

Standard Terms and Conditions of Purchase for the Auto- motive Technology of Kautex Textron GmbH & Co. KG

1. Applicability and Scope

- 1.1 Kautex Textron GmbH & Co. KG ("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 will also apply in all cases in which Kautex has accepted Supplier's deliveries without objecting to terms and conditions of Supplier that deviate from these TCP (whether or not Kautex is aware of such terms). Kautex hereby expressly objects to all references or notifications by Supplier regarding the application of its general terms and conditions of sale and delivery (e.g. in offers) or other differing terms. 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, which 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 relating 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
- 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,
 - 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 Scheduling Agreements shall be specified by Scheduling Agreement Releases/Blanket Order 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 [SMS]) are not binding and do not create a contractual relationship. Any oral 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 apply in the following order:

(i) In the case of the delivery of serial parts

- S2MSA (including Scheduling Agreements/Blanket Order Releases and Scheduling Agreement Releases/Blanket Order Releases) and/or possible updates of an S2MSA
- MSA
- TCP
- GSM

(ii) In the event of 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/Blanket Order 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/Blanket Order Release the Products that are not listed in the relevant Production Release and Material Release of the relevant Scheduling Agreement Release/Blanket Order 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/Blanket Order Release. If there is no information on the Material Release in a Scheduling Agreement Release/Blanket Order Release, the following shall apply: eight (8) weeks in case of agreed sea shipment and otherwise four (4) weeks, in each case as of the date of the Scheduling Agreement Release/Blanket Order 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 actual and documented costs for purchasing the raw materials 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/Blanket Order Release, Kautex will send a non-binding forecast of the anticipated Scheduling Agreement Releases/Blanket Order Releases for the following months. Supplier must keep sufficient production and delivery capacities available to satisfy these anticipated Scheduling Agreement Releases/Blanket Order Releases; Supplier must accept and be able to satisfy all of the received Scheduling Agreement Releases/Blanket Order 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/Blanket Order 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/Blanket Order Releases, then Supplier must object in writing to the Scheduling Agreement Release/Blanket Order 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/Blanket Order Release will be binding for Supplier.
- 3.5 All forecasts are to be understood as rolling forecasts so that each period in a forecast will be extended by the periods that expire at the same time; this will apply until Kautex sends to Supplier a new Scheduling Agreement Release/Blanket Order Release with a 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. VAT 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. These payment periods shall start on the earlier of the date of receipt of the 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. Other modes of payment and credit/payment offset procedures must be agreed to separately between the Parties in order to apply.
- 4.5 Unless credit/ payment offset procedures have been agreed with Supplier, Kautex can only review and process invoices if they comply with the requirements of Sec. 14 German Value Added Tax Act and include the order number and article number as set out in the purchase order. 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’s site must additionally indicate the location of the tools on the invoice. Kautex will be entitled to, and will, reject in particular invoices for the delivery of tools if:
- an incorrect VAT Identification Number or an incorrect country-specific VAT Identification Number for the buyer of the tools was stated,

- the stated national VAT deviates from the actual country in which the tool is used,
- the statutory reference for tax-free billing is missing,
- the stated amount of VAT was not provided in local currency.

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

- 4.7 Notwithstanding Sec. 354a German Commercial Code, Supplier is not entitled to assign its claims under the delivery relationship with Kautex or have them collected by third parties without the written consent of Kautex.
- 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 Upon the full payment of the purchase price, title to the Parts shall pass to Kautex. Any prolonged or extended retention of title to the goods by Supplier is hereby excluded.
- 4.10 A set-off of Supplier's claims against Kautex is only permitted in the case of uncontested or finally adjudicated claims.

Supplier may only use its right of retention in relation to Kautex if Supplier's counterclaim on which it bases its right of retention is derived from the same contract and is uncontested or has been finally adjudicated.

- 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/Blanket Order 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 customary to the automotive industry and/or specified in the S2MSA (including the Scheduling Agreement) or these TCP or in a Single Purchase Order (particularly Incoterms 2010) at the place of receipt or collection ("Delivery Address"). Provided the Parties do not agree on any terms of delivery, in case 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, Supplier shall pay a penalty of Euro 250.00 for each such delivery.

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 must provide a Supplier's Declaration pursuant to Council Regulation (EC) No. 1207/2001 of 11 June 2001 (OJ of 21.06.2001, L 165/1) on the preferential origin of the Parts. No later than at the time of the delivery, a certified annual Supplier's Declaration (Long-term Supplier's Declaration) must be delivered. This declaration must be renewed without further request by Kautex prior to the expiration of such period. Each change regarding the origin of the Parts must be disclosed to Kautex without undue delay. 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/Blanket Order 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 Parts delivered prior to the Delivery Dates set out under clause 6.1 or excess deliveries at the risk and cost of Supplier until the applicable Delivery Date.

