or shipment of all or any portion of the Products covered under this Contract, by Seller. This contract is the exclusive binding agreement between the Company and Seller covering the purchase of the Products and services ordered, and are accepted by acknowledgment and/or commencement of performance. Additional or different terms proposed by Seller by acknowledgment hereof will not be applicable unless accepted in writing by Company’s duly authorized purchasing representative and/or company officer. Acceptance of the Products delivered under this Contract shall not constitute acceptance of Seller’s terms and conditions. If this Contract is considered a confirmation of an existing contract, the parties agree that this Contract constitutes the final, complete and exclusive terms and conditions of the contract between the parties.
3. **INSURANCE:** Seller agrees upon acceptance of this Order to maintain such insurance as Buyer may require to adequately protect Seller and Buyer from claims for personal injury and property damage arising directly or indirectly from operations under this Order. Seller agrees, upon Buyer’s request, to furnish certificates of such insurance to Buyer before performance is commenced.
4. **QUALITY:** Seller shall comply with the Company’s Vendor Requirements Manual (SOP-009), as it may be changed or updated from time to time by Company in its sole discretion. Seller shall conform to all quality control and other standards and inspection systems as established or directed by Buyer and its customer for Products. These include the most up-to-date revisions of, but not limited to, ISO 9001, ISO/TS 16949, AS 9100, OHSAS 18001 health and safety certification and ISO 14001 environmental certification including registration. Seller shall also participate in Buyer’s and/or Buyer’s Customer’s supplier quality and development programs as directed by Buyer. For Products used in motor vehicle manufacturing, Seller agrees to meet the full requirements of industry Production Part Approval Processes (“PPAP”) as specified by Buyer and (as applicable) Buyer’s Customer and agrees to present this information to Buyer upon request, at the level requested. If any of the standards, policies or systems cited above are amended, supplemented or replaced, Seller shall comply with such changes. Seller is responsible for the performance and quality of all of its suppliers from which Seller obtains supplies or services it uses to produce Products, including suppliers that Buyer and/or Buyer’s Customer has directed, recommended, requested, suggested or otherwise identified to Seller as a supplier from which Seller should obtain Products.
5. **AUDITS/PLANT INSPECTIONS:** Upon reasonable notice to Seller, Buyer, Buyer’s Customers and/or their respective third-party designees may audit Seller’s production facility, Products and any other Buyer property (including all pertinent documents, data and other information) related to the Order for the purpose of verifying Seller’s costs and its compliance with or its ability to perform its obligations under the Order. Seller shall provide, without additional charge, all reasonable facilities and assistance. No inspection under this Section 4 shall constitute acceptance of any work-in-process or finished goods and shall not relieve Seller of any of its responsibilities or warranties under the Order.
6. **INSPECTION AND RIGHT OF REJECTION:** All goods furnished hereunder will be subject to Buyer’s final inspection and approval within a reasonable time after delivery irrespective of payment date. Buyer may reject goods not in accordance with the instructions, specifications, drawings, data, or Seller’s express or implied warranties (“nonconforming goods”) or may accept some and reject other nonconforming goods, at its option. Buyer may return

nonconforming goods to Seller at Seller's expense, and Buyer shall have no further obligation for such goods, or Buyer may retain rejected goods and Seller shall pay Buyer its damages due to them. Payment for any article shall not be deemed acceptance, and in no event shall Buyer incur any liability to pay for rejected goods. Buyer shall have a reasonable time [not less than ten (10) days from receipt] to submit claims of count, weight, quantity, loss, or damage to delivered goods. Buyer will calculate damages on claims and deduct the amount from Seller's invoice. If invoice was previously paid, Seller will reimburse the amount of damages to Buyer. Seller shall assume responsibility for and will pay any and all loss, cost, damage, or expense, including attorneys' fees, and cost of replacement incurred by Buyer attributed to Buyer's rejection of nonconforming goods or to Seller's untimely delivery.

