

Standard Terms and Conditions of Purchase for the Auto- motive Technology of Kautex Textron do Brasil Ltda.

1. Applicability and Scope

- 1.1 Kautex Textron do Brasil Ltda. (“Kautex”) purchases all of its products, parts, components, systems and other product material (“Parts”) and the related performance by Supplier and all other services of Supplier (“Services”) subject to the following Terms and Conditions of Purchase (“TCP”).
- 1.2 Supplier’s general terms and conditions of sale and delivery or other deviating terms of Supplier are not applicable unless Kautex has explicitly accepted them in writing. These TCP shall also apply in all cases in which Kautex accepts Supplier’s deliveries without objecting to terms and conditions of Supplier differing from these TCP (whether or not Kautex is aware of them). All references or notices by Supplier concerning the application of his General Terms and Conditions of Sale and Delivery (e.g. in offers) or other deviating terms are hereby expressly objected to. These TCP will also apply to all future transactions of Kautex with Supplier.
- 1.3 In addition to these TCP, Kautex’ Global Supplier Manual (“GSM”) will apply, including its annexes and related documents as in effect at the time of the relevant conclusion of the S2MSA or the Scheduling Agreement (see clause 2.2) or at the time of the relevant Single Purchase Order; the GSM is available at www.kautex.com.

If the GSM has already been agreed as part of an MSA (see clause 2.2), it shall apply in the version in effect at the time of the conclusion of the MSA.

2. Orders

- 2.1 If Kautex submits any inquiries to Supplier about its Parts and Services and related delivery terms or Kautex submits requests for quotations Kautex will not be legally bound in any way by any of them.

- 2.2 Supplier shall be legally bound to supply Parts or to perform Services (“Delivery Contract”) based on
- (i) the relevant Scheduling Agreements based on the “Schedule to MSA” (“S2MSA”) (an individual delivery contract) concluded under the “Master Sourcing Agreement” (“MSA”), for serial delivery parts,
 - (ii) Single Purchase Orders by Kautex for other items to be supplied (such as tools, prototypes).

Supplier’s duty to deliver shall be created upon Supplier’s receipt of the Scheduling Agreement unless Supplier objects to the Scheduling Agreement within one (1) working day of Supplier’s receipt of the Scheduling Agreement. It is not required that Kautex signs the Scheduling Agreement.

- 2.3 The Parts and Services to be supplied under the Scheduling Agreements shall be specified by Scheduling Agreement Releases (call-offs) by an automatically generated E-mail or by EDI. Details are set out in clause 3.
- 2.4 If Kautex issues a Single Purchase Order for deliverables other than serial parts, this shall constitute Kautex acceptance of a prior binding offer of Supplier to deliver Parts or Services to Kautex. Only written Single Purchase Orders shall be binding on Kautex. However, no signature by Kautex shall be required. An order shall be considered to have been made in writing if, at a minimum, it has been faxed or e-mailed.
- 2.5 Orders made orally or by phone (including Instant Messaging or SMS) are not binding and do not create a contractual relationship. Any oral understandings/agreements must be confirmed by the Kautex ERP systems. Likewise, any changes to the contract (subject to the detailed provisions in clause 8) as well as side agreements must be made in writing in order to be legally effective.
- 2.6 In the event of discrepancies between the S2MSA, including a Scheduling Agreement, or the Single Purchase Order and the MSA as well as the TCP and GSM incorporated into the contractual relationship between Supplier and Kautex

through the MSA (or, in its absence, by the S2MSA or Scheduling Agreement or Single Purchase Order), these documents shall govern in the following order:

- (i) For each Delivery Contract entered into pursuant to Clause 2.2(i) for the delivery of serial parts
 - S2MSA (including Scheduling Agreements and Scheduling Agreement Releases) and/or possible updates of an S2MSA
 - MSA
 - TCP
 - GSM

- (ii) For each Delivery Contract entered into pursuant to Clause 2.2(ii) for the delivery of other deliverables
 - Single Purchase Order
 - TCP
 - GSM

3. Production and Material Releases and Forecasts

- 3.1 Supplier is entitled to produce and deliver (and Kautex is obliged to accept) those Products that are listed in any Scheduling Agreement Release in the column “Production Release”. Under no circumstances, however, shall Kautex be obliged to call off or accept in a later Scheduling Agreement Release the Products that are not listed in the relevant Production Release and Material Release of the relevant Scheduling Agreement Release.

- 3.2 Supplier shall be entitled to buy raw materials and/or semi-finished products pursuant to the relevant information in the column “Material Release” in a Scheduling Agreement Release. If there is no information on the Material Release in a Scheduling Agreement Release, the following shall apply: for eight (8) weeks in case of agreed sea shipment and otherwise for four (4) weeks, in each case as of the date of the Scheduling Agreement Release.

If Kautex does not call off the Products which shall be manufactured from the raw materials/semi-finished products listed in the Material Release, Kautex shall reimburse Supplier for the reasonable proven costs for purchasing the raw materi-

- als and/or semi-finished products, provided that they cannot verifiably otherwise be used by Supplier within a reasonable time period. Alternatively, Kautex may require that such raw materials and/or semi-finished products be delivered to Kautex.
- 3.3 With each Scheduling Agreement Release, Kautex will send a non-binding forecast of the anticipated Scheduling Agreement Releases for the following months. Supplier must keep sufficient production and delivery capacities available to satisfy these anticipated Scheduling Agreement Releases; Supplier must accept and be able to satisfy all of the received Scheduling Agreement Releases on the basis of these forecasts, including a possible additional weekly delivery volume of +15% in each case.
- 3.4 Should Supplier determine upon receiving and duly reviewing a Scheduling Agreement Release that it will be unable to meet the stated piece numbers in the Production Release, Material Release and/or forecast (including a possible additional weekly delivery volume of +15%) of the anticipated future Scheduling Agreement Releases, then Supplier must object in writing to the Scheduling Agreement Release within 24 hours of its receipt. If Supplier does not object in time, the Production Release and Material Release in a Scheduling Agreement Release will be binding for Supplier.
- 3.5 A forecast submitted in accordance with clause 3.3 shall continue to be in effect until Kautex submits a revised forecast.

4. Prices and Terms of Payment, Retention of Title

- 4.1 The binding prices and payment terms are set out in the S2MSA (including the Scheduling Agreement) or in the Single Purchase Orders. Prices are fixed prices and constitute the total price for manufacturing and delivering Parts and performing Services. Tax on Circulation of Goods and Services (ICMS) in the statutory amount is not included in the price and shall be charged separately.

- 4.2 In particular, the price includes delivery to the delivery address (see clause 5.1) as well as packaging, freight, insurance and other costs of this kind, provided the Parties do not agree to different arrangements in the S2MSA/Scheduling Agreement or in the Single Purchase Order. If the Parties agree on the application of the Incoterms, unless otherwise stated the term “DAP” (as defined under Incoterms 2010) including packaging, shall apply.
- 4.3 Kautex, at its discretion, will pay the invoiced amount within 14 days with a discount of 2 %, or within 90 days net, provided no other payment modalities have been agreed between the Parties in writing. These payment periods shall start on the later of the date of receipt of a valid invoice or the complete delivery of the Parts to Kautex. If the payment date falls on a weekend or holiday, payment will be made by the next working day. Fees for international payment transactions will be borne by Supplier.
- 4.4 Kautex shall render payment through bank transfer. Any evaluated receipt settlement process to balance accounts payable (debiting/crediting method) must be agreed to separately between the Parties in writing in order to apply.
- 4.5 Unless any evaluated receipt settlement process has been agreed with Supplier, invoices submitted by Supplier will only be valid and processed by Kautex if they comply with the applicable legislation. Supplier shall be responsible for all consequences resulting from the failure to comply with this obligation, provided it was at fault.
- 4.6 Invoices for tools that remain at Supplier (and which are not already owned by Kautex) must additionally indicate the location of the tools on the invoice. Invoices for the delivery of tools will not be recognized and will be rejected by Kautex if:
- an incorrect Federal or State Tax Identification Number for the buyer was stated
 - the stated federal or state tax identification number deviates from the actual country in which the tool is used
 - the legal provision for tax-free billing is missing

- the stated amount of applicable taxes was not provided in the local currency

Supplier must immediately correct and reissue the invoices that do not meet these requirements. The last sentence in clause 4.5 shall apply accordingly.

- 4.7 It is expressly forbidden, in whole or in part, the issuance by Supplier of trade acceptance bills intended to collection, invoicing or discount with third parties, on any account, of the credits arising out of this TCP or any of the documents described in Section 1.3 above, without the prior and express consent of Kautex in writing. Likewise, Supplier shall not use such trade acceptance bills or this TCP or any of the documents described in Section 1.3 as a guarantee of banking and/or financial operations of any kind, nor make a transaction of discount, negotiate, transfer or, by any means, assign the credits resulting from this TCP or any of the documents described in Section 1.3, to financial institutions, factoring companies or any third parties, without the previous and express authorization of Kautex in writing.
- 4.8 Supplier does not have the right to adjust prices or charge additional costs of any kind without the express prior written consent of Kautex. In cases of late delivery of Parts, late invoicing and the delivery of defective Parts, Kautex is entitled to withhold payment accordingly.
- 4.9 Title to the Parts shall pass to Kautex upon delivery.
- 4.10 For the purpose of article 369 of Brazilian Civil Code, the set-off of Supplier's claims against Kautex is only permitted in the case of uncontested or finally adjudicated claims.
- 4.11 Kautex will so inform Supplier if during the term of an S2MSA or of a Scheduling Agreement Kautex receives a more favorable offer of a third party for the delivery of serial parts concerning the manufacture and delivery of the Parts that are the subject matter of such S2MSA or Scheduling Agreement or of similar parts in comparable volumes, particularly with respect to price, rebates, technology, quality, payment terms, delivery period or other terms (hereinafter: the "Terms"). The Parties shall then use their best efforts to reestablish Supplier's competitiveness.

Should Supplier be unable to offer Kautex the same Terms despite such efforts or should the Parties be unable within a reasonable period of time to come to an agreement on an adjustment of Supplier's prices, Kautex shall be entitled to terminate the relevant S2MSA or Scheduling Agreement or the Scheduling Agreement Releases and/or all other agreements concerning the delivery of Parts effective immediately.

5. Delivery and Transfer of Risk

5.1 Delivery (including the transfer of risk) shall be governed by the commercial clauses specified in the S2MSA (including the Scheduling Agreement) or in a Single Purchase Order (particularly Incoterms 2010) at the place of receipt or collection ("Delivery Address"). If the Parties do not agree on any terms of delivery, for the avoidance of doubt delivery shall be made DAP (Incoterms 2010) to the stated Delivery Address.

5.2 All Parts must be properly packed, labeled and shipped in compliance with the care customary to the industry.

5.3 Supplier must enclose the relevant shipping documents with the deliveries. The shipping documents must contain the Kautex order number, part number and the Supplier number, as well as the information required in the GSM. In addition, any requested certificates (*e.g.*, quality certificates) must be enclosed. If Supplier is responsible for the fact that these requirements are not met, Supplier will bear the delays caused in processing them.

Should Supplier deliver Parts with missing or wrong shipping documents, labels, or ASN or which are delivered with the wrong or damaged packaging due to Supplier's fault, a penalty of 1,000.00 Brazilian Reais shall be incurred for each such delivery, Kautex is entitled to claim for additional losses and damages in excess of such penalty.

5.4 Supplier must label the Parts, prototypes, tools, packing materials and packaging in accordance with Kautex's instructions and otherwise in accordance with the applicable laws and the standards of the automotive industry. Provided nothing

to the contrary has been agreed, labels must be in the form of barcodes or in another form determined by Kautex or required by law.

- 5.5 Supplier is obliged to provide a certificate of origin of the Parts. Supplier must duly provide Kautex with all of the documents (particularly customs certificates and customs reimbursement documents) required under the applicable customs regulations without undue delay and in full. To the extent additional official documents are required to use the Parts in accordance with their specifications for purposes of their export or import, Supplier agrees to provide these documents to Kautex or to procure them without undue delay.

