

ALLIED VEHICLES LIMITED

STANDARD TERMS AND CONDITIONS FOR PURCHASE CONTRACTS

1. DEFINITIONS

The following definitions apply unless otherwise specifically stated:

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| “Allied” | Allied Vehicles Limited, a company incorporated in Scotland with number SC147093 whose registered office is at 230 Balmore Road, Glasgow, Lanarkshire G22 6LJ; |
| “Automotive Goods” | Goods which are intended to be attached by Purchaser to any vehicle; |
| “Business Day” | a day (other than a Saturday, Sunday or public holiday) when banks in Glasgow are open for business; |
| “Contract” | the contract between Purchaser and Supplier for the supply of the Goods and/or the Services constituted by the Order and the Supplier’s acceptance thereof (whether express or implied) and including these Standard Terms and Conditions for Purchase Contracts; |
| “Delivery Date” | the date for delivery of the Goods as specified in the Order; |
| “Delivery Location” | the address for delivery of the Goods as specified in the Order; |
| “Goods” | all items, including raw materials, components, intermediate assemblies, end products, tooling and equipment to be delivered or provided under the Order; |
| “Order” | Purchaser’s order for the Goods and/or the Services including all documents listed therein and attached thereto; |
| “Purchaser” | Allied or any associated, parent or subsidiary company which has placed the Order; |
| “Purchaser Property” | all goods, materials, equipment, tools, drawings, specifications, plans, data and the like supplied by Purchaser to Supplier in connection with the Contract; |
| “Services” | the services specified in the Order (if any) and/or any services to be provided by Supplier in fulfilling the Order; |
| “Specifications” | the specifications for the Goods and/or Services agreed between Purchaser and Supplier as part of the tender process or other negotiations preceding the Order, or as otherwise stipulated by Purchaser, including all related samples or specifications, descriptions and/or drawings furnished by Purchaser; |
| “Supplier” | the person, firm or company by whom the Order is accepted |

(expressly or by implication) and who is to supply the Goods and/or the Services pursuant to the Order.

2. ACCEPTANCE AND BASIS OF CONTRACT

- 2.1 The Order constitutes an offer by Purchaser to purchase the Goods and/or the Services in accordance with the terms of the Order, including these Standard Terms and Conditions for Purchase Contracts. Supplier shall be deemed to have accepted the Order unless written notice is submitted to Purchaser of any exception thereto within two (2) days from the date of the Order (or such longer period as may be specified in the Order. Acceptance of the Order means that the Supplier will ensure that it has sufficient capacity to satisfy the Order.
- 2.2 Supplier, by the acceptance of the Order, accepts and agrees to adhere to these Standard Terms and Conditions for Purchase Contracts, which supersede and take precedence over any and all previous oral or written arrangements in connection with the Contract and/or any other terms that Supplier may seek to impose or incorporate, including any differing terms or conditions which may appear on Supplier's acknowledgement forms or similar documents, or which might be implied by trade, custom, practice or course of dealing and shall be deemed to be the only terms tabled and binding in respect of the Contract. No deletions, modifications, variations, alterations of, or additions to, these to these Standard Terms and Conditions for Purchase Contracts shall be effective unless binding in writing and signed by both Supplier and Purchaser.

3. INVOICES AND PAYMENT

Purchaser pays monthly. When approved by Purchaser's manager responsible, invoices received will be paid on the last day of the next month following receipt. Purchaser may pay by cheque, bank transfer or credit card payment as it wishes. An invoice for payment must be sent to Purchaser's Accounts Department, accompanied by the original Bill of Lading (if appropriate), or proof of shipment or proof of receipt by Purchaser.

4. CUSTOMS INVOICES AND DOCUMENTS

Foreign shipments must be covered by commercial invoices/customs invoices in duplicate and also the original copy of the Bill of Lading and certificate of origin.

5. DELIVERY NOTES

Detailed delivery notes must be issued covering shipments made under the Order. One copy must be delivered with the shipment.

6. MARKINGS ON DOCUMENTS AND CASES

Invoices, delivery notes and cases must be marked with the Order Number, and invoices and delivery notes must indicate the number of cases in a shipment. Also, packaging, labelling and shipping of all hazardous materials shall conform to the requirements of all applicable international and national regulations. All documents should refer to Purchaser's part number (where applicable).

7. PRICES AND SUBSTITUTIONS

7.1 The price for the Goods and/or the Services shall be as set out in the Order and no changes or substitutions by Supplier will be accepted unless written authority is received from Purchaser. However, Purchaser may, at any time, by written notice make changes within the general scope of the Order in any one or more of the following:

- (A) drawings, designs or specifications;
- (B) method of shipment or packaging;
- (C) place of delivery, acceptance and inspection;
- (D) reasonable changes in quantity;
- (E) reasonable changes in delivery schedule; and
- (F) amount of Purchaser Property.

Supplier shall proceed immediately to perform the Order as changed. If any such change causes an increase or decrease in the cost of or the time required for the performance of any part of the Order, Purchaser and Supplier will agree upon an equitable adjustment in the purchase price or delivery schedule or both. To qualify for adjustment consideration, any notice of intent by Supplier to file a claim hereunder must be asserted within thirty (30) days from the date of receipt by Supplier of such written notice of change.

Nothing in this clause shall excuse Supplier from proceeding with the Order as changed. If a volume rebate has been agreed it will be calculated by Supplier and when confirmed by Purchaser will be paid by Supplier to Purchaser monthly in arrears.

7.2 Unless otherwise stated in the Order, the price for the Goods includes the costs of packaging, insurance, carriage and delivery of the Goods.

8. WARRANTY

8.1 Supplier expressly warrants that all Goods delivered under the Order shall:

- (a) conform to the Specifications;
- (b) be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for any purpose held out by the Supplier or made known (expressly or by implication) to the Supplier by Purchaser;
- (c) free from defects in design, material and workmanship; and
- (d) comply with all applicable statutory and regulatory requirements.

8.2 Supplier shall warrant the Goods (other than Automotive Goods) for a period of two years from the date of delivery and shall refund to the Purchaser the cost of labour, parts and expenses in replacing any Goods which are found to be defective.

8.3 Supplier shall warrant the Automotive Goods for a period of three years from the date of registration of the vehicle to which the Automotive Goods are attached (by the Purchaser or any third party) and shall refund to the Purchaser the cost of labour, parts and expenses in replacing any Automotive Goods which are found to be defective. To ensure that there can

be no disruption to Purchaser or Purchaser's customers, Supplier will maintain an imprest stock with the Purchaser of any Automotive Goods which are found to be defective more than once.

- 8.4 To ensure that Automotive Goods are available to support Purchaser's customer's vehicles after final production, Supplier will retain capability to produce the same goods and agree to support future orders from Purchaser for a period of five years beyond the last production order for any Automotive Goods.
- 8.5 Any labour supplied by Purchaser for the purpose of rectification of defective Goods will be charged by the Purchaser to Supplier at Purchaser's current retail labour rate per hour in Purchaser's service department.
- 8.6 Supplier expressly warrants that In providing the Services, Supplier shall:
- (a) perform the Services with the best care, skill and diligence in accordance with best practice in Supplier's industry, profession or trade;
 - (b) use personnel who are suitably skilled and experienced to perform the tasks assigned to them, and in sufficient number to ensure that Supplier's obligations are fulfilled in accordance with the Contract;
 - (c) ensure that the Services will conform with all descriptions and specifications set out in the Specifications; and
 - (d) comply with all applicable laws, enactments, orders, regulations and other instruments.

9. MANUFACTURE, QUALITY AND PACKING

- 9.1 Supplier shall manufacture, pack and supply the Goods in accordance with all generally accepted industry standards and practices that are applicable.
- 9.2 Supplier shall ensure that the Goods are properly packed and secured in such manner as to enable them to reach their destination in good condition.
- 9.3 Supplier shall obtain and maintain in force for the duration of the Contract all licences, permissions, authorisations, consents and permits needed to manufacture and supply the Goods in accordance with the Contract.
- 9.4 Supplier shall comply with all applicable laws, enactments, orders, regulations and other instruments relating to the manufacture, labelling, packing, packaging, marking, storage, handling, transportation and delivery of the Goods.
- 9.5 Purchaser shall have the right to enter Supplier's premises to:
- (a) inspect the manufacturing facilities and the equipment used by Supplier in the manufacture of the Goods;
 - (b) inspect and take samples of the raw materials, the packaging and the Goods; and
 - (c) inspect stock levels of raw materials and packaging or Goods.

- 9.6 Inspections carried out pursuant to Clause 9.5 shall be carried out during business hours on reasonable notice to Supplier, provided that, in the event of an emergency, Supplier shall grant Purchaser immediate access to its premises.
- 9.7 If following an inspection Purchaser reasonably considers that the Goods are not or are not likely to be as warranted under Clause 8.1, Purchaser shall inform Supplier and Supplier shall immediately take such action as is necessary to ensure that the Products are or will be as warranted under Clause 8.1. Purchaser shall have the right to re-conduct inspections and take further samples after Supplier has carried out its remedial actions.

10. DELIVERY

- 10.1 Supplier shall deliver the Goods to the Delivery Location on the Delivery Date during Purchaser's normal business hours or as instructed by Purchaser. Supplier shall not deliver Goods more than five Business Days in advance of the Delivery Date, nor later than the Delivery Date, without the prior written consent of Purchaser.
- 10.2 Delivery of an Order shall be complete on the completion of unloading of the Goods at the Delivery Location.
- 10.3 Supplier shall not deliver an Order by instalments except with the prior written consent of Purchaser. Where an Order is to be delivered by instalments, the instalments may be invoiced and paid for separately. References in this agreement to any Order shall, where applicable, be read as references to each instalment of that Order.
- 10.4 If an Order is not delivered on the specified Delivery Date, then, without limiting any other right or remedy available to it, Purchaser may:
- 10.4.1 refuse to take any subsequent attempted delivery of the Order;
 - 10.4.2 terminate the Contract with immediate effect;
 - 10.4.3 obtain substitute products from another supplier and recover from Supplier any costs and expenses reasonably incurred by Purchaser in obtaining such substitute products. Substitute products obtained from a third party supplier pursuant to this clause 10.4.3 shall be deemed to count towards any minimum purchase requirement and any volume rebate or other price incentive; or
 - 10.4.4 be entitled, at its discretion to receive from Supplier by way of liquidated damages a rebate at the rate of 2% of the Order value for each Business Day Supplier is late in delivering that Order or part thereof, up to a maximum of 20% of the Order value and also to claim damages for any other costs, expenses or losses resulting from Supplier's failure to deliver the Order on the Delivery Date, provided that Supplier shall have no liability for any failure or delay in delivering an Order to the extent that such failure or delay is caused by Purchaser's failure to comply with its obligations under the Contract.

11. TITLE

- 11.1 Title to Goods shall pass to Purchaser upon completion of delivery of the Goods to Purchaser at the Delivery Location.

- 11.2 Unless the Order specifically provides otherwise, risk of loss of or damage to Goods shall remain with Supplier until, and shall pass to Purchaser upon, Purchaser's formal acceptance of the Goods, which shall occur at the Purchaser's facility within thirty (30) days of delivery.
- 11.3 Clauses 11.1 AND 11.2 above shall not apply to Goods that fail to conform to Order requirements so as to give a right of rejection. The risk of loss of or damage to such nonconforming Goods remains with Supplier until cure or acceptance, after which time Clauses 11.1 and 11.2 above shall apply.
- 11.4 Under Clause 11.2 above, Supplier shall not be liable for loss of or damage to Goods caused by negligence of officers, agents or employees of Purchaser.
- 11.5 All Goods delivered by Supplier under the Order shall be free and clear of all liens, charges and encumbrances whatsoever.

12. INSPECTION AND REJECTION

All Goods purchased shall be subject to Purchaser's inspection and any payments made prior to the time of delivery shall not constitute acceptance as to quality or quantity. Purchaser reserves the right to reject the whole or any part of any shipment in which Goods are found which do not conform to the required quality or quantity. In the event any Goods are rejected by Purchaser, such Goods may be returned to Supplier at Supplier's expense and the cost of re-inspection by Purchaser shall be borne by Supplier. Purchaser reserves the right to audit and inspect all of Supplier's quality systems, manufacturing records and operations, prior to contract award, and prior to and during manufacture.

13. PURCHASER PROPERTY

Supplier acknowledges that all the Purchaser Property and all rights in the Purchaser Property are and shall remain the exclusive property of Purchaser. Supplier shall keep the Purchaser Property in safe custody at its own risk, maintain it in good condition until returned to Purchaser, and not dispose or use the same other than in accordance with Purchaser's written instructions or authorisation

14. TERMINATION

(a) **For Default** - In the event Supplier fails to:

- (i) deliver the Goods within the time specified in the Order or any extension;
- (ii) make progress, so as to endanger performance of the Order; or
- (iii) comply with any other material provision of the Order;

then Purchaser may terminate the Contract in whole or in part, without incurring liability, if Supplier does not cure such failure within ten (10) Business Days (or more if authorised by Purchaser) after receipt of the notice given to Supplier specifying the failure. In the event of any such default by Supplier, Purchaser may, at its option, either cancel the Order or may return or obtain from any source the Goods required to complete the Order, and Supplier shall indemnify Purchaser from and against any cost resulting from the termination of the Order.

- (b) **For Insolvency.** If Supplier ceases to trade or becomes insolvent or has an administrator, receiver, trustee or liquidator appointed for all or a portion of its business, or enters into any voluntary arrangement with its creditors, or is declared bankrupt, or if any step or action in connection with the foregoing is taken, or if any analogous event occurs in any other jurisdiction or if Purchaser bona fide believes that any of such events may occur, then Purchaser shall have the right without prejudice to any other remedy to suspend the performance of or terminate the Contract without incurring liability except in respect of Goods previously delivered.
- (c) **For Convenience.** The Contract may be terminated by Purchaser at any time in whole or in part by delivery of a notice of termination to Supplier. In the event of such notice being given, Supplier shall stop all work forthwith and comply with any directions with regards to the Goods, which may be given by Purchaser. Supplier shall submit an account to Purchaser within one (1) month from the effective date of termination in the form prescribed by Purchaser. Purchaser hereby agrees to pay Supplier a fair and reasonable price for all Goods purchased and/or undertaken up to the time of termination.

Such agreed prices taken together with any sums paid or due or becoming due to Supplier under the Contract shall not exceed the total price of the Goods under the Order and no amount will be allowed for anticipated profit for performance not rendered or for any consequential or indirect loss.

- (d) Any termination of the Contract shall not prejudice any rights or remedies which may have accrued to either Supplier or Purchaser up to termination and each party shall use all reasonable endeavours to mitigate its losses on such termination. Upon termination, all tooling and materials furnished to Supplier by Purchaser shall be immediately returned to Purchaser pursuant to the written instructions provided to Supplier by Purchaser at Purchaser's cost.

15. **DIES, JIGS, TOOL PATTERNS, ETC.**

Ownership of any dies, jigs, tools, patterns etc, whether provided by Purchaser to Supplier or not remains with Purchaser unless otherwise agreed. Supplier shall not use tooling, etc. for the benefit of any third parties or purpose outside the scope of the Contract without the express written consent of Purchaser. Supplier will store and maintain tooling, etc. at no charge and maintain a condition report in Purchaser's format, and annually forward it to Purchaser. Purchaser may inspect all dies, jigs, tools, patterns etc. at the Suppliers premises during any working day.

16. **CONFIDENTIALITY**

- 16.1 A party (**receiving party**) shall keep in strict confidence all technical or commercial know-how, specifications, inventions, processes or initiatives which are of a confidential nature and have been disclosed to the receiving party by the other party (**disclosing party**), its employees, agents or subcontractors, and any other confidential information concerning the disclosing party's business, its products and services which the receiving party may obtain. The receiving party shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging the receiving party's obligations under the Contract, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they

were a party to the Contract. The receiving party may also disclose such of the disclosing party's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction.

16.2 This clause 16.2 shall survive termination of the Contract.

17. INDEMNIFICATION

17.1 Supplier shall keep Purchaser indemnified against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by Purchaser in connection with the supply of the Goods and/or the Services, to the extent arising out of the breach, negligent performance or failure or delay in performance of the Contract by Supplier, its employees, agents or subcontractors and including (without limitation):

- (a) any claim made against Purchaser for actual or alleged infringement of a third party's intellectual property rights arising out of or in connection with the design, manufacture, importation, sale, distribution or use of the Goods; and
- (b) any claim made against Purchaser by a third party for death, personal injury or damage to property arising out of or in connection with defects in Goods and/or the Services; and
- (c) any other claim made against Purchaser by a third party arising out of or in connection with defects in Goods and/or the Services.

17.2 This clause 17 shall survive termination of the Contract.

18. CONTINUOUS IMPROVEMENT

Supplier shall actively engage in continuous improvement and cost-reduction initiatives with Purchaser's production, engineering and logistics teams to reduce both cost and lead time of the Goods (including improvement in manufacturing and test yield) in line with agreed targets. For all products such continuous improvement shall be reflected by minimum price reductions which shall apply for the first 5 years of the life of the Goods:

Year 1 3%

Year 2 3%

Year 3 3%

Year 4 2%

Year 5 2%

19. RELATIONSHIP MANAGEMENT

Supplier and Purchaser shall each appoint a representative (Relationship Manager) to oversee the performance of Supplier's obligations under the Contract and other purchase

contracts between the parties, to attend any meetings or decide any questions that may arise in relation to the supply of the Goods. The Relationship Managers shall agree the necessary actions arising from any such meetings. In the event that either Supplier or Purchaser shall consider a meeting necessary such a meeting shall take place at a time and place to be agreed by each representative.

20. APPLICABLE LAW AND JURISDICTION

20.1 The Contract, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by, and construed in accordance with the laws of Scotland.

20.2 Purchaser and Supplier each irrevocably agrees that the courts of Scotland shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Contract or its subject matter or formation (including non-contractual disputes or claims).

21. SUBCONTRACTING AND ASSIGNMENT

Supplier agrees that it will not subcontract, without Purchaser's prior written consent, the whole or any part of its obligations under the Contract. This limitation shall not apply to Supplier's purchases of standard commercial supplies or raw material. Neither the Contract nor any right or claim thereunder shall be assigned by Supplier either voluntarily or by operation of law without prior written consent of Purchaser.

22. COMPLIANCE WITH LAWS AND REGULATIONS

In the performance of the Contract, Supplier shall comply with all applicable statutes and government rules, regulations and orders. Supplier shall indemnify Purchaser from and against all losses, costs fees and damages arising directly or indirectly from any actual or alleged failure by Supplier to comply with any such statutes, rules, regulations and orders.

23. WAIVER AND SEVERABILITY

Any action or inaction by Purchaser or failure of Purchaser to enforce right or provision of the Contract shall not be construed as a waiver or relinquishment of the future exercise of any such right or provision. A determination that any provision of the Contract (including any of these Standard Terms and Conditions for Purchase Contracts) is unenforceable or invalid shall not affect the enforceability or validity of any of the remainder of the Contract.

24. USE OF PURCHASER'S DATA AND PROPERTY

(a) Supplier shall not use or disclose any data, designs, drawings or other information belonging to or supplied by or on behalf of Purchaser, except as necessary in the performance of the Contract and only with the knowledge and consent of the Purchaser. All data, etc. will be immediately returned to Purchaser, at Supplier's cost, upon demand.

(b) Supplier shall be liable for any loss, damage or destruction to any Purchaser Property and/or any data furnished to Supplier and shall be responsible for the return of such property and data to Purchaser in as good condition as when received

except for reasonable wear and tear or for the utilization of the property or data in accordance with the provisions of the Contract.

25. NOTICE TO PURCHASER OF LABOUR DISPUTES OR OTHER BUSINESS INTERRUPTIONS

If Supplier has knowledge that any actual or potential labour dispute or other business interruption is delaying or threatens to delay the timely performance of the Contract, Supplier shall immediately give notice, including all relevant information, to Purchaser.

25. SET OFF

Purchaser shall be entitled at any time, without limiting any of its other rights or remedies, to set off and withhold any sums due to Supplier against any liability of Supplier to Purchaser.

26. FLOW DOWNS

Supplier will adhere to any applicable terms and conditions from Purchaser's customers which are incorporated by reference to the Contract by Purchaser and Supplier will indemnify Purchaser against any claims made in connection therewith or arising therefrom.