7. **REJECTION:** Products will be received subject to inspection and approval by Company after delivery. Upon inspection, Company may give Seller notice of rejection or revocation of acceptance, notwithstanding any payment, passage of title, approval, prior test or inspection. No inspection, approval, test, delay or failure to inspect or test, or failure to discover any defect or other nonconformance, will relieve Seller of any obligations under this Contract or impair or waive any right or remedy of Company with respect to Seller's performance hereunder. If, in Company's judgment, the Products do not conform with the requirements of this Contract, Company will have the right to reject the Products and, in addition to any other rights and remedies it may have, Company may, in its sole discretion: (1) return any or all nonconforming Products to Seller for reimbursement, credit, replacement, or repair as Company may direct; (2) correct, rework, and/or repair the Products with all costs associated therewith to be charged to and paid by Seller; or (3) hold any or all nonconforming Products, at Seller's risk and expense, for disposal or correction according to Seller's instructions. Furthermore, Company may, at its option, reduce the quantity of Products Company is obligated to purchase by the quantity of Products returned to Seller hereunder. Any Products rejected by Company and returned to Seller will be returned, at Seller's risk and expense, with the cost of packaging, handling, inspection, examination, transportation and any other costs incidental thereto to be charged to and paid by Seller. Such Products will not thereafter be tendered to Company for acceptance unless the previous rejection and requirement of correction are disclosed to Company in writing. Acceptance, whether or not it has been revoked, will not release Seller's responsibility for latent defects, nonconformities, warranty, or other claims. Nothing in these Terms and Conditions will relieve Seller from the obligation of testing, inspection and quality control.
8. **RECALLS:** In the event goods purchased under this Order are the subject of a recall for any reason other than improper product specifications provided by Buyer, Seller shall be liable for all expenses and losses incurred by Buyer including, but not limited to product testing, legal and or consulting fees in recalling nonconforming goods, refunds to customers of Buyer, and the cost of any unsold goods.
9. **CHANGES AND CANCELLATIONS:** Company may, at any time, in writing, make changes to the general scope of this Contract, and Seller will continue performance of this Contract as so changed. If any such change causes an increase or decrease in the cost of, or time required for, the performance of Seller's obligations under this Contract, an equitable adjustment will be made to the price or delivery schedule, or both, and this Contract will be modified in writing accordingly. Company reserves the right at any time to change or cancel, in whole or in part, by written notification any of the following: Order, Specifications, Drawings, and/or Data incorporated in this Contract where the items to be furnished are to be specially manufactured for the Company, Buyer, Quantity, Methods of Shipment or Packing, Place of Delivery, Time of Delivery, or any other matters affecting this Contract. Any claim by Seller for adjustment under this clause shall be deemed waived unless asserted in writing within ten (10) days from Seller's receipt of the change. Seller may not change the design without prior written approval from the Company. Company will have the right to cancel this Contract, in whole or in part, if, in the Company's judgment, the Products are, nonconforming or defective or not delivered as scheduled, or if Seller fails to comply with or fulfill at any time any of the terms and conditions of this Contract, or with Company's shipping and billing instructions, or if, in Company's opinion, the credit or ability of Seller to perform this Contract becomes impaired, whereupon Company will have the continuing right to obtain Products from another source, without prejudice to any other rights or remedies of Company and in addition thereto.
10. **NO ASSIGNMENT AND SUBCONTRACTING:** This Order is not assignable, and no rights or privileges evidenced by this Order may be assigned, subcontracted or otherwise transferred without prior written consent of Buyer.
11. **COMPLIANCE WITH LAWS:** Seller warrants all goods to be manufactured, processed, packaged, tagged, marked, labeled, tested, certified, weighed, inspected, shipped, or any other means of handling and processing goods for the purpose of selling, to be sold to Buyer in compliance with all applicable federal, state and local laws and regulations(collectively, the "Laws").

12. **FORCE MAJEURE:** A Party shall not be deemed in default of this Contract, nor shall it hold the other Party responsible for, any cessation, interruption or delay in the performance of its obligations (excluding payment obligations) due to an act of God, armed conflict, boycott, labor strike or lockout, earthquake, fire, flood or storm, natural disaster, war or terrorism, or other similar events beyond the reasonable control of the Party, provided that the Party relying upon this provision: (i) gives prompt written notice thereof, and (ii) takes all steps reasonably necessary to mitigate the effects of the force majeure event. If a force majeure event extends for a period in excess of 30 days in the aggregate, either Party may immediately terminate this Contract upon written notice.