6. Delivery Dates and Delays in Delivery

- 6.1 Delivery must be made at the time and to the Delivery Address (see clause 5.1) stated in the S2MSA or in the Scheduling Agreement, and/or in the Scheduling Agreement Release or in the Single Purchase Order or otherwise agreed between the Parties in writing (“Delivery Date”).
- 6.2 In the event that agreed delivery periods and Delivery Dates are not met, Kautex is entitled to rescind by written notice the S2MSA or Scheduling Agreement or the Single Purchase Order upon the expiration of a reasonable grace period. For the rest, Supplier must compensate Kautex for default damages in accordance with the statutory provisions.
- 6.3 Kautex need not accept early deliveries, excess deliveries or partial deliveries that have not been agreed. Supplier shall bear the risk of loss of the Parts that have been delivered prior to the Delivery Date. Kautex is entitled to return excess deliveries at Supplier’s expense; Supplier must bear all packaging, processing, sorting and transport costs. Kautex is entitled to store all of the Parts delivered prior to the applicable Delivery Dates under clause 6.1 or excess deliveries at the risk and cost of Supplier until the Delivery Date falling due.

If Kautex accepts premature deliveries or excess deliveries on this basis, Kautex nevertheless need not to make payment (in accordance with clause 4.3) at an earlier date than it would have been if the deliveries had been made on the scheduled Delivery Date.

- 6.4 Should Supplier anticipate that it will be unable to meet the Delivery Date, regardless of the reason, it must so inform Kautex in writing without undue delay, stating the reason and suspected duration. Furthermore, Supplier must present to Kautex without undue delay an action plan for reestablishing its full ability to make delivery.
- 6.5 In the event of late deliveries due to Supplier's fault, and notwithstanding any other rights of Kautex, Kautex will have the right to demand a penalty of 1,000.00 Brazilian Reais for each event of default; Kautex is entitled to claim for additional losses and damages in excess to such penalty. This accrued contractual penalty shall be credited against any damages for default otherwise asserted by Kautex.

7. Force Majeure, Emergency Strategy

- 7.1 Disruptions in the delivery relationship due to acts of God or events of force majeure, thus understood as events that are unforeseeable and unavoidable and outside of the sphere of control of a Party and for which the affected Party bears no responsibility such as, war, unrest, terrorist attacks or natural disasters, shall release the Parties from their performance duties for the duration of the disruption and for a reasonable period thereafter, as well as for the scope of obligations undergone.
- 7.2 These events, the threatened insolvency of Supplier's own sub-suppliers and actual or threatened disruptions of the Supply Chain must be reported to Kautex' Purchasing and Logistics departments by telephone and Email without undue delay (but no later than within ten (10) hours) following their occurrence (and additionally in each such case to the Email address (emergencysupplier@kautex.textron.com)) and should Kautex so request, Supplier must provide evidence of the occurrence of each disruption resulting from any of these events. In this context, Supplier must inform Kautex of its estimate as to how long the disruption is expected to last. Kautex shall treat this information as confidential but may disclose it to those of its own customers which could potentially be affected by the disruption. Clause 9.6 shall apply accordingly for the verification of the occurrence of the events.

- 7.3 If the end of such disruption is not foreseeable or if the disruption continues for more than two (2) consecutive months, each Party shall have the right to rescind or terminate without notice the affected Delivery Contract (or its as yet unperformed parts).
- 7.4 Taking into account the special requirements of car manufacturers, Supplier will ensure that the supply of Parts can be upheld in the event of disruptions in Supplier's sphere of influence. Supplier thus commits to implementing an emergency strategy, provided this is appropriate in light of foreseeable business disruptions, particularly in the areas of procurement, manufacturing, production and/or transport resulting in delivery shortages (concerning both delivery periods and volumes) or, if no such emergency strategy has been defined, to ensure that it can be developed and introduced as fast as possible so that any impact on supply can be avoided or at least limited to the greatest possible extent. Upon demand, Kautex must be allowed to review this emergency strategy at any time. Supplier must inform Kautex without undue delay of disruptions or other events which could cause a disruption in deliveries.

8. Change Management

- 8.1 Changes in Supplier's delivery obligations (whether under the S2MSA/Scheduling Agreement or a Single Purchase Order), including changes to quantity, method of shipment, packaging, delivery time or delivery address or changes in drawings or specifications, must be mutually agreed between the Parties and set down in writing, taking into account and reflecting any resulting changes in costs or time required for the performance of the contract (if any).

The following provisions of this clause 8 shall additionally apply with respect to technical changes, in particular changes of drawings or specifications of Kautex.

- 8.2 Kautex may at any time - even during serial production - require technical changes to the Parts, and Supplier agrees to implement such changes in accordance with the following provisions to the extent they are reasonable. Immediately upon receipt of Kautex' request for changes, Supplier shall submit an offer for the resulting costs (both possible increases and possible decreases) as well as information on changes in deadlines, and effects on weight, function and quality re-

- sulting from the changes. Supplier must keep the costs for the changes requested by Kautex as low as possible.
- 8.3 Supplier will implement the requested changes as soon as the Parties have reached an agreement on any increase or decrease in costs, changes in deadline and effects of the changes on weight, function and quality, have supplemented or amended the S2MSA accordingly (*e.g.*, by an Update to the S2MSA) and Supplier has received a new Scheduling Agreement and new Scheduling Agreement Releases on this basis reflecting the revision status therein.
- 8.4 Any claim seeking compensation from Kautex in connection with raw materials, semi-finished Goods or Goods which as a result of technical changes required by Kautex do no longer meet specifications pursuant to Purchase Orders issued by Kautex prior to the implementation of aforesaid technical changes, must be submitted within 15 days after the implementation date of such technical changes. The claim must include sufficient supporting data enabling Kautex to verify and substantiate the claim. Kautex (and its designated agents) have the right to examine and audit all pertinent items related to the claim, including books, records, facilities, work-in-process, raw materials and inventory. If necessary, Supplier may request an extension of the submission deadline, provided that it does so within the 15-day submission period.
- 8.5 If in Supplier's opinion, technical changes or deviations would be indicated – *e.g.*, due to more efficient production methods or to improve and increase the safety of the Parts or to adapt to technical progress –, Supplier shall propose such changes to Kautex; at the same time, Supplier must make available to Kautex information on the effects on price, Delivery Dates, etc. Kautex shall examine these change proposals without delay and shall not unreasonably refuse them.
- 8.6 Supplier must not perform any technical changes until it has received Kautex' written approval, the S2MSA has been supplemented or amended (*e.g.*, by an Update to the S2MSA) and Supplier has received a new Scheduling Agreement and new Scheduling Agreement Releases. The procedure for the initial sample test must be repeated with respect to all Parts which are subject to technical changes after the original product release.

- 8.7 Kautex' technical documents, drawings and plans must be examined by Supplier with regard to their completeness and correctness prior to commencing production or processing. If Supplier considers them to be incomplete, inaccurate or defective, Supplier must promptly (but in any event prior to commencing the production or processing) inform Kautex thereof in writing; all missing technical documents, drawings or plans must be requested in writing without undue delay. Kautex' technical documents, drawings and plans must not be disclosed to third parties and must be returned to Kautex as soon as it so requests, but no later than upon the completion of the order.

9. Quality Management, Documentation

- 9.1 Supplier must comply with the latest state of the art and comply with all quality standards and legal requirements which are applicable to the Parts. This also includes compliance with Kautex's Engineering Standards that apply to each product or product group. Supplier in particular must comply with the provisions in Parts D and F of the GSM.

To the extent Supplier has received drawings, samples or other documents from Kautex in relation to any Parts, it shall ensure that such the Parts are produced in accordance with such drawings, samples or other documents. Kautex' prior written consent is required for any changes to the Parts, an already released production process or its relocation to another site.

- 9.2 In particular, Supplier shall now and in the future maintain a quality management system pursuant to IATF 16949:2016. Upon Supplier's request, an alternative quality management system may be agreed between the Parties that is equivalent to the standards in the automotive industry according to VDA 6.1 or ISO 9001:2008.

If Supplier does not meet the quality levels on any such quality management system and Supplier fails to correct such deficiencies within three (3) months after so having been notified by Kautex, Kautex is entitled to terminate the Delivery

- Contract immediately without any further obligations to Supplier and without prejudice to any other rights Kautex may have.
- 9.3 Supplier must be familiar, and comply with, the governing statutory provisions of the following countries: the member states of the EU, the United Kingdom, the United States of America, Canada, Mexico, Japan, China, South Korea, Thailand, Morocco, Brazil and India.
- 9.4 As to initial samples and serial deliveries, the equivalent provisions shall apply of the VDA Terms or IATF 16949:2016 and ISO 9001:2008 in the versions applicable upon the conclusion of contract for. In addition, the provisions of Part F of the GSM as well as those of the S2MSA shall apply.
- 9.5 Supplier agrees to analyze and review the specifications and drawings of the Parts prior to the conclusion of the S2MSA or the submission of a binding offer for deliverables other than serial parts and to inform Kautex without undue delay of possible errors, inconsistencies, etc. Upon request, Supplier will participate in all quality and development programs by Kautex or customers of Kautex.
- 9.6 Upon reasonable advance notice, Kautex may conduct reasonable inspections of the facilities where Supplier produces the Parts. Inspections shall take place during normal business hours and at such intervals as Kautex deems necessary. Supplier shall ensure that Kautex has the same right of inspection at Supplier's sub-suppliers.
- 9.7 An inspection or audit under clause 9.6 shall not be deemed to constitute acceptance of the Parts or any part thereof nor shall it relieve Supplier from complying with any and all of the express or implied conditions in the Delivery Contract.

In the event of development work or the start of series production, the release by Kautex shall not discharge Supplier from its product responsibility.

- 9.8 If Supplier intends to relocate its production facilities or its plant site, it must provide reasonable advance written notice to Kautex of at least six (6) months prior to the start of the dismantling or relocation of production machinery. Sup-

plier must further ensure pre-manufacture of Parts in necessary volumes. Supplier must show to Kautex the relocation outline at the time of the advance relocation notice by way of a time schedule. In addition, Supplier must on a continual basis inform, and consult with, Kautex regarding all effects on the production and delivery of the Parts and in particular organize a new initial sample submission of the Parts following completion of such relocation.

- 9.9 All documents relevant to quality, including, but not limited to, release declarations, must be kept for a period of at least 15 years after the end of serial production for the relevant series (“EOP”) and delivered to Kautex upon demand. Supplier shall ensure that its sub-suppliers have equivalent duties.

In addition, Supplier must document the following in separate records with regard to the Parts that are specially labeled in the technical documents: (i) the dates, (ii) the nature of the audits and (iii) the names of the individuals who have conducted the audits for the purpose of confirming compliance with the requirements contained in the documentation and (iv) the results of the required quality audits. The corresponding audit documents must be kept 15 years after the end of serial production for the relevant series and delivered to Kautex upon demand. Supplier shall ensure that its sub-suppliers have equivalent duties.

10. Inspection of Incoming Goods

Upon receipt, Kautex will inspect the Parts delivered by Supplier for any discrepancies in terms of identity and quality as well as for visually discernible damage to the extent and as soon as this is appropriate in accordance with proper business practice. Kautex will notify to Supplier any defects detected during this inspection without undue delay. Supplier waives any further inspection of incoming goods by Kautex.

Kautex shall report other defects which are not discovered by Kautex during processing or the use of the delivered Parts in accordance with the terms of contract to Supplier without undue delay upon the discovery of the defects, with due regard to the terms established by the Brazilian Civil Code. To such extent, Supplier waives the defense of the late notice of defect.

11. Warranty

11.1 Supplier warrants that all of its delivered Parts

- (i) meet the specifications, and comply with samples, drawings and other requirements provided by Kautex,
- (ii) are free from defects (particularly with respect to design, production and material),
- (iii) are fit for the purposes for which they are bought, provided Supplier is aware of such purposes.

11.2 Should Kautex discover Parts that do not meet the requirements under clause 11.1 prior to production (handling and processing, installation or mounting) (“Defective Parts”), the following shall apply:

At Kautex’ discretion, Supplier must promptly deliver defect-free Parts (replacement parts) or remedy /repair the defects of the Defective Parts (together: “Subsequent Performance”). All sorting work or other remedial work that may be required shall be conducted by Supplier in coordination with Kautex on Kautex’ premises.

Supplier will bear all of the costs incurred by itself or Kautex due to the delivery of Defective Parts (including, but not limited to, the costs for sorting, transporting, inspecting (including the expense of research and development) the causes of the defects, etc.). These costs also include the costs for removing the Defective Parts and installing the newly delivered, defect-free Parts.

11.3 If a defect is discovered after the start of production, the provisions in clause 11.2 shall initially apply. In addition, the following applies:

- (i) If a defect is discovered before the product is delivered by Kautex to its customer, Supplier shall additionally bear the costs for all remedial work (labor costs, costs of materials, cost for additional required tools).

- (ii) If a defect is discovered only after the products have already been delivered by Kautex to its customers or even to the latter's end customer (*e.g.*, the consumer), Supplier shall additionally bear the portion of the incurred costs for taking them back and/or for Actions (as defined in clause 12 below) which correspond to Supplier's contributory cause or contributory fault. Kautex shall inform Supplier as soon as such defects occur and shall inform it of the further action and the measures to be taken.
- 11.4 If the Subsequent Performance fails or is not a reasonable remedy for Kautex or if Supplier does not initiate Subsequent Performance without undue delay, Kautex may rescind the affected S2MSA/Scheduling Agreement or Single Purchase Orders without any further notice being required and send the Parts back to Supplier at Supplier's risk and expense. Clause 14.4 shall apply accordingly.

In these and other urgent cases, particularly for the purpose of preventing imminent danger or avoiding more extensive damages, and if it is not possible to inform Supplier of the defect and allow a period to remedy the defect, short as it may be, Kautex may remedy the defect itself or have the defect remedied by a third party.
- 11.5 In all other respects, the statutory provisions shall apply in supplement, particularly with respect to the right of Kautex to receive a reduction of the purchase price, damages (particularly for the dismantling and reinstallation costs) and compensation for expenses.
- 11.6 The warranty period for Parts for serial supply shall be
 - (i) thirty-six (36) months, in each case as of the initial registration of the vehicle into which the Part was installed, but a maximum of forty-eight (48) months after delivery to Kautex in all markets (with the exception of the North American market), and
 - (ii) fifty-four (54) months, in each case as of the initial registration of the vehicle into which the Part was installed, but a maximum of sixty (60) months after delivery to Kautex in all North American markets (U.S.A., Canada, Mexico, Puerto Rico).

With respect to all other items (*e.g.*, spare parts or tools), the warranty period is thirty-six (36) months after delivery to Kautex.

- 11.7 In the case of toll manufacturing or Services, the statutory limitation periods shall apply. Provided, however, that for development services, the terms and conditions of any development agreement (Joint Development Agreement) shall have precedence. If no development agreement has been entered into, the limitation period for defects in development services shall be five (5) years.

12. Recall and Field Campaigns

To the extent a recall, an owner notification program, any field or service campaign or any other corrective action (“Action”) in respect of a Part or a product incorporating a Part:

- (i) is required to comply with a law, regulation, order or other governmental requirement or as a safety measure to avoid personal injury or death; or
- (ii) (ii) is to take place due to a decision of Kautex or Kautex’s customer,

Kautex shall where practicable and reasonable inform Supplier of the content and scope of the Action to be conducted and shall give Supplier the opportunity to comment on the proposed Action before that Action is implemented. All other contractual and/or statutory remedies and/or claims by Kautex against Supplier (particularly claims in recourse) shall remain unaffected by this clause 12.

13. Liability, Product Liability

- 13.1 To the extent Supplier caused a product defect and/or (depending on the underlying basis of the claim) is at fault in relation to it, Supplier must pay damages and indemnify Kautex in relation to all claims by third parties, provided that the cause of the claim lies within the control and organization of Supplier and Supplier would itself be liable to third parties. To the extent there is contributory cause or contributory fault on the part of Kautex, Supplier may claim such contributory fault or contributory cause in relation to Kautex. As between Kautex and

Supplier, their respective shares in the damages payments shall be governed by their respective shares in the contributory fault (Art. 945 of Brazilian Civil Code) and/or their contribution to the cause.

Supplier's obligations also include the costs for legal advice incurred by Kautex or which are incurred in connection with the defense against product liability claims. Should Kautex be subject to special rules governing the burden of proof in relation to the injured party, these rules relating to the burden of proof shall also apply to Kautex relationship with Supplier, as long as the circumstances to be proven are not attributable to Kautex area of responsibility.

- 13.2 In the event Supplier or its subcontractors must deliver services at a Kautex or Kautex customer site, Supplier must take all required precautionary measures to prevent personal injury and property damage. Supplier will compensate and indemnify Kautex for any damage caused by Supplier during its activities at the business site, unless Supplier bears no fault. Supplier shall ensure that its subcontractors are subject to the same obligations.

In addition, Supplier must comply with Kautex' internal rules and regulations for working at Kautex' sites (*e.g.*, the Contractor Safety Global Policy, the Guideline on Third-party Company Coordination or other comparable documents) which will be provided to it upon request.

- 13.3 Supplier remains fully responsible for the actions, inactions, and performance of all obligations performed by its subcontractors, representatives and sub-suppliers to the same extent as if such actions, inactions or obligations were made or performed by Supplier.

14. Tooling, Tools, Free Issue Equipment

- 14.1 All parts, raw materials, tools, compression rolls, materials (dies, templates, measuring instruments, forms) or other machines or items (including replacements, add-ons, accessories) provided by Kautex or purchased by Supplier at Kautex' expense (and whose procurement costs are reimbursed by Kautex or have been included in the prices to be paid for the Parts and have been fully paid) ("Tooling"), are or become the sole property of Kautex. Kautex will also retain all

- rights to all drafts, samples, drawings, templates, blueprints, stereotype plates, films, data, models or other information and documents (“Documents”). Supplier will not use the Tooling and Documents to produce or design parts for any third party without the prior written consent of Kautex.
- 14.2 Any deadlines regarding Tooling such as PPAP, SOP, etc. are binding. Supplier will reimburse Kautex for all incurred damages caused by Supplier’s culpable failure to meet the agreed deadlines.
- 14.3 Supplier shall have possession of the Tooling and the Documents in the capacity of a borrower under a free lease and shall keep them separate and segregated from any other property of other parties and shall mark them as Kautex property with the help of metal labels previously approved by Kautex and placed so that they are easily visible, cannot be removed, and clearly evidence the ownership of Kautex. These labels must exhibit the part number, tool number, project name and owner (Kautex or Kautex’ customer). Supplier shall bear the risk for the Tooling and Documents for as long as they are in the possession or under the control of Supplier. They shall not be removed from Supplier’s premises without the written instructions of Kautex, save for the purpose of fulfilling the terms of the Delivery Contract. Supplier shall also conduct the maintenance work that may be required in normal intervals at its own expense until the expiration of the duty to replace parts (15 years after EOP). Supplier must notify to Kautex any damage or problems without undue delay.
- 14.4 Kautex is entitled to obtain possession and ownership of the tools needed for the manufacture of Parts (“Necessary Tools”) at any time in consideration for payment of their present value less the amounts Kautex has already paid to Supplier or which are amortized through the Parts price. No such right exists to the extent Supplier requires the Necessary Tools to manufacture and deliver the Parts under a valid, non-terminated contractual delivery duty (whether on the basis of an S2MSA/Scheduling Agreement or a Single Purchase Order). If Kautex exercises this right, Supplier shall provide Kautex with all of the technical information and safety instructions for use which Kautex requires to install, assemble and otherwise use the Necessary Tools.

- 14.5 To the extent Kautex provides Supplier with products, raw materials or other material for the manufacture of Parts, Kautex will retain title to such goods (“Reserved Title Property”). The handling/processing, conversion or installation or the transformation of the Reserved Title Property by Supplier shall be on behalf of Kautex. If the Reserved Title Property is processed with other items which are not the property of Kautex, Kautex shall acquire co-ownership in the new product in a pro rata value of the Reserved Title Property (purchase price plus ICMS) to the other processed items at the time of processing.
- 14.6 If the Reserved Title Property provided by Kautex is indivisibly attached to or mixed with other items which are not the property of Kautex, Kautex shall acquire co-ownership in the new product in a pro rata value of the Reserved Title Property (purchase price plus ICMS) to the other attached or mixed items at the time of attachment or mixing. If the attachment or mixing happens in such manner that Supplier’s items are deemed to be the main item, it is agreed that Supplier shall transfer proportionate co-ownership to Kautex; Supplier shall store and keep the sole or co-owned property of Kautex on behalf of Kautex.
- 14.7 A detailed description of the Tooling including identification number, place of location and picture shall be sent to Kautex as soon as such information is available, *e.g.*, when the purchase order for the Tools is issued, the Tools are completed or they have been delivered to Supplier (if applicable).

15. Provision of Spare Parts

- 15.1 Supplier warrants the supply of spare parts for the intended life time of the products for which the Parts are to be used. The minimum period is fifteen (15) years after the end of the supply of serial parts (EOP). Correspondingly, Supplier will also ensure availability of the Tools (cf. clause 14.3).
- 15.2 During the supply of serial parts, prices for spare parts shall be the price set down in the relevant current or last Scheduling Agreement for the serial parts. As of the fourth (4th) year after the end of the supply of serial parts (EOP), prices shall be individually agreed between the Parties on the basis of the prices applicable at the end of serial production, taking into account any of Supplier’s incurred additional costs for the manufacture of the spare parts.

- 15.3 Well before the expiration of the 15-year minimum period for the supply of spare parts, Supplier will provide to Kautex the opportunity to place a final order for its long-term requirements.
- 15.4 With respect to deliverables that are not included in a product for a vehicle (particularly for Tooling and tools), Supplier shall warrant the uninterrupted supply of spare parts at fair market price for a period of at least fifteen (15) years as of the date of delivery.
- 15.5 Tools for serial parts or for spare parts may not be scrapped, sold or otherwise disposed of even after the expiration of the 15-year minimum period for the supply of spare parts unless Kautex has consented expressly and in writing (either in advance or after the fact). Supplier shall contact Kautex in this regard at least 12 months prior to any such intended action.

16. Intellectual Property Rights

- 16.1 Supplier warrants that the purchase, ownership, offering, use, processing or resale of the Parts by Kautex or its customers will not infringe any trademark, company, name, patent, utility model, design model, trade dress or design rights or copyrights of third parties (including applications for such proprietary intellectual property rights) (“Intellectual Property Rights”) in Supplier’s country of origin and in the Federal Republic of Germany, the member states of the European Union (at the time of entering into the Delivery Contract), the United Kingdom, the United States of America, Canada, China, Japan, South Korea, Brazil, Mexico, Thailand, Morocco and India. If Supplier culpably breaches this duty, it shall indemnify Kautex and its customers for any claims of third parties under such actual or alleged infringements of Intellectual Property Rights and bear any and all costs and expenses Kautex or its customers may incur in this regard, including, but not limited to, the costs of the prosecution of and defense against rights on the one hand and the costs resulting from compliance with a possible cease and desist obligation on the other.
- 16.2 Supplier will indemnify and keep indemnified Kautex and Kautex’s customer against any loss, damage, liability, charge, expense, outgoing or cost (including all

- legal and other professional costs on a full indemnity basis) of any nature or kind suffered or incurred in connection with any breach by Supplier of clause 16.1.
- 16.3 Clause 16.1 and 16.2 shall not apply to the extent the Parts are produced in accordance with drawings, models or other detailed information supplied by Kautex and Supplier is neither aware nor should it have been aware that Intellectual Property Rights of third parties are being infringed thereby.
- 16.4 The Parties will inform each other without undue delay of any risks of infringement and alleged cases of infringement of which they become aware and will undertake reasonable efforts jointly to counter such respective claims of infringement.
- 16.5 The limitation period for claims under this clause 16 shall be five (5) years from of the conclusion of the relevant contract.

17. Commissioned Development

- To the extent Supplier provides development services for Parts (Production Material) or Tooling (particularly tools) for Kautex, for which payment is made by Kautex separately and/or through the prices payable for the Parts (Commissioned Development), the following shall apply:
- 17.1 The results of Supplier's development efforts must not infringe the intellectual property rights of third parties; clause 16 applies accordingly.
- 17.2 The ownership rights to all of the development results (including all inventions, know-how, test and development reports, suggestions, ideas, drafts, designs, proposals, samples, models, etc.) achieved by Supplier under the scope of the cooperation ("Work Products"), shall fall to Kautex upon their creation.
- 17.3 In particular, to the extent the Work Products can be protected as intellectual property, Kautex is entitled, at its own discretion, to register, prosecute and discontinue at any time Intellectual Property Rights in Brazil and in foreign countries in its own name.

- 17.4 By notice to the respective employee inventor, Supplier shall claim without limitation any inventions made by its employees in connection with Supplier's performance of any Delivery Contract that are capable of protection as intellectual property; the right to the invention must be transferred to Kautex without undue delay.
- 17.5 To the extent the Work Products are protected by Supplier's copyrights, Supplier shall grant Kautex and affiliated companies of Kautex the exclusive, royalty-free, irrevocable, sub-licensable, transferrable, perpetual, territorially and substantively unlimited right to freely use and exploit this Work Product in any manner. To the extent the Work Products are created in the form of Software, the rights of use and exploitation shall be limited to the object code. Kautex may require the transfer at any time, even during the execution of the development project.
- 17.6 Supplier (and its affiliated companies) is and remains the owner of any inventions made prior to the commencement of the cooperation and of the intellectual property rights registered or granted for such inventions, as well as for any copyrights, utility models and know-how existing prior to the cooperation ("Existing Intellectual Property Rights").
- 17.7 To the extent Existing Intellectual Property Rights are required for the exploitation or further development of the Work Products, Kautex shall receive a perpetual and territorially unlimited, royalty-free, non-exclusive, sub-licensable, transferrable and irrevocable right of use.
- 17.8 To the extent Supplier involves sub-suppliers within the scope of its performance, it must ensure through appropriate contractual arrangements that Kautex receives ownership rights and rights of use in accordance with the provisions of this clause 17.

18. Electronic Communications, International Material Data System (IMDS)

- 18.1 Kautex has established various Electronic Data Interchange (EDI) requirements to manage its supply chains. Consequently, Supplier must implement such EDI requirements. It is essential for the exchange of Advanced Shipping Notes and re-

leases, invoices and consignment notices that standard messages can be exchanged via traditional EDI methods or Web based EDI. It is to be expected that these EDI requirements are likely to evolve and change over the time of the supply relationship due to technology advances and changes. Supplier must therefore establish and constantly maintain an electronic communication system which will enable Supplier to participate in the relevant EDI system to the full extent required by Kautex. Supplier must be able at any time to handle the EDI formats employed in various regions such as VDA, EDIFACT and ANSI.

18.2 During the development phase, but in any event no later than at the time of the design freeze of any development, Supplier will provide to Kautex the material data stipulated in the IMDS-System in electronic format and/or obtain such material data – as the case may be – from its (sub-) suppliers and enter such material data into the IMDS-System. In case of any “build to print” arrangements (*i.e.*, in cases in which the Supplier is not required to undertake any product development), Supplier shall fulfil this requirement immediately after the conclusion of the S2MSA. Suppliers of assembled components are also responsible for the prompt provision of all IMDS relevant material data for their products. Supplier hereby acknowledges that:

- (i) IMDS data is part of Kautex’ release procedure;
- (ii) Missing IMDS data will result in ISR /PPAP rejection;
- (iii) Supplier shall inform Kautex about the IMDS-Identification-No.:
 - (a) Kautex-Identification-No. and Customer No. must be defined in Part No.,
 - (b) Part description must be identical to ISR/PPAP/PSW.

18.3 If such material data are not provided and/or not entered into the IMDS-system by Supplier on time as required pursuant clause 18.2, Kautex shall be entitled to terminate the relevant S2MSA/Scheduling Agreement without any notice period.

Details are provided in the GSM.

19. Compliance with the Laws, Safety Environmental Protection, Hazardous Substances

- 19.1 Supplier must comply with all applicable federal, state or municipal laws, rules, provisions or orders and industry standards concerning the Parts and Services as well as in performing a Delivery Contract. When performing its contractual duties, it must in particular comply with all statutory and governmental rules regarding environmental protection and product safety and employment provisions. In particular, it shall maintain an environmental management system according to ISO 14001:2015 (or set up such system within six (6) months of the conclusion of a Delivery Contract). This shall apply for all countries in which Supplier does business, as well as for the countries to which the products are delivered (namely to the Kautex plants) and for the countries to which the final product is delivered.
- 19.2 For Parts and materials, as well as for procedures such as transport, testing, processing, distribution, packaging, labeling, storage, treatment, manufacture and disposal that must comply with laws, rules, regulations, provisions or orders, requirements of regulatory authorities, codes of practice and industry standards (“Laws”) due to their composition and impact on the environment, Supplier shall comply and ensure that all such Parts, materials and procedures comply with the Laws of the countries in which Supplier does business, as well as of the countries where the Parts, materials and procedures are manufactured or carried out, imported, delivered, distributed or used (including countries hosting Kautex plants and the countries to which the final product is delivered).
- 19.3 Supplier shall in particular ensure that the Parts, materials and procedures (in 19.2 above) comply, with the applicable Laws on hazardous goods and substances. In particular, Supplier shall ensure that only specially trained and where appropriate licensed or registered personnel with appropriate protective equipment handle, transport, distribute and in any way deal or work with or use hazardous goods and substances and that only licensed devices, carriers, containers and facilities are used to handle, transport, distribute and in any way deal or work with or use such hazardous goods and substances. Supplier is obliged to provide Kautex and all others who handle, transport, distribute or in any way deal or

work with or use the Parts, materials and procedures an overview and material safety data sheets of all hazardous goods and substances it used to perform the Delivery Contracts.

- 19.4 [not applicable]
- 19.5 Supplier is responsible for obtaining, and will obtain, all necessary consents, approvals, registrations, permissions, authorizations, licenses or other regulatory requirements pursuant to all Laws relevant to the Parts, materials and procedures and will bear all costs and expenses associated with, and comply at all times with, those.
- 19.6 If Supplier has entered into an arrangement with a third party regarding the Parts, Services or other deliveries or if he has otherwise engaged in conduct constituting an unlawful restriction of competition within the meaning of the applicable anti-trust provisions, Supplier must pay 8 % of the net billing amount of the scope of delivery affected by this anti-trust violation to Kautex as liquidated damages, provided Supplier cannot prove that Kautex incurred no or only lesser damage, and the Parties acknowledge and agree that the payment set out in this clause protect the legitimate interests of Kautex in the compliance by Supplier with its obligations, and the amounts specified are proportionate to the harm (financial and otherwise) which Kautex could suffer as result of non-compliance with those obligations. This obligation shall survive the termination or fulfillment of the relevant Delivery Contract and/or any framework agreement. Any payment of liquidated damages pursuant to this clause is without prejudice to Kautex's other right and remedies (including any non-contractual rights and remedies).
- 19.7 Supplier will indemnify and keep indemnified Kautex against any loss, damage, liability, charge, expense, outgoing or cost (including all legal and other professional costs on a full indemnity basis) of any nature or kind suffered or incurred in connection "any breach by Supplier of any of its obligations under this clause 19 or Part C of the GSM.

20. Suspension/Cancellation/Rescission of Orders/Contracts

To the extent the Parties have entered into an S2MSA/ Scheduling Agreement, a Single Purchase Order, MSA, any other framework agreement or other delivery agreement under which Supplier is obliged to deliver Parts or provides services, the following provisions shall apply concerning their term and termination:

- 20.1 The term of the contract is limited to the life-cycle of the Part to be supplied by Supplier.
- 20.2 Each Party has the right to terminate a contract for good cause without notice. Good cause shall include, but is not limited to, the following cases:
- (i) for Kautex in the event that Kautex' customer terminates the contract for the delivery of the products for which Kautex needs Supplier's Parts, no matter for what reason,
 - (ii) for Kautex in the event, that Supplier ceases payment or repeatedly is in default of payment in relation to its own suppliers or employees,
 - (iii) insolvency proceedings concerning the assets of a Party are initiated or rejected due to the lack of assets or one of the Parties is liquidated,
 - (iv) the occurrence of a significant deterioration of the asset situation of a Party (which leads to a threat of the fulfillment of its obligations to the Party),
 - (v) the breach of material terms of the contract; in the event of a breach which can be remedied, however, not until the non-breaching Party has made a written request to the other Party to cure the breach, warned it of the threatened for-cause termination and granted to it a reasonable grace period of at least four (4) weeks and such period having expired without the breach having been cured,
 - (vi) a competitor of the terminating Party gains control of a Party due to a change in such Party's owners or shareholders.
- 20.3 In the event of a breach by Supplier of the duties under clause 18 and of the duty not to commit or refrain from action which may result in criminal liability for fraud or embezzlement, insolvency crimes, competition crimes, bribery or cor-

ruption by an employee of Supplier or third parties, Kautex shall be entitled to suspend or terminate all existing legal transactions with Supplier without notice and/or to break off all negotiations, without prejudice to the rights under clause 18.

- 20.4 In case of a cancellation or other termination of the Delivery Contract, Supplier must return all items provided by Kautex, including all drawings and other documents, appliances and tools.

21. Confidentiality

- 21.1 The Parties will treat all confidential information they have directly or indirectly received from the other Party as confidential. Orders and all of the commercial and technical details related to them must also be treated as confidential information. In particular, all illustrations, drawings, calculations, quality guidelines, samples and similar items received from the other Party must be kept secret. Confidential information may only be reproduced or disclosed within the scope of business requirements. Such information may only be disclosed to third parties upon prior written consent.
- 21.2 The above obligations do not apply to confidential information as to which the receiving Party can prove that it
- was already in the public domain at the time of its disclosure or came into the public domain thereafter through no fault of the receiving Party,
 - was already in its possession at the time of disclosure,
 - was provided to it by a third party which did not require the receiving Party to maintain confidentiality and to not use the confidential information, provided that such third party did not directly or indirectly receive it from the other Party,
 - must be disclosed to the authorities under statutory regulations.

- 21.3 Supplier agrees to oblige any sub-suppliers to comply with the same scope of non-disclosure duties. Supplier must not use the information disclosed to it by Kautex for any use other than that for which it was intended.
- 21.4 The duty of confidentiality shall survive the termination of the delivery relationship for a period of five (5) years. Supplier agrees to return all received confidential information to Kautex upon the termination of the delivery relationship, provided it is in tangible form or has been stored on electronic storage media. The fulfillment of these duties under the two last sentences must be confirmed in writing to Kautex by Supplier upon Kautex's request.

22. Miscellaneous Provisions

- 22.1 Should a provision of these TCP prove to be invalid, illegal or unenforceable, such provision shall be deemed to be modified or restricted to the extent necessary to make such provision a valid, legal and enforceable provision. If such modification or restriction is not possible, the invalidity of one or several provisions shall not affect the validity of the remaining provisions of these TCP or the validity of the Delivery Contract or any other agreement.
- 22.2 Supplier must not assign any part or all rights or duties under the Delivery Contract without the prior written consent of Kautex.
- 22.3 Supplier must not employ one or more subcontractors for the fulfillment of all or a part of any Delivery Contract without the prior written consent of Kautex.

23. Governing Law, Jurisdiction, Place of Performance

- 23.1 The contractual relations between Kautex and Supplier will be governed by the law of the Federal Republic of Brazil excluding the United Nations Convention on the International Sale of Goods (CISG).
- 23.2 The place of jurisdiction is the court of the city of São Paulo, Brazil, regardless of any other court, privileged or not.
- 23.3 Place of performance for all duties under a contract is the Kautex site to which the Parts shall be delivered or where the Services shall be rendered as stated in



the S2MSA/Scheduling Agreement or any Scheduling Agreement Release or any Single Purchase Order.