If Kautex accepts premature deliveries or excess deliveries on this basis, Kautex nevertheless need not make payment at an earlier date than the due date pursuant to 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 Euro 250.00 for each event of delayed delivery. 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 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 *force majeure*, labor disputes (strike and lock-out), 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) 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/Blanket Order and new Scheduling Agreement Releases/Blanket Order Releases on this basis reflecting the revision status therein.
- 8.4 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.
- 8.5 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/Blanket Order and new Scheduling Agreement Releases/Blanket Order 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.
- 8.6 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 the "Kautex 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 regulations or documents from Kautex, it shall comply with them with respect to the workmanship and properties of the Parts. 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 statutory provisions of the following countries: the member states of the EU, 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 notice to Kautex of at least six (6) months prior to the start of the dismantling or relocation of production machinery. Supplier 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.

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 will notify to Supplier without undue delay after discovery of any other defects which Kautex only discovers during processing or while putting the Parts to their intended use 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 field campaigns 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 supplementary apply, 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 that constitute "Production Material" 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, 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 Actions

To the extent a recall, an owner notification program or any other field action may be required to comply with a law, regulation, order or other governmental requirement or as a safety measure to avoid personal injury or death, or a field or service action takes place due to a decision of Kautex customer, Kautex shall inform Supplier – where possible and reasonable - of the content and scope of such recall , owner notification program or field action and shall grant Supplier the

opportunity to comment on such action. All other contractual and/or statutory claims of Kautex vis-à-vis 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 (Sec. 254 German 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 will be liable for its representatives, agents or subcontractors in the same way as for its own conduct. The same applies to its sub-suppliers.

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 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 any amounts Kautex has already paid to Supplier or which have been 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 VAT) 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 VAT) 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. Supply 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 serial production of the Parts. 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/Blanket Order 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 Un-

- ion, 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 Clause 16.1 shall not apply if 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.
- 16.3 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.
- 16.4 The limitation period for claims under this clause 16 shall be three (3) years from 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 inure to the benefit and title of 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 Germany 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 contract/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 releases, 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/Item 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/Blanket Order without any notice period.

Details are provided in the GSM.

19. Compliance with 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 14001:2004 (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 that must be afforded special treatment due to laws, regulations or other provisions or due to their composition and impact on the environment, such as in relation to transport, packaging, labeling, storage, treatment, manufacture and disposal, it is mandatory that Supplier complies with the statutory provisions of the countries in which Supplier does business, as well as of the countries to which the products are delivered (namely to the Kautex plants) and to the countries to which the final Kautex product is delivered.
- 19.3 In particular, Supplier is responsible for complying with applicable hazardous goods regulations. In particular, Supplier shall ensure that only specially trained personnel is assigned to handle hazardous goods and substances and that only licensed devices, containers and facilities are used to transport such hazardous goods and substances on public roads. Supplier must provide an overview and

material safety data sheets of all hazardous goods and substances it used to perform the Delivery Contracts.

- 19.4 Supplier shall ensure that the requirements of the EU Chemicals Regulation REACH (Regulation (EC) No. 1407/2006, OJ. EU of 30.12.2006) – hereinafter referred to as "REACH" – are met, particularly timely preregistration and registration. Kautex is in no way obliged to conduct the (pre-) registration.

Supplier is aware that the Parts may not be used if the REACH requirements are not fully and properly met. Details are provided in the GSM.

- 19.5 If Supplier has culpably entered into an arrangement with a third party regarding the Parts or deliveries that are the subject matter of this agreement or if it has otherwise engaged in conduct constituting an unlawful restriction of competition within the meaning of applicable competition laws, Supplier must pay 8 % of the net billing amount of the scope of delivery affected by this competition law violation to Kautex as liquidated damages, provided Supplier cannot prove that Kautex incurred no or less damages. Supplier's obligation in this respect shall survive the termination or fulfillment of the relevant Delivery Contract and/or any framework agreement. Other or additional contractual or statutory claims by Kautex shall remain unaffected by this provision; in particular, Kautex may claim greater damages upon corresponding proof of damages.

- 19.6 Supplier will fully indemnify Kautex for all consequences, including, but not limited to, Kautex' damages and the claims by third parties against Kautex resulting from Supplier's culpable failure to comply with or fulfill the foregoing provisions of this clause 19 or Part C of the GSM, respectively, fully or on time.

20. Suspension/Cancellation/Rescission of Orders/Contracts

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

- 20.1 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) 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 corruption 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

- 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 laws of the Federal Republic of Germany excluding the United Nations Convention on the International Sale of Goods (CISG).
- 23.2 Exclusive place of jurisdiction is Bonn, Germany. Kautex is entitled to sue Supplier before any other court or otherwise to avail itself of the courts to make a claim against Supplier.
- 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/Blanket Order or any Scheduling Agreement Release/Blanket Order Release or any Single Purchase Order.