13. **OVERSHIPMENTS AND EXCESS GOODS:** Company will pay only for quantities defined as per the Order associated with the Contract hereunder. Over shipments will be held at Seller's risk and expense for a reasonable period of time, but no more than thirty (30) days, awaiting disposition instructions by Seller. Any and all return shipping charges or expenses associated with processing, packaging, shipping or otherwise returning excess quantities to Seller will be entirely at Seller's expense. Except for customary quantity variations recognized by trade practice, goods in excess of those specified will not be accepted, and such goods will be held at Seller's risk. Company may, and at Seller's discretion, return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.
14. **DELIVERY OR PERFORMANCE SCHEDULE; QUANTITIES:** Time and quantities are of the essence in the performance of this Contract and delivery of Products hereunder. Seller agrees to 100% on-time delivery of the quantities and at the times specified by Company as contained on the Contract. Company is not obligated to accept early deliveries, late deliveries, partial deliveries, excess deliveries or any other delivery that is not a 100% on-time delivery as defined in the Contract ("Nonconforming Deliveries"). If Company elects in its sole and absolute discretion to accept one or more Nonconforming Deliveries, such acceptance shall not constitute a waiver of Company's right to reject any other shipment which does not conform to the Contract. Company may cancel this Contract for any nonconformity in any lot or installment delivered or services performed hereunder, including, without limitation, failure of Seller to deliver the goods or perform services when due, delivery of defective or otherwise Nonconforming goods, delivery of an insufficient quantity of goods, or deficient, defective, or incomplete performance of services. Seller shall promptly advise Company of any delay or anticipated delay in delivery or performance and shall pay Company for any losses sustained or costs incurred by Company as a result of a late delivery. Seller shall not, without Company's prior written consent, manufacture or procure materials in advance of Seller's normal flow time or deliver goods or perform services in advance of schedule. In the event of termination or change in the terms of this Contract, no claim by Seller will be allowed for any such manufacture or procurement of performance of services in advance of such normal flow time without the prior written consent of Company. Unless specified otherwise on the face hereof, this Contract shall not be deemed separable as to the goods and services (Products) ordered herein. Products that are to be shipped shall be shipped F.O.B. Origin, unless otherwise specified in writing by Company. Any shipments that are sent C.O.D., Prepaid and Add or any other designation beyond what has been defined hereunder without Company's express written consent will not be accepted by Company and will be made at Seller's risk.
15. **DEFAULT BY SELLER:** In the event of default by Seller in the performance of any obligation hereunder, including, but not limited to, time of delivery and/or completion, or in the event it becomes apparent that delivery and/or completion cannot be accomplished within the time specified, Company may, in addition to its other rights and/or remedies, cancel this Contract without penalty and/or liability, except for goods previously received and accepted, charging Seller for losses and/or damages sustained by reason of such delay or failure when not caused by Force Majeure.
16. **PRICE/PAYMENT TERMS:** The purchase price for the Products is set forth in the Order and is in U.S. Dollars unless otherwise stated. Unless otherwise stated in the Order, the purchase price: (i) is a firm fixed price for the duration of the Order and not subject to increase for any reason, including but not limited to increased raw material costs, increased labor or other manufacturing costs, increased development costs, currency fluctuations or changes in volumes or program length from those estimated or expected; (ii) is inclusive of all federal, state, provincial, value added and local taxes and any duties applicable to provision of the Products; and (iii) is inclusive of all storage, handling, packaging and all other expenses and charges of Seller. Seller shall separately invoice Buyer for any sales, value added, or similar turnover taxes or charges that Seller is required by law to pay or collect from Buyer. The Products purchased under the Order, which are not services, are identified as industrial processing and may be exempt from sales taxes. In such case, the tax identification number and/or other exemption information shall be stated in the Order or otherwise provided by Buyer. Payment for Products shall not constitute acceptance of nonconforming Products, nor shall it limit or affect any rights or remedies of Buyer.

17. **TOOLING:** Seller shall not purchase any Tooling for the account of Buyer or charge Buyer for any Tooling, whether directly or indirectly, except as authorized in the Order or in a Tooling Order delivered by Buyer to Seller (“Tooling Purchase Order”). Seller represents that the price in the Order or the Tooling Purchase Order for the Tooling is no greater than Seller’s actual cost of such Tooling and that there is no mark-up for profit unless as exclusively authorized in this Section 15.
18. **WARRANTY:** In addition to any other express or implied warranties provided by law or otherwise, Seller warrants to Buyer, Buyer’s Customer and their respective customers, successors and assigns that the Products when delivered to Buyer shall: (i) unless previously agreed upon, such as in the case of rework or refurbishment, be new and conform in all respects to the Order and to all specifications, drawings, samples and other descriptions furnished by Buyer or otherwise obtained by Seller; (ii) be free from all defects in design, workmanship and/or materials and be of highest quality and workmanship; (iii) be selected, designed, manufactured, assembled and packaged by Seller based upon Buyer’s stated use and be fit and sufficient for the purposes intended by Buyer as evidenced in the Order and in the drawings and specifications referred to herein; (iv) conform to all applicable laws in countries where the Products (or Buyer’s goods into which the Products are incorporated) are to be sold, including in the case of Products used in connection with the manufacture of motor vehicles, the National Traffic and Motor Vehicle Safety Act, all United States and European Union motor vehicle safety and end-of-life standards; (v) for all Products which consist of services, Seller further warrants that its work shall be performed in a professional and workmanlike manner, consistent with all standards and specifications agreed to with Buyer and otherwise consistent with the highest industry standards.
19. **TERMINATION:** Buyer may terminate the Order for Cause, without liability to Seller, which shall be effective upon delivery of written notice or upon such other date specified by Buyer in writing. “Cause” for termination includes, but may not be limited to the following actions: (i) Seller breaches any representation, warranty or other term of the Order; (ii) Seller repudiates, breaches or threatens to breach any of the terms of the Order; (iii) Seller fails to deliver, or threatens not to deliver, Products in accordance with a Material Release; (iv) Seller fails to meet applicable quality requirements so as to endanger timely and proper performance of the Order; (v) Seller makes an assignment for the benefit of creditors; (vi) proceedings in bankruptcy or insolvency are instituted by or against Seller; (vii) Seller requests accommodations from Buyer, financial or otherwise, in order for Seller to meet its obligations under the Order; (viii) Seller enters or offers to enter into a transaction or series of transactions that would cause a sale of a material portion of the assets used by Seller for the production and/or provision of Products to Buyer; (ix) Seller enters or offers to enter into a merger, sale or exchange of stock or other equity interests that would result in a change in control of Seller within the connotation of Section 409A of the Internal Revenue Code and regulations issued there under, in which case Seller shall notify Buyer within ten (10) days after entering into any related negotiations (or the first period in which such negotiations can be made public consistent with applicable law) that could lead to such a transaction, provided that upon Seller’s request, Buyer shall enter into an appropriate nondisclosure agreement (NDA) related to information disclosed to Buyer in relation to such transaction; or (x) at any time in Buyer’s sole judgment Seller’s financial or other condition or progress on the Order shall be such as to endanger timely performance. In the event Buyer elects not to terminate the Order in connection with an event that would constitute Cause for termination, Buyer may make such equitable adjustments in the price, payment terms, sole supply relationship and delivery requirements under the Order as Buyer deems appropriate to address changes in Seller’s circumstances, including Seller’s continuing ability to perform its obligations regarding warranty, nonconforming Products or other requirements under the Order, provided that Buyer must provide Seller with notice and details regarding the adjustments.
20. **ENVIRONMENT:** Seller shall comply with all laws and regulations regarding environmental protection and to work on reducing the adverse effects of its activities on human beings and the environment. In this respect Seller shall set up and further develop a management system in accordance with ISO 14001 wherever possible. In the event Buyer’s Customer requires Buyer and its suppliers to participate in any energy saving (or green initiative) or other environmental protection program, Seller shall fully comply and assist Buyer with its participation in such program as Buyer directs. Seller shall comply with the principles of the U.N. Global Compact Initiative relating to the protection of international human rights, the right to collective bargaining, the abolition of forced labor and child labor, the elimination of discrimination when personnel is engaged and employed, the responsibility for the environment and the prevention of corruption. Further information on the UN Global Compact Initiative is available at: [www.unglobalcompact.org](http://www.unglobalcompact.org).

21. **CONFLICT MINERALS:** On August 22, 2012, the SEC (Securities and Exchange Commission) issued a final rule on “conflict minerals,” pursuant to Dodd-Frank Section 1502. The rule describes the assessment and reporting requirements for companies whose products contain “conflict minerals.” As per the SEC final rule, conflict minerals pertains to Tin, Tantalum, Tungsten and Gold mined and/or smelted in the Eastern Democratic Republic of Congo (DRC) and the area thereabouts and used in a wide range of products across numerous industries. Company is in full support of the U.S. Department of State position, the EICC’s (Electronic Industry Citizenship Coalition) and the Global e-Sustainability Initiative statements on use of these minerals in electronic products and will take all reasonable measures to continue to avoid procurement of these conflict minerals. As part of this policy, the Company has adopted the EICC–GeSI Reporting Template to collect information from our vendor supply base and their down-line contacts, which continues until the original mineral smelter is identified. With this information and corresponding verification, we can report that Company has exercised due diligence and has met regulatory obligations and responsibility to the environment and to human rights. The Company requires all suppliers to fully comply with this effort. For additional information, please refer to the U.S. Securities and Exchange Commission website at: [www.sec.gov](http://www.sec.gov) as well as the EICC-GeSI CMRT website at: [www.eiccoalition.org](http://www.eiccoalition.org).
22. **CONFLICT OF INTEREST:** Seller represents and warrants that its performance of the Order shall not in any way conflict with any continuing interests or obligations of Seller or its subsidiaries or its employees or contractors. In any and all circumstances, Seller may not directly or indirectly solicit Buyer’s Customer for the sale of Products performed herein, substantially similar to the Products or any other goods and/or services substantially applicable to the Products sold by Buyer to Buyer’s Customer.
23. **RETENTION OF RECORDS:** All documents containing proprietary information relating to the Supplies produced or acquired by Seller in connection with this Agreement shall belong to Buyer. All drawings, know-how, and confidential information supplied to Seller by Buyer and all rights therein shall remain the property of Buyer and shall be kept confidential by Seller. Seller shall keep all relevant documents, data and other written information, both electronic and hardcopy, relating in any manner to the Supplies for at least seven (7) years following: (a) in the case of the Products, the later of the last delivery of the Products or the date of the final payment to Seller under the Order; and (b) in the case of Tooling, the later of the date of completion of any applicable PPAP, the date of submission of any applicable part submission warrant, or the date of final payment. Buyer may, at their sole discretion, make copies of these materials at any time prior to their destruction.
24. **NO WAIVER:** Buyer’s failure to insist on the performance by Seller of any term or failure to exercise any right or remedy reserved in the Order, or Buyer’s waiver of any breach or default hereunder by Seller shall not, thereafter, waive any other terms, conditions, rights, remedies, breaches or defaults, whether of the same or a similar type or not.
25. **INTERPRETATION:** No provision may be construed against Buyer as the drafting party. Section headings are for convenience or reference only, and do not affect the meaning of the Order.
26. **ENTIRE AGREEMENT:** The Order is the entire agreement between the parties with respect to the Products and supersedes any prior agreements, negotiations or understandings of the parties, whether written or oral, except that a signed prior agreement (such as an award letter, statement of work, or non-disclosure agreement) will continue to apply to the extent not directly in conflict with the Order. This Order may only be modified by (i) a written amendment executed by authorized representatives of each party or (ii) by Buyer from time to time by posting a revised Terms and Conditions to Buyer’s Website at [www.pencomsf.com](http://www.pencomsf.com), or its successor website. Such revised Terms and Conditions shall apply to all Order revisions/amendments and new Orders issued on or after the effective date thereof. Seller shall be responsible to review Buyer’s Website periodically.