



**Yokohama Industries Americas Inc.**

**Terms and Conditions of Purchase**

**Date: January 21, 2022**

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These Terms and Conditions of Purchase (the Terms) are incorporated into every Purchase Order through which Yokohama Industries Americas, Inc., Inc. (Buyer) purchases Goods from any supplier (Seller). The particular Seller is the entity designated as such on the Purchase Order. As used in these Terms, the Purchase Order means not only the Purchase Order itself, but also the Terms, any Releases, and any other incorporated documents, as well as any modifications to any of these documents. As used in the Terms, the Goods are the products, parts, components, Tooling, matters, services, or materials (including related documentation and the source code and object code of any software) the delivery of which is the subject of the Purchase Order.

## **1. Application**

- 1.1. The Purchase Order governs Seller's deliveries of the Goods to Buyer. Buyer objects to any other terms or conditions, including any terms of Seller or any additional or contradicting terms or conditions in any offer or acceptance of Seller, which are not part of the agreement between the parties. No action or inaction on the part of Buyer, including acceptance of or payment for any Goods, is an acceptance of any terms other than the Terms.
- 1.2. The Purchase Order is the entire and final agreement between Buyer and Seller, and supersedes any prior or contemporaneous negotiations or agreements regarding the Goods.
- 1.3. The Purchase Order may not be amended or modified, nor may any collateral agreements be formed, unless the amendment, modification, or agreement is in a writing signed by Buyer that expressly references the Purchase Order or these Terms.
- 1.4. In the event of any conflict between the Purchase Order, these Terms, the Supplier Requirements Manual, or any other documents, the documents control in the order that they are listed in this section 1.4.

## **2. Offer and Acceptance**

- 2.1. A Purchase Order is Buyer's offer to Seller. Until it is accepted under section 2.2, Buyer may revoke any Purchase Order at any time without incurring any liability to Seller.
- 2.2. Seller accepts the Purchase Order, in its entirety and without modification, by agreeing to it in writing or taking any step in furtherance of performing its obligations under the Purchase Order, including engineering, design, development, or manufacturing work, procuring raw materials or equipment, or beginning to manufacture the Goods.

### **3. Fixed-Quantity and Requirements Contracts**

- 3.1. **Fixed-Quantity Contracts:** If the Purchase Order states a specific quantity (other than “0,” which indicates a 100% requirements contract under section 3.2), the Purchase Order is a fixed-quantity contract. Seller must supply Buyer with the specified quantity of Goods, and Buyer must purchase from Seller that quantity of Goods at the price indicated. Seller must deliver the Goods to the locations and at the times in the Purchase Order or in any Release issued by Buyer.
- 3.2. **100% Requirements Contracts:** If the Purchase Order does not state a specific quantity, or if the Purchase Order states the quantity as “0,” “REQ,” “100% REQ,” “100%,” “AS REL,” “as released,” or similar, the Purchase Order is an exclusive 100% requirements contract. Buyer must order exclusively from Seller all of the Goods that Buyer may need during the Term of the Purchase Order (as defined below). Seller must deliver to Buyer all of the Goods so ordered, and Buyer must pay for those Goods as stated in the Purchase Order. Seller must deliver the Goods in the quantities, at the times, and to the locations in any Release issued by Buyer. Buyer’s needs for the Goods are determined primarily by the needs of Buyer’s customer. Buyer will determine its needs for Seller’s Goods, including quantities and delivery dates, and communicate those quantities and delivery dates to Seller through Releases.
- 3.3. **Less-Than-100% Requirements Contracts:** If the Purchase Order states the quantity as a specific percentage of Buyer’s requirements that is less than 100% (such as “70% REQ,” “70%,” or similar), the Purchase Order is a requirements contract, and is exclusive to Seller as to the indicated percentage of Buyer’s requirements. Buyer will order exclusively from Seller the indicated percentage of the Goods that Buyer may need during the Term of the Purchase Order (as defined below). Seller must deliver to Buyer all of the Goods so ordered, and Buyer must pay for those Goods as stated in the Purchase Order. Seller must deliver the Goods in the quantities, at the times, and to the locations in any Release issued by Buyer. Buyer’s needs for the Goods are determined primarily by the needs of Buyer’s customer. Buyer will determine its needs for Seller’s Goods, including quantities and delivery dates, and communicate those quantities and delivery dates to Seller through Releases.

### **4. Firm Delivery Dates and Quantities / Capacity**

- 4.1. The Purchase Order or Release may specify a firm quantity of Goods or a firm quantity of raw materials or components, as well as a firm delivery date. All firm quantities and delivery dates are binding on both Buyer and Seller.

- 4.2. Seller acknowledges that the automotive industry runs on “just in time” inventory, and therefore time is of the essence for all obligations of Seller under the Purchase Order, including for the firm quantities and delivery dates identified in the Purchase Order or in any Release.
- 4.3. Unless otherwise agreