



## WABCO TERMS AND CONDITIONS OF DISTRIBUTION

All capitalized terms used, but not defined in this Terms and Conditions of Distribution, have the meanings set forth in the respective Selective Distribution Agreement.

Revisions to these Terms and Conditions of Distribution ("Terms and Conditions") and to the other Distribution Policies will be made from time to time, at the sole discretion of Principal without prior notice. Such revisions will be available to all Distributors on Principal website ([https://www.wabco-auto.com/americas\\_en/home](https://www.wabco-auto.com/americas_en/home)). Distributor shall ensure its compliance with the most recent Terms and Conditions and Distribution policies at all times.

This document supersedes all previous versions of the Terms and Conditions.

### 1. Definition

- 1.1. For purposes of definition Principal will be used in these Terms and Conditions of Distribution ("Terms and Conditions") as a common definition for WABCO North America LLC and its North America affiliates and subsidiaries.
- 1.2. A Distributor is defined as an independent organization contracted by Principal to handle the sales and service of Principal products in accordance with the Distribution Agreement.
- 1.3. Distribution Agreement is the contract to be executed between Principal and the Distributor which contains specific terms that will also govern the distribution of Principal products by the Distributor.

### 2. General Distribution Policies

Distributor shall abide to all Principal General Distribution Policies available on [https://www.wabco-auto.com/americas\\_en/home](https://www.wabco-auto.com/americas_en/home), such as the Order Policy

### 3. Invoice/Shipping Discrepancies

- 3.1. Invoice/Shipping discrepancies shall be reported to Principal within seven (7) days of received bill of lading. Discrepancies arising for any reason will be settled separately and shall not be deducted from payment(s) until discrepancy can be confirmed and a credit memo has been processed. Distributors shall be required to pay invoices as submitted. Without limiting Principal's other available rights or remedies, unauthorized deductions may cause shipments to be held.

### 4. Prices

Unless otherwise quoted, prices shall be those in effect at the time of the acceptance of the Purchase Order by Principal. Unless other terms are specified in the attachments to this document, all prices are quoted and payable in local currency. The prices quoted do not include any taxes imposed on the sale of the Products. Any manufacturer's tax, occupation tax, use tax, sales tax, excise tax, GST, value added tax, duty, custom, inspection or testing fee, or any other tax, fee, interest or charge of any nature whatsoever imposed by any governmental authority (whether domestic or foreign, or federal, state or local) on or measured by the transactions between Principal and Distributor (other than income taxes imposed on Principal) shall be added to the price of Products, invoiced separately, and paid by Distributor in addition to the prices quoted or invoiced. In the event Principal is required to pay any such tax, fee or charge, Distributor shall reimburse Principal therefor or, in lieu of such payment, Distributor shall provide Principal at the time the order is submitted, an exemption certificate or other document acceptable to the authority imposing the tax, fee or charge.

### 5. Payments

Unless otherwise agreed between the Parties, All invoices shall be paid within thirty (30) days after shipment. If Distributor fails to pay any invoice when due or if, in the judgment of Principal, the financial condition of Distributor at any time prior to shipment does not justify the extension of credit, then Principal may require payment in advance or otherwise modify the payment terms upon notice to Distributor. All delays occasioned by acts of Distributor shall be at the expense of the Distributor. Principal reserves the right to assess reasonable charges for its expenses resulting from such delays. All shipments shall be separately invoiced and paid for without regard to subsequent deliveries. Interest at the rate of one and one-half percent (1 ½%) per month or at the highest rate allowed by law, whichever is less, shall be charged to all overdue accounts. Distributor will reimburse Principal for all costs and expenses (including attorneys' fees and the costs of bringing any action) incurred in collecting any amounts past due. If a dispute arises between the parties concerning Distributor's alleged right to setoff or recoupment against Principal or its affiliates, the parties shall negotiate in good faith to resolve such dispute. Notwithstanding the foregoing, Distributor acknowledges and agrees that payments owed to Principal for Products supplied under the Selective Distribution Agreement are not subject to any setoff or recoupment by Distributor unless and until Principal agrees in writing to such setoff or recoupment, and that Distributor shall not exercise its right to setoff or recoupment in connection with any disputed, contingent, or unliquidated claim

### 6. Damage in Transit

If the quantity of Products received by the Distributor are less than the quantity shown in the bill of lading (BOL), or if the Products received by the Distributor have been damaged in transit, Distributor shall, within seven (7) days after receipt of such Products, give written notice of such shortage or damage to the agent of the delivering carrier in order to permit verification of the shortage or damage by the delivering carrier and in order to substantiate a formal claim.

### 7. Shipments, Cancellation of Order by Principal

Partial shipments shall be permitted, and Principal may invoice each shipment separately. Shipments and deliveries shall at all times be subject to the approval of Principal's Finance Department.

Principal may decline to make deliveries if Distributor fails to fulfill the terms of payment until the payment is performed and/or may cancel the Selective Distribution Agreement.

### 8. Cancellation or Change by Distributor

Orders in process cannot be cancelled without Principal's written consent and upon payment of Principal's cancellation and restocking charges. Orders in process cannot be changed, except with Principal's written consent and upon agreement to the parties as to an appropriate adjustment in the purchase price.

### 9. Set-Off Provision

- 9.1. Principal reserves the right to set off any rebates or credits against amounts due.
- 9.2. All credit notes issues to Distributor must be redeemed within one year from the date of issuance or they will be deemed to have expired and be unredeemable.

### 10. Delay or Nonperformance

Principal shall not be liable for delay or failure in filling accepted orders due to fires, floods, strikes or other differences with workmen, accidents, labor, material or transportation shortages, war (declared or undeclared), riot, governmental orders or regulators, legal interference or prohibitions, defaults on the part of suppliers, or other causes beyond Principal's reasonable control.

### 11. Changes in Products

Distributor may request in writing changes in the specifications and shipping instructions of Products. As promptly as practicable after receipt of such request, Principal shall advise Distributor in an amendment letter what amendments to the Selective Distribution Agreement, if any, may be necessitated by such changes, including, without limitation, amendment of price, specifications and shipment schedule. If such proposed amendments to the Selective Distribution Agreement are accepted in writing by Distributor, Principal shall make the requested changes with respect to such Products as may be affected thereby. Principal may at any time make such changes in the Products as shall constitute an improvement in the judgment of Principal. Principal may furnish suitable substitutes for materials unobtainable because of priorities or regulations established by governmental authority or non-availability of materials from suppliers. Any such changes in or substitutes of materials or components that were specifically identified in the specifications or Principal's quotation require notice to and the consent of Distributor, which consent shall not be unreasonably withheld or delayed.

### 12. Improper Payments

Distributor shall not make any payment in violation of the United States Foreign Corrupt Practices Act or other applicable laws in the Territory or in violation of any customer's vendor policies.

### 13. Insurance

Each Party will maintain at all times during the term of the Distribution Agreement, at its own expense, and from a recognized and reputable insurance company:

- comprehensive public liability insurance in an amount that is reasonable in light of all applicable risks and such Party's obligations under this Agreement, and
- fire and casualty insurance covering such Party's premises, inventory, and equipment in an amount sufficient to fully protect its own and the other Party's interests therein.

Each Party shall furnish to the other Party a certificate of insurance or self-insurance attesting to the issuance of the same and certifying that the other Party shall be given thirty (30) calendar days written notice of any cancellation of such coverage.

### 14. Force Majeure

Principal shall not be in default by reason of any failure in performance of this Agreement, or any purchase order issued hereunder, in accordance with its terms, if such failure arises out of causes beyond the reasonable control and without the fault or negligence of Principal including, but not restricted to; acts of God, acts of government, fires, flood, epidemics, quarantine restrictions, strikes, and freight embargoes.

### 15. NAFTA; Customs; Import/Export Controls

Distributor acknowledges and agrees that the Products may be subject to export restrictions and controls. Distributor agrees and certifies that neither the Products nor any component thereof is being or will be acquired, shipped, transferred, exported or re-exported, directly or indirectly, into any country prohibited by export restrictions and controls. Distributor bears all responsibility for export law compliance. Without limiting the generality of the foregoing obligation, Distributor hereby expressly agrees that, without the prior written authorization of Principal and the United States Government, Distributor will not, and will cause its representatives to agree not to, export, re-export, divert or transfer any Product to any destination, company or person prohibited by the Export Administration Regulations or other export control laws and regulations. Distributor shall make its records available to Principal at Principal's request, in order to permit Principal to confirm Distributor's compliance with its obligations as set forth in this Section. Distributor will indemnify Principal against all claims based on Distributor's exporting the Products.

## **16. Governmental Action/Recall**

Principal shall promptly inform Distributor of any inquiry or formal complaint by any governmental agency relating to a Product and of any voluntary and/or governmentally-mandated product recall. Distributor shall provide support for any recall program initiated by Principal, with reasonable documented out of pocket costs of Distributor to be reimbursed by Principal. To the extent Distributor becomes involved in any Product recall or investigation, Principal shall compensate and/or reimburse Distributor for "Distributor's reasonable out of pocket expenses incurred in connection with such recall or investigation. Principal shall, if required by applicable law, register this Agreement with the appropriate authorities or notify the authorities of this Agreement (as applicable) and bear any related expenses or taxes.

## **17. Ethical Business Practices**

Distributor acknowledges and agrees that it and its owners, members, officers, employees or agents have not, and will not, make or promise payment of money or anything of value, directly or indirectly, to any government or public international organization officials, political parties, or candidates for political office, for the purpose of obtaining or retaining business or securing any improper advantage, or to any other person or entity if such payment would violate the laws of the country in which made or the laws of the United States Distributor agrees that any violation of this section constitutes just cause for the immediate termination by Principal of this agreement without any liability. Distributor will also indemnify and hold Principal and its parent company harmless from any claims, losses and liabilities resulting from any breach of any of its obligations under this section. Distributor agrees to comply with the terms of the Principal Code of Conduct, updated from time to time and available at: [https://www.wabco-auto.com/WabcoWeb/media/Library/Assets/WABCO-pictures/Documents%20\(PDF\)/Brochures/WABCO\\_Code\\_of\\_Conduct\\_2017\\_English.pdf?ext=.pdf](https://www.wabco-auto.com/WabcoWeb/media/Library/Assets/WABCO-pictures/Documents%20(PDF)/Brochures/WABCO_Code_of_Conduct_2017_English.pdf?ext=.pdf). The obligations under this section shall survive the termination or expiration of the Selective Distribution Agreement.