

## PURCHASE ORDER TERMS AND CONDITIONS

**1. Complete Agreement, No Modification.** Supplier's acceptance of a purchase order placed by PACCAR is expressly subject to these terms and conditions ("Terms"). Any additional or different terms in Supplier's form are hereby deemed to be material alterations and notice of objection to them and rejection of them is hereby given. If this purchase order is construed as an acceptance of Supplier's offer, this acceptance is expressly conditioned on Supplier's agreement to any different or additional terms from Supplier's offer contained in these terms and conditions. This purchase order, together with (a) any supply agreement covering the subject matter of this purchase order, (b) any exhibits or supplements, (c) any additional warranties given by Supplier, (d) any documents referenced in this purchase order, and (e) PACCAR's written instructions shall contain the complete and final agreement between PACCAR and Supplier. No agreement or any other understanding in any way purporting to modify these terms and conditions shall apply unless agreed to in a writing signed by PACCAR's authorized representative.

**2. Supplier Code of Conduct.** Supplier shall perform its obligations under these Terms and ensure all of its sub-suppliers do the same in compliance with all requirements set forth in PACCAR's Supplier Code of Conduct (the "Code"), which is maintained on [www.paccar.com/products/services/paccar-purchasing/supplier-requirements/](https://www.paccar.com/products/services/paccar-purchasing/supplier-requirements/) or any successor thereto, and which requirements are hereby incorporated by reference.

**3. Prices and Payment Terms.** Unless PACCAR consents in writing, a firm order for Products may not be filled at a price higher than that listed on the purchase order placed under these Terms, or if the order does not state a price, it may not be fulfilled at a higher price than that previously quoted to or charged to PACCAR. Delay in receiving invoices or errors or omissions on invoices will be considered just cause for withholding payment and will not affect any of PACCAR's cash discount privileges. In addition to any right of setoff provided by law, all amounts due Supplier shall be net of Supplier's indebtedness to PACCAR, its subsidiaries and affiliates, and PACCAR may deduct such indebtedness from any payments. THIS RESERVATION OF RIGHT TO SETOFF AGAINST SUPPLIER EXPRESSLY INCLUDES, WITHOUT LIMITATION, PACCAR'S RIGHT, IN ITS SOLE DISCRETION, TO SET OFF AGAINST SUPPLIER THE AMOUNT OF ANY CLAIMED AMOUNTS FOR WARRANTY, RECALL, AND INDEMNITY OBLIGATIONS WHICH SUPPLIER OWES TO PACCAR HEREUNDER.

Any reduction in Supplier's costs resulting from refunds, rebates, reductions or drawbacks of freight rates, customs duties (including antidumping and countervailing duties), import taxes, excise taxes and/or sales taxes is to be paid to PACCAR through a price reduction. PACCAR shall be entitled to all customer's duty and import drawback that Supplier can transfer, including rights developed by substitution and rights from Supplier's suppliers. Supplier will inform PACCAR of any such rights and will supply any required documents.

To the extent any advance or progress payment by PACCAR to Supplier is used by Supplier to acquire inventory, raw materials, equipment or other components or materials (collectively, the "Collateral"), or any such Collateral is purchased by PACCAR and delivered to Supplier, to be used by Supplier in fulfilling its obligations under this Purchase Order, Supplier hereby grants to PACCAR a security interest in all such Collateral. Supplier expressly authorizes PACCAR to file financing statements and take any other action of record in Supplier's name reasonably necessary to perfect or otherwise evidence the security interest.

**4. Quantities.** The quantities to be purchased shall be those set forth on a firm order placed in connection with these Terms. Unless specifically designated as an order by PACCAR, any quantities provided by PACCAR shall be deemed estimates only.

**5. Surplus and Obsolete Material.** Supplier shall be responsible for addressing the reduction or elimination of surplus and obsolete inventories of Product on a quarterly basis with the appropriate PACCAR Division Material Director. Any surplus and obsolete material not addressed within one hundred twenty (120) days will automatically be Supplier's responsibility.

**6. Changes.** Before any goods and services ("Products") are received by PACCAR, PACCAR's authorized representative may issue a change order or release authorization changing drawings, specifications, statements of work, methods of packing and shipping, and/or time and place of delivery or completion. Supplier shall notify PACCAR within ten (10) days after receipt of the change order or release authorization if the change will affect its time of performance or the amount to be paid. Supplier's failure to advise PACCAR within ten (10) days of the effect of any change shall constitute its consent to conform to the change without an increase in the price or a change in other terms and conditions. The change order or release authorization shall be effective notwithstanding the absence of Supplier's written acceptance. If the change causes a material increase or decrease in costs, then an equitable adjustment of the price shall be negotiated.

**7. Quality.** Supplier will comply with PACCAR's Supplier Quality Requirements Manual, maintained on PACCAR's Enterprise Portal Supplier Net (<https://eportal.paccar.net>) or any successor thereto, and any other quality requirements specified by Supplier or PACCAR. In the case of a conflict between the Supplier Quality Requirements Manual and these Terms, these Terms will prevail.

**8. Term.** These Terms shall be valid during the term specified in any Long Term Supply Agreement between the Parties ("LTA") or, in the absence of an LTA, from the date PACCAR places a purchase order for Products through PACCAR's acceptance of the Products purchased under the purchase order (the "Term"). Neither Party may terminate these Terms except as expressly permitted hereunder or, if applicable, in the LTA.

**9. General Delivery Terms.** Except as otherwise specified, general delivery of Products shall be at a location in the United States designated by or on behalf of PACCAR, FCA (Incoterms 2020). No bills of lading shall be marked "nonrecourse" or "without recourse." Unless otherwise agreed by the Parties in writing, title to the Products will transfer to PACCAR at the same time as risk pursuant to FCA Incoterms 2020.

**10. Shipping Release.** Supplier shall not fabricate any Products, procure any materials, or ship any Products to PACCAR unless specific delivery dates or an authorization for raw material acquisition and stocking periods is provided in this purchase order, in a blanket purchase order that is referenced on this purchase order, or in PACCAR's written instructions. PACCAR shall not be responsible for Products when delivery dates or written instructions have not been provided. PACCAR may return shipments in excess of those authorized at Supplier's expense.

**11. Time of Essence.** PACCAR's production schedules are based upon the agreement that materials will be delivered by the date specified on the face of this purchase order. Time is of the essence. If for any reason Supplier fails to make delivery within the specified time, PACCAR may, at its option elect one or more of the following: approve a revised delivery schedule, require shipment via air or expedited routing (at Supplier's expense), or terminate all or any portion of any orders placed under these Terms without any liability.

**12. Transportation.** Supplier shall use the PACCAR Transportation Management System (TMS) or any other systems designated by PACCAR when shipping Product to any PACCAR facility or a PACCAR designated facility in North America. The specific functions required within PACCAR TMS are: (a) entering and maintaining/updating Parts Packaging data at the part number level by PACCAR facility for all Products supplied to PACCAR; (b) confirming parts that will be shipping a minimum of three working days prior to ship day; (c) updating scheduled shipments prior to carrier pickup to reflect any adjustments to the parts included in the shipment; (d) utilizing the PACCAR Bill of Lading for all shipments of Products to PACCAR and providing a copy of the Bill of Lading to the designated transportation carrier; (e) entering and maintaining/updating Country of Origin and Free Trade Agreement information for each supplier shipping location.

**13. Packing, Marking and Shipping.** All Products shall be properly packaged

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to prevent damage or deterioration and to obtain the lowest transportation rates. Individual part and carton identification will utilize technical processes that prevent defects such as mixing or mislabeled parts. Preprinted labels shall not be used. PACCAR will pay no charge for packing, shipping, drayage or storage or for preparation, crating, dunnage or other materials unless separately stated on this purchase order. Each packing slip, bill of lading, invoice, container, tag and correspondence shall bear the applicable purchase order number (or the release order number applicable to each shipment if this is a blanket purchase order) and the location of the facility to which Products are to be shipped. A waterproof master packing slip shall accompany each shipment and shall be included in one of the packages marked "Packing Slip Inside" or, in the case of a carload shipment, be conspicuously displayed on the inside of the freight car.

**14. Labeling and Informational Materials.** From time-to-time, PACCAR is required by law to disclose and/or label information concerning the ingredients and materials contained within its Products. Upon request from PACCAR, Supplier agrees to promptly provide PACCAR with such information relating to the ingredients and materials in the Products that PACCAR may require in order to meet its legal obligations. In addition, Supplier shall promptly furnish to PACCAR in such form and detail as PACCAR may direct: (a) a list of all ingredients in the Products; (b) the amount of one or more ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the Products, Supplier shall furnish sufficient written warning and notice, and shall properly label Products, containers and packing to disclose any hazardous material which is an ingredient or a part of the Products, together with such special handling instructions necessary to advise carriers, PACCAR and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the Products, containers and/or packing. At no additional cost to PACCAR, all labels, manuals, and other literature provided with the Products must be translated into English, Quebecois French, and Spanish languages as required by local Canadian and Mexican laws, as applicable.

**15. Trade Agreement and Partner Government Agency Documents.** Supplier shall promptly notify PACCAR of any applicable export or import requirements or restrictions of any governmental entity with respect to the Products or services. All Products shall be properly identified as to country of origin and all documentation shall comply with all applicable governmental regulations. Upon request, Supplier shall promptly furnish PACCAR and any agents or governmental agencies an accurate and complete United States - Mexico - Canada Agreement (USMCA) Certificate of Origin, which shall include all information reasonably requested by PACCAR, including accumulation value on both originating and non-originating components. Upon request, Supplier shall provide any other Free Trade Agreement certification or Partner Government Agency document for all countries in which PACCAR does business. Supplier shall provide any additional documentation, data or technical information required by the applicable customs authority. If feasible, Supplier shall use the PACCAR Global Trade System (GTS) when submitting Free Trade Agreement Certifications to PACCAR.

**16. Canadian Goods and Services Tax; Mexican Tax Obligations.** Supplier shall furnish PACCAR with its Canadian Goods and Services Tax registration number and warrants that any Goods and Services Tax registration number furnished is the registration number assigned to it by the Government of Canada. To the extent Supplier is incorporated or registered in Mexico and to the extent applicable, for any payment by PACCAR to proceed, Supplier must, when issuing invoices to PACCAR's Mexican subsidiaries, issue said invoices in compliance with all Mexican requirements for a tax deduction, and in all cases accompany all invoices with a Certificate issued by the Mexican Tax Administration, which must be positive. It is understood by the parties that PACCAR will suspend the payment of any amount owed and pending payment to Supplier if (i) Supplier does not have a positive standing, (ii) Supplier is in any of the cases of Art. 69B of the Tax Code of the Mexican Federation, and/or (iii) Supplier's digital stamps for issuing invoices are not valid, for as long as said circumstance(s) persist.

**17. Import and Export Requirements.** Supplier agrees to comply with, and that it shall require all of its sub-suppliers and subcontractors to comply with (i) all U.S. and Supplier's country's import and export control regulations including

embargoes and other sanctions, and (ii) all other import and export control regulations into which Supplier's Products are manufactured, produced, acquired, delivered or supplied (including embargoes and other sanctions). In the event that any of Supplier's Products ordered by PACCAR under this purchase order are seized or banned from import or export, it shall be presumed for purposes of these Terms that Supplier is in violation of its compliance obligations. In such event, PACCAR shall not be obligated to pay for any such Products, and Supplier shall promptly replace any such Product(s) at its sole cost and expense. This subsection and any rights related to or arising from it shall only apply to the extent it does not result in any violation of, or conflict with any applicable anti-boycott law or regulation.

Supplier further agrees that should it learn or have reason to know of any (i) material or suspected violation of or (ii) pending or imminent investigation, litigation or liability pursuant to applicable economic sanctions laws, rules or regulations in relation to goods and/or services provided to PACCAR, it shall immediately disclose such violation, suspected violation, investigation, litigation, liability or facts to PACCAR, and shall take immediate steps to rectify the same.

Supplier acknowledges that PACCAR is a certified member of C-TPAT. As a C-TPAT member, PACCAR is required to make periodic assessments of its supply chain based upon C-TPAT security criteria. Supplier agrees to maintain minimum standards required by U.S. Customs as identified on <https://www.cbp.gov/border-security/ports-entry/cargo-security/ctpat-customs-trade-partnership-against-terrorism/apply/security-criteria>. Supplier agrees to provide PACCAR with access to information and facilities necessary to allow PACCAR to verify Supplier's compliance with C-TPAT, including without limitation questionnaires, audits, and access to facilities. Supplier agrees to notify PACCAR of any event that threatens the loss of its C-TPAT benefits.

**18. Compliance with Laws and Regulations.** Supplier shall comply with all applicable federal, state and local laws and regulations of the United States (and the laws of each state or territory therein, as applicable), and the other countries, states, and territories where the Products are manufactured, produced, acquired, delivered or supplied. Without waiving the generality of the foregoing:

Supplier represents that it complies with all applicable laws concerning minimum employment age, working conditions and compensation, and strictly prohibits all forms of forced labor and human trafficking in all supply chains (including in the manufacture, production, performance, acquisition, delivery, or supply of the Products).

Supplier agrees to comply with all applicable provisions of the U.S. Dodd Frank Act and other applicable laws regarding sourcing minerals and materials. Supplier represents that it responsibly sources minerals and has implemented due diligence systems and risk management plans to prevent and mitigate the risk of supporting armed groups in the Dominican Republic of the Congo and adjacent countries (the "Covered Countries"). As part of its risk mitigation strategy, Supplier agrees to immediately suspend or discontinue engagement with its upstream suppliers where a reasonable risk is identified that such supplier(s) are sourcing from a Covered Country. Supplier furthermore agrees to participate in all surveys, questionnaires, and other information gathering queries from PACCAR regarding minerals and materials, and to provide relevant documentation upon request.

Supplier shall comply with applicable Data Protection Laws concerning the collection, processing and use of Personal Data and any applicable codes of practice and best practice guidance issued by any applicable authorities. Supplier represents that it shall at all times comply with PACCAR's privacy policy, which is located at <https://www.paccar.com/privacy>, as it may be amended. Supplier further certifies that it will not combine PACCAR Personal Data with any personal data that Supplier receives from or on behalf of another person or third party or collects from third parties.

For purposes of this Agreement, "Personal Data" means any personal data, or the equivalent terminology under applicable Data Protection Laws, made available to Supplier by or on behalf of PACCAR and processed by Supplier pursuant to or in

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connection with the Agreement. "Data Protection Laws" means, with respect to a party, any and all applicable privacy laws, regulations and statutes of the U.S. (and the laws of each state or territory therein as applicable), and any other countries (and provinces or territories thereof) where the Products are manufactured, produced, acquired, or delivered, relating to the protection of Personal Data applicable to such party, whether in existence as of the effective date or promulgated thereafter, as amended or superseded.

Supplier shall comply with all applicable federal, state and local restrictions, prohibitions, and reporting requirements relating to the use, generation, manufacture, processing, storage, disposal, distribution, transport, and sale of per- and poly-fluoroalkyl substances, mercury, lead, cadmium and any other toxic or hazardous substances or materials in the Products or components therein. "Toxic" or "hazardous" substances or materials shall have the meaning ascribed by applicable state or federal regulations. Supplier represents and warrants that none of the Products or Parts, tooling, or packaging contain any toxic or hazardous substances in excess of any legally permitted amounts. Supplier shall provide PACCAR with all safety data sheets applicable to the Products or other documentation reasonably requested by PACCAR.

Supplier represents and warrants that: it has not and will not, in connection with the transactions contemplated by these Terms or in connection with any other business transactions involving PACCAR, make, offer or promise to make any payment or transfer anything of value, directly or indirectly: i) to any governmental official or employee (including employees of government- owned and government-controlled corporations and public international organizations), ii) to any political party, official of a political party or candidate, iii) to an intermediary for payment to any of the foregoing, or iv) to any other person or entity if such payment or transfer would violate the laws of the country in which made. If Supplier becomes aware of any circumstances suggesting that any such payment or transfer has occurred, it will immediately notify PACCAR, and PACCAR may immediately terminate any order placed under these Terms by written notice.

**19. Compliance Review and Audit.** Supplier agrees to allow PACCAR upon request to audit its operations, facilities, and relevant financial information to ensure Supplier's compliance with its obligations under these Terms. At PACCAR's request, Supplier will, in a reasonable time, unless prohibited by law, make available to PACCAR or a third party retained by PACCAR: (i) persons within the control of Supplier who PACCAR (or its counsel) wishes to interview; and (ii) documents and data relating to the issue(s) under review, including, but not limited to, invoices and requests for expense reimbursement, supporting receipts, and original entry records respecting amounts invoiced to PACCAR.

**20. Electronic Data Interchange.** If PACCAR and Supplier choose to engage in Electronic Data Interchange ("EDI"), Supplier shall comply with the terms and conditions of PACCAR's EDI Implementation Guidelines maintained on PACCAR's Enterprise Portal SupplierNet or any successor thereto. Supplier and PACCAR agree that any EDI will be deemed a "writing" sufficient for enforceability under any statute of frauds or similar law. Any orders placed through EDI shall be governed by these Terms.

**21. Inspection.** Notwithstanding prior payment, all Products are subject to PACCAR's inspection and acceptance within a reasonable time after they arrive at destination, which for avoidance of doubt may exceed thirty (30) days based on the capacity of PACCAR's facilities and given. At PACCAR's election, rejected Products may be held for Supplier's account or returned to Supplier at Supplier's risk and expense. No replacement or correction of nonconforming Products shall be made without PACCAR's written authorization.

**22. Warranty and Recall.**

Supplier shall comply with the PACCAR Warranty and Product Recall Support Agreement set forth in the ePortal. In addition, Supplier represents that it (and its employees and subcontractors) possesses the expertise, qualified personnel, facilities, and equipment to properly manufacture and supply the Products. Supplier warrants that it has all necessary regulatory, third-party, and private licenses, permits, approvals, authorizations, permissions, notices, grants and documents to manufacture and supply the Products hereunder.

**23. Returns.** Returns of Products shall be in accordance with the PACCAR Return Goods Policy in effect on the date of the return.

**24. Termination.**

For Convenience. Subsequent to the Term, or if these Terms are attached to a firm order that is placed without any LTA, PACCAR may terminate the order or any release issued under a blanket purchase order in whole or in part for convenience by written notice to Supplier. Upon termination, except if the termination is due to Supplier's material breach, PACCAR shall pay Supplier the price for Products and services completed prior to Supplier's receipt of notice. All completed Products shall be held by Supplier for the benefit of PACCAR until receipt of PACCAR's shipping instructions. PACCAR's responsibility for tooling, equipment, plant refurbishing, additional rework or repair expenses incurred by Supplier will be limited to the amounts PACCAR has specifically authorized in writing. Payments made under this paragraph shall not exceed the purchase order price of the quantities specified in PACCAR's purchase order or release. PACCAR may audit Supplier's records before or subsequent to payment to verify amounts requested in Supplier's termination claim.

For Cause. If Supplier (a) refuses or fails to deliver the ordered Products and/or services, (b) fails to perform any other provisions of these Terms and does not cure such failure within a period of ten (10) days after receipt of PACCAR's notice, (c) enters into a voluntary or involuntary bankruptcy proceeding, or if Supplier for any other reason can be reasonably assumed by PACCAR to be insolvent, or any other event occurs which, in PACCAR's reasonable determination may have a material negative impact on Supplier's financial or operational status, or on the Supplier's ability to perform its obligations hereunder, PACCAR may terminate the purchase order or LTA incorporating these Terms and the contract formed thereby in whole or in part, without liability. In the event that PACCAR terminates a purchase order or LTA for cause, PACCAR shall be entitled to reimbursement for any advance payments made for orders that have not been received, and for any non-recurring expenses and tooling costs.

**25. Proprietary Rights/Tooling.** Unless PACCAR otherwise agrees in writing, all drawings, designs, prototypes, specifications, tools, equipment, or materials of every description furnished to Supplier or paid for by PACCAR and all tooling, patterns, and molds manufactured from PACCAR's specifications and/or paid for by PACCAR shall be and remain PACCAR's property, which shall be held at Supplier's risk and insured at Supplier's expense in an amount equal to its replacement cost with loss payable to PACCAR. Supplier shall establish and maintain an inventory of all tooling, which shall be made available to PACCAR upon request. Supplier shall exercise due care in storing, maintaining, and labeling all such tools as "Property of PACCAR Inc". PACCAR may enter Supplier's premises to inspect the property and Supplier's related records. Upon PACCAR's request or any termination or expiration of these Terms, Supplier shall, as approved by PACCAR, (a) prepare the property for shipment and redeliver it to PACCAR in the same condition in which it was received, reasonable wear and tear excepted, (b) assemble the property for pickup, or (c) destroy the property and certify its destruction.

PACCAR will issue a purchase order (and, if necessary, a release thereunder) for its requirement for tooling. All such orders shall be made pursuant to, and shall be governed by, the terms and conditions of that PACCAR Corporate Tooling Purchase Order. All such tooling shall be the sole property of PACCAR. Supplier shall have the responsibility for performing repair and maintenance for all PACCAR owned tooling.

Preventative maintenance costs and costs of repairs caused by Supplier's negligent acts or omissions shall be the responsibility of Supplier unless otherwise agreed in writing by PACCAR. Costs to repair broken tooling not caused by Supplier shall be submitted to the appropriate PACCAR division for approval prior to the repair. Repairs made to tools without the prior consent of PACCAR are not subject to reimbursement by PACCAR. PACCAR owned tooling shall not be disposed of or otherwise used to manufacture Products for customers other than PACCAR without the express written consent of PACCAR. Supplier's obligations under this section shall survive the expiration or termination of these

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Terms.

**26. Intellectual Property.** Supplier represents and warrants that the Products, software, and/or services purchased and/or licensed under this Agreement (and their sale, offer for sale, importation, or use, alone or in combination) do not, and will not, infringe, contribute to the infringement of, misappropriate, or otherwise violate any patents, trademarks, copyrights, mask work rights, trade secrets, or other intellectual property and/or proprietary rights of a third party. Supplier agrees to defend, indemnify, and hold PACCAR, its affiliates, and their respective officers, directors, employees, agents, permitted successors and assigns, dealers, distributors, and customers harmless against all loss, damage, liability, costs, expenses, and legal fees (collectively, "Losses") arising out of or related to any infringement or alleged infringement by Supplier's Products, software, and/or services. Supplier's indemnity obligations hereunder shall be supplemented by the indemnity process set forth in Section 29 herein.

If Supplier designs or develops any new Product or software for PACCAR for a fee (each a "Developed Product") or makes any modification, improvement or new development to an existing Product or software customized for PACCAR (each an "Improvement"), then PACCAR owns, and the creator and Supplier hereby irrevocably assign to PACCAR (or to such of its affiliates as it may designate), and its successors and assignees, all exclusive, worldwide right, title, and interest in and to the Developed Product and/or Improvement, with regard to all forms and means of exploitation. Supplier will execute any documents in connection with such assignment that PACCAR may reasonably request. Supplier will not use any PACCAR-owned Developed Product or Improvement for any other purpose without PACCAR's prior written consent.

**27. Insurance.** Supplier shall maintain the following types of insurance policies with minimum limits as set forth herein: Commercial General Liability (including Broad Form Contractual Liability, Products/Completed Operations, Independent Contractors, Premises/Operations and Broad Form Property Damage) – \$5,000,000 Each Occurrence; \$5,000,000 Personal & Advertising Injury; \$10,000,000 Aggregate; and Cyber Liability -- \$10,000,000 Each Occurrence; \$20,000,000 Aggregate. At PACCAR's request, Supplier shall furnish to PACCAR insurance certificate(s) naming PACCAR as an additional insured. Each certificate of insurance shall have attached to it each applicable policy's endorsement specifically confirming additional insured status. Each certificate shall disclose the applicable deductible and/or self-insured retention and contain a statement of the insurer's obligation to notify PACCAR at least thirty (30) days prior to cancellation, expiration or material change in any covered policy. Any deductible amount or self-insured retention is the sole responsibility of Supplier. These policies shall be endorsed to be primary to and noncontributory with PACCAR's insurance and provide a waiver of subrogation rights against PACCAR as additional insured. Supplier's purchase of insurance coverage or the furnishing of insurance certificates shall not release Supplier of its obligations or liabilities under this purchase order. In the event of Supplier's breach of this provision, PACCAR shall have the right to cancel the undelivered portion of any Products or services covered by this order and shall not be required to make further payments except for conforming Products delivered or services rendered prior to cancellation.

**28. Waivers of Subrogation.** PACCAR and Supplier waive all rights against each other and any of their subcontractors, sub-subcontractors, agents and employees, each of the other, and separate contractors, if any, and any of their subcontractors, sub-subcontractors, agents and employees for damages caused by fire or other causes of loss to the extent covered by insurance applicable to the Products, except such rights as they have to proceeds of such insurance held by PACCAR as fiduciary. PACCAR or Supplier, as appropriate, shall require of the separate contractors, if any, and the subcontractors, sub-subcontractors, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

**29. Indemnification.** Supplier shall defend, indemnify, and hold harmless PACCAR and its affiliates, the officers, employees, agents, successors, and permitted assigns of PACCAR and its affiliates and agents (collectively, "Indemnified Party") from and against any and all deficiencies, claims, suits, actions, settlements, interest, awards, penalties, fines, costs, losses, damages, liabilities, loss of life or personal injury, property damage, costs, or expenses of whatever kind, including professional fees and reasonable attorneys' fees, that are incurred by the Indemnified Party (collectively, "Losses"), actually or alleged to arise out of, connect with, or result from: (i) Supplier's activities under this Agreement, (ii) any breach of Supplier's obligations, representations, warranties, obligations or legal covenants hereunder, (iii) any defect in the design, development, materials, manufacture, assembly, supply, marketing, or course of sale of the Products, (iv) any non-conformance, failure, or other quality or performance issue with any Product supplied hereunder, (v) any seizure or banning from import or export any Product, and (vi) any claim concerning employment status or benefits or payment for services that is brought by or for a Supplier subcontractor, supplier, employee, agent, or logistics services provider.

As between Indemnified Party and Supplier, Supplier waives any immunity, defense, or protection under any workers' compensation, industrial insurance or similar laws in connection with any such claim.

Indemnified Party will give Supplier reasonable notice of each claim for which it wants defense and indemnity, provided that failure to provide such notice will not release the Supplier from any obligations hereunder except to the extent that the Supplier is materially prejudiced by such failure. Supplier will use counsel reasonably satisfactory to Indemnified Party and will at all times keep Indemnified Party advised of the status and defense of such claim. The Indemnified Party will cooperate, at Supplier's cost, with Supplier in the defense. The Indemnified Party may also participate in the defense at its own expense. Supplier shall not consent to the entry of any judgment or enter into any settlement that would require any payment or admission of liability without the Indemnified Party's prior written consent. Supplier's duty to defend is independent of its duty to indemnify.

**30. Confidentiality.** Supplier agrees to keep any information (whether tangible or verbal) that PACCAR identifies as confidential or proprietary in strict confidence and not to disclose that information to third parties or Supplier's employees, shareholders, officers or directors who do not have a legitimate need to know in connection with Supplier's performance of this purchase order.

**31. Cyber Security.** Supplier shall implement, maintain, and comply with all organizational, administrative, physical, and technical measures, safeguards, policies, standards, and controls consistent with the most recent version of either the information technology security standard TISAX Level 3 or ISO27001, and shall obtain the appropriate label or certificate, each as applicable. Supplier shall comply with all other applicable laws (i) to prevent unauthorized access to Supplier's networks and information technology systems and (ii) to protect PACCAR confidential information and the integrity, continuous operation, redundancy and security of PACCAR's information technology systems and any data provided by PACCAR to Supplier hereunder, including without limitation any PACCAR Personal Data (the "Data"). Supplier shall not authorize or permit any person or entity, including Supplier's employees and agents, to acquire possession of any Data, or using, manipulating, or damaging any Data except as expressly authorized herein. Safeguards shall include, but not be limited to, firewalls, anti-virus tools, cyber monitoring, intrusion detection, advance threat protection, and data backup measures. PACCAR may request Supplier to provide, and Supplier agrees to promptly provide, evidence that documents the maturity of the security program in place and safeguards being used. PACCAR shall have the right to audit Supplier's data logs and security programs to ensure the adequacy of Supplier's compliance with its obligations.

In the event Supplier becomes aware of a security incident, Supplier will promptly, and in no case later than 24 hours after first becoming aware of a security incident, notify PACCAR in writing of such security incident. A "security incident" for purposes of this section shall mean an occurrence of unauthorized access, possession, manipulation, or use of the Data, or non-compliance with

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any applicable law or regulation concerning any Data. Notice shall include date and time of the start of the security incident, detailed circumstances of the scope and source of the incident, containment actions taken and planned by Supplier, and impact to production and supply of products to PACCAR. Supplier's initial action steps shall include, without limitation, (i) resetting any administrative passwords on accounts associated with the security incident; (ii) suspension of access to PACCAR's data stored on the Supplier's system to any individuals suspected of involvement with the security incident; (iii) provide to PACCAR relevant log file information. Supplier agrees to discuss details of the security incident with PACCAR IT management to determine any additional mitigation actions required to protect PACCAR systems and interests. It is expected that Supplier will take any and all action to ensure continuity of production and supply of product to PACCAR.

Supplier will promptly investigate any security incident and use diligent efforts to remedy such incident. Supplier agrees to promptly provide data security reports and updates regarding the investigation, control, and remedy of said security incident. PACCAR agrees to reasonably cooperate in the handling of the security incident.

**32. General.** Any assignment of a purchase order or any interest therein without PACCAR's prior written approval shall be void. No waiver of any provision of a purchase order shall constitute a waiver of any other provision, or a waiver of any subsequent default. Usage of trade shall not be applicable to any purchase order unless consistent with these Terms. If any provision in these Terms is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision, and purchase orders shall be construed as if such invalid or unenforceable provision had not been included. Purchase orders and the contracts it forms shall be governed by and construed and enforced in accordance with the laws of the State of Delaware. The United Nations Convention on Contracts for the International Sale of Goods shall not apply. Any specific remedies provided for in these Terms are cumulative and in addition to any other or remedies PACCAR may have.

Should either party employ an attorney or attorneys to enforce any of the provisions hereof or to protect its interests in any manner arising under these Terms, or to recover damages for the breach hereof, the non-prevailing party in any action pursued in courts of competent jurisdiction (finality of which action is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages, and expenses, including attorney's fees, expended or incurred in connection therewith.

Nothing contained in these Terms shall create any agency, fiduciary, joint venture, or partnership relationship between PACCAR and Supplier.

**33. Force Majeure.** Subject to the notice requirements below, neither party shall be in default by reason of any delayed in performing or completing its obligations hereunder by events or circumstances beyond the party's reasonable control and that were not caused by the party's negligence or willful misconduct or otherwise the fault of the party ("Force Majeure Events"), provided that the exercise of reasonable diligence by the non-performing party was unable to prevent or surmount the Force Majeure Event. For purposes of these Terms, Force Majeure Events include earthquakes, hurricanes, floods, war, unanticipated epidemics, civil disturbances and any other emergency beyond such non-performing party's control. For avoidance of doubt, strikes, labor disturbances, other labor disputes, or any other event which merely increases the costs of performance or which could constitute a commercial contingency shall not be deemed a Force Majeure Event which excuses performance. If a Force Majeure Event occurs, it shall suspend a Party's contractual obligations during the period of delay caused by the event.

A Party must give prompt written notice to the other within three (3) business days after it becomes aware of any circumstance or event which it anticipates may cause or constitute, or which it claims constitutes a Force Majeure Event. Such notice shall contain a detailed description of the delay and of the affected portion of the Party's performance. Within seven (7) business days after such notice, the Party claiming excuse due to a Force Majeure Event shall deliver a detailed written description of the work around plan, alternative sources, and any other means that

it shall, at its own cost, use to prevent such further delay. If delivery of any Products shall be delayed for a reason of Force Majeure for more than one (1) month beyond the last day of the month when delivery was scheduled, PACCAR may, upon written notice to Supplier with respect to the undelivered Products, terminate any orders placed under these Terms without any liability.

**34. Dispute Resolution.** For disputes between the two Parties as to whether a Product is warrantable, or with regard to prices charged or offsets taken under these Terms, the Parties shall engage in the following dispute resolution process. During any period of a dispute, the Parties shall continue to perform under these Terms (including paying any undisputed amounts and supplying Products at previously agreed upon pricing).

**Negotiation.** A party shall send written notice to the other party of any dispute arising out of or relating to these Terms ("Dispute"). The parties shall first attempt in good faith to resolve any Dispute set forth in the notice by negotiation and consultation between themselves, including not fewer than three (3) negotiation sessions attended by a management level executive for both parties.

**Mediation.** If the parties cannot resolve a Dispute within fourteen (14) business days, either of the parties may escalate the Dispute to any mutually agreed upon mediation service, by providing to an agreed upon mediator a joint written request for mediation, to be located in King County, Washington. The parties shall cooperate with one another in good faith in selecting a neutral mediator and in scheduling mediation proceedings.

**Arbitration.** If the parties cannot resolve a Dispute for any reason, including without limitation, by failing to agree to enter into mediation or agree to a settlement proposed by the mediator within three (3) months after the escalation to mediation, either party may commence binding arbitration in King County, Washington, by a retired judge (e.g. JAMS) with at least ten (10) years of commercial experience. The arbitration shall be conducted under the American Arbitration Association's Commercial Rules.

**35. Personal Jurisdiction.** With respect to any third party claims arising out of these Terms, or the Products hereunder, and with respect to any claim for contribution, each Party submits to personal jurisdiction in any venue in which the other Party is sued.

**36. Governing Laws.** These Terms shall be governed by the laws of the state of Delaware, without regard to conflict of laws principles.

**37. Limitation of Liability.** IN NO EVENT WILL PACCAR BE LIABLE UNDER THESE TERMS TO SUPPLIER OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES, INCLUDING ANY DAMAGES FOR BUSINESS INTERRUPTION OR LOSS OF USE, REVENUE, OR PROFIT, WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR PACCAR WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

### **38. Supplemental Terms and Conditions for Purchases by PACCAR Parts Division ("PPD").**

Supplier shall comply with the PACCAR Parts Supplier Guidelines with respect to Products and Parts purchased by PACCAR Parts Division maintained on PACCAR's Enterprise Portal Supplier Net (<https://eportal.paccar.net>), the terms of which are hereby incorporated by reference, including without limitation, the following:

PACCAR Parts On-Time Shipment requirement is 98% on-time or better for shipment to PACCAR Distribution Centers or Direct to PACCAR dealer locations. If for any reason Supplier fails to make shipment of Products within lead-time, less than: 21 calendar days for PDC shipments, 7 calendar days for DSP shipments, and 24 hours for Truck Downs, respectively, PACCAR Parts may, at its option, approve a revised shipment schedule, require shipment via air or expedited routing, at Supplier's expense, or terminate the order without any liability. Any



## PURCHASE ORDER TERMS AND CONDITIONS

Products ordered within lead-time and not shipped within seven (7) days of the requested ship date shall be shipped by expedited freight at the Supplier's expense to the specified PACCAR Parts destination. If the Parts are not shipped within fourteen (14) days of the requested ship date, in addition to shipping by expediting freight the Supplier shall rebate 15% of the price of the Part to PACCAR.

PACCAR Parts will only consider cost increase requests once per year. Cost increase requests are to be submitted for consideration by October 1 for implementation January 1, or by April 1 for implementation July 1. No cost change requests shall be considered within the first six (6) months after the term has been executed. All cost change requests must be submitted via the PACCAR Parts Supplier Information System (SIS) (<https://paccar.mizecx.com/cc>) upload site located on PACCAR's Enterprise Portal Supplier Net (<https://portal.paccar.net>). Emailed spreadsheets will not be considered or accepted. Any mutually agreed new costs will become effective on all orders with a purchase order issue date after July 1 (for April review period) or January 1 (for October review period). Any cost increase request received after the October 1 or April 1 deadlines will be considered late and will be declined. Cost increase requests will not be considered if the Supplier's average on-time shipping performance over the three (3) months prior to the request is less than 98% as measured by PACCAR Parts Materials in SIS.

Supplier agrees that it will not knowingly sell directly to PACCAR dealers or their customers any Products or Parts. Supplier agrees to redirect to PACCAR Parts any requests by PACCAR dealers or customers submitted directly to Supplier.

Supplier agrees to supply Products to PPD for a minimum of fifteen (15) years after the date of last use in production or as long as there is aftermarket demand for the Product, at commercially reasonable prices.

38. **Survival.** The following provisions: Surplus and Obsolete Material, Warranty/Recall, Returns, Proprietary Rights/Tooling, Intellectual Property, Insurance, Indemnification, Confidentiality, Dispute Resolution, Personal Jurisdiction, Governing Laws, Limitation of Liability, and Supplemental Terms and Conditions for Purchases by PACCAR Parts Division shall survive the expiration or earlier termination of these Terms.

## PURCHASE ORDER TERMS AND CONDITIONS

### Supplemental Terms and Conditions for Services:

The following terms and conditions supplement the Terms when PACCAR is purchasing services. To the extent these terms and conditions are inconsistent with the Terms, these terms and conditions shall govern the performance of the work.

- 1. Scope of Work.** Supplier shall perform all necessary services in a prompt, and good and workmanlike manner, in accordance with best industry practices and shall complete all of the work specified in this purchase order and in any specifications, drawings, and other descriptive data provided by PACCAR with due care and diligence (collectively, the "Contract").
- 2. Time of Completion.** Supplier shall complete the work in accordance with the specifications on or before the date set forth in the Contract.
- 3. Payments.** PACCAR shall pay Supplier the sum set forth on the order to which these Terms attach for the performance of the work under the Contract (the "Contract Sum"). The Contract Sum shall be due thirty days after the work is finally completed in accordance with the specifications; provided, however, that payment shall not be due until Supplier has delivered a complete release of all liens, receipts in full covering all labor and materials for which a lien could be filed, or a bond satisfactory to PACCAR indemnifying it against any lien. Supplier shall pay the costs of the work as they are incurred, and shall promptly pay each subcontractor, upon receipt of payment from PACCAR, out of the amount paid to Supplier on account of such subcontractor's portion of the work the amount to which each subcontractor is entitled. Supplier shall, by appropriate agreement with each subcontractor, require each subcontractor to make payments to sub-subcontractors in a similar manner. PACCAR shall have no obligation to pay or see to the payment of money to a subcontractor except as may otherwise be required by law. If Supplier fails to pay any costs, including payments to subcontractors, PACCAR shall have the right to pay such amounts directly, upon twenty-four hours written notice to Supplier, and deduct such costs from the Contract Sum. Any expense or cost arising out of the negligence of Supplier or that of its agents or employees, for replacing defective work, for damage to property, and for the disposal of material wrongly supplied, may be paid by PACCAR for the account of Supplier and deducted from the Contract Sum.
- 4. PACCAR's Rights.** PACCAR shall have the right to inspect the work at all times. Such inspection shall not relieve Supplier of any of its obligations to perform the work strictly in accordance with the Contract. PACCAR shall at all times have access to the work and Supplier shall provide facilities for such access. PACCAR shall have authority to reject work, which does not conform to the Contract. PACCAR may require special inspection or testing of the work, whether or not such work has been fabricated, installed or completed. If PACCAR reasonably believes that Supplier is failing to carry out the work in accordance with the Contract, then PACCAR may order Supplier to stop the work, or a portion of the work until such time as the cause for such stop order has been eliminated. PACCAR's right to stop the work shall not obligate PACCAR to do so for the benefit of Supplier. If Supplier should fail to prosecute the work properly (including the failure to staff the job due to labor disputes of any type) or fail to perform any provision of the Contract, including unauthorized schedule delay, PACCAR, after three (3) days' written notice to Supplier without correction, may, without prejudice to any other rights or remedy PACCAR may have, have such deficiencies made good by others, and may deduct the cost thereof from the Contract Sum. These rights shall be in addition to and not in limitation of any other rights of PACCAR granted in the Contract or at law or in equity.
- 5. Insurance.** Supplier shall maintain insurance coverage during the Term and for at least two years thereafter in at least the following amounts: (a) Workers Compensation—Statutory Limit(s) for the jurisdiction(s) in

which this purchase order is to be performed (or evidence of authority to self-insure); (b) Employer's Liability – \$1,000,000; (c) Commercial General Liability (including Contractual Liability, Products/Completed Operations, Independent Contractors, Premises/Operations and Broad Form Property Damage) – \$5,000,000 Each Occurrence, \$10,000,000 Annual Aggregate; and (d) Automobile Liability (including owned, non-owned and hired vehicles) – \$1,000,000 Each Occurrence (\$2,000,000 if operating vehicles owned by PACCAR and/or agent(s) thereof).

At PACCAR's request, Supplier shall furnish to PACCAR insurance certificate(s) naming PACCAR as an additional insured for coverages described in (c) and (d). Each certificate of insurance shall have attached to it each applicable policy's endorsement specifically confirming additional insured status. Each certificate shall disclose the applicable deductible and/or self-insured retention and contain a statement of the insurer's obligation to notify PACCAR at least thirty (30) days prior to cancellation, expiration or material change in any covered policy. Any deductible amount or self-insured retention is the sole responsibility of Supplier. These policies shall be endorsed to be primary to and noncontributory with PACCAR's insurance and provide a waiver of subrogation rights against PACCAR as additional insured. Supplier's purchase of insurance coverage or the furnishing of insurance certificates shall not release Supplier of its obligations or liabilities under this purchase order. In the event of Supplier's breach of this provision, PACCAR shall have the right to cancel the undelivered portion of any Products or services covered by this order and shall not be required to make further payments except for conforming Products delivered or services rendered prior to cancellation.

**6. Drug and Alcohol Use.** If Supplier is to perform services on PACCAR's premises, Supplier will advise its employees, agents, and subcontractors that it is PACCAR's policy to (a) prohibit the use, possession, sale, and distribution of alcohol, illegal drugs, or other controlled substances on its premises, and (b) prohibit the presence on PACCAR's property of employees of Supplier, any subcontractor, or agent who has such substances in his or her body for nonmedical reasons. Entry onto PACCAR's property constitutes consent to an inspection of the employees of the Supplier, subcontractor, or agent, including vehicles and personal effects when entering, while on, or upon leaving PACCAR's property. Any Supplier employee, subcontractor, or agent who is found in violation of this policy will be removed and barred from PACCAR's premises.

**7. Compliance with PACCAR's Environmental Procedures.** If Supplier encounters or becomes aware of any environmentally related issues including but not limited to (a) the release or substantial threat of release of a hazardous substance, (b) the discovery of materials or substances of unknown origins on or under the premises, or (c) the discovery of any underground storage tank, and/or similar occurrences, then Supplier shall immediately notify PACCAR. With the exception of appropriate emergency actions necessary to prevent or contain the spread of hazardous substances, Supplier shall not take any action in respect of such environmentally related issue without first obtaining PACCAR's written authorization.

**8. Subcontracts.** Unless PACCAR approves an exception in writing, Supplier shall obtain the agreement of every subcontractor to be bound to these Terms and Supplier will not subcontract any services or other obligations hereunder without the prior written consent of PACCAR. The performance of services or other obligations of Supplier by an affiliate will not be considered subcontracting hereunder. Notwithstanding the existence of any subcontract, Supplier is responsible for its obligations hereunder and the performance of those obligations by any affiliate or subcontractor.

**9. Separate Contracts.** Subject to the exclusivity commitment (if any) in the supply agreement, PACCAR shall have the right to execute other contracts in connection with this and other work and Supplier shall (a) afford other vendors or contractors opportunity for the execution of their work and (b) properly connect and coordinate its work and theirs.

## PURCHASE ORDER TERMS AND CONDITIONS

**10. Use of Premises.** Supplier shall confine its equipment, the storage of materials, and the operations of its workers to limits indicated by law, ordinances, or permits, and shall not unreasonably encumber the premises. Before storing any materials or equipment, Supplier shall obtain PACCAR's clearance designating the location and space for such storage.

**11. Permits and Regulations.** Before commencing work, Supplier shall supply or obtain all necessary building permits and other necessary permits and licenses. If Supplier is unable to procure necessary permits, PACCAR may (a) cancel the Contract without any liability whatsoever, or (b) procure the permits with the costs to be deducted from the Contract Sum. Supplier shall comply with all standards and regulations of the Occupational Safety & Health Administration.

**12. Cleaning Up.** Supplier shall (a) keep the premises free from accumulations of waste material or rubbish caused by its employees or work, (b) remove all rubbish, implements, and surplus materials from the premises and (c) leave the premises broom clean.

**13. Taxes.** Supplier agrees that, unless otherwise indicated in the Contract, the Contract Sum (a) does not include any state or local sales, use, or other tax from which an exemption is available, and (b) includes all other applicable federal, state, and local taxes. Supplier agrees to accept and use tax exemption certificates when supplied by PACCAR if acceptable to the taxing authorities. In case it shall ever be determined that any tax included in the Contract Sum was not required to be paid by Supplier, Supplier agrees to notify PACCAR and to make prompt application for the refund thereof, to take all proper steps to procure the same and, when received, to pay the same to PACCAR.

**14. Affordable Care Act Compliance.** Supplier represents and warrants that with respect to any services provided to PACCAR it complies, and covenants and agrees that it will continue to comply at all times during the term of these Terms, with all applicable provisions of the Affordable Care Act (defined as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended, and including any pertinent regulations, rulings, notices or other guidance), including, without limitation, the provisions relating to shared responsibility for employers to offer "minimum essential coverage" that is "affordable" and "minimum value" to "full-time employees" (as those terms are defined in section 4980H of the Internal Revenue Code ("Code")), and the applicable employer information reporting provisions under Code §§6055 and 6056. Supplier and PACCAR agree that for all purposes including the Affordable Care Act: (i) Supplier is the common law employer (as defined in Treas. Reg. §31.3401(c)-1(b)) of its employees providing services to PACCAR; (ii) each calendar year, Supplier will offer affordable, minimum value, minimum essential coverage to any of its employees who provide services to PACCAR; and (iii) Supplier will not take any contrary position with respect to the foregoing, including, without limitation, before any regulatory agency or in any court proceeding. Although the parties agree that Supplier is the common law employer of its employees providing services to PACCAR, the parties also agree that Supplier's offer of group health coverage in compliance with the Affordable Care Act satisfies the requirements of Treas. Reg. §54.4980H-4(b)(2) and may be treated as an offer of coverage by PACCAR for all purposes of Code §4980H. Supplier shall require any sub-Suppliers providing services pursuant to the purchase order to comply with this section. Supplier shall provide PACCAR with evidence of Supplier's compliance, and any sub-supplier's and subcontractor's compliance with this section upon PACCAR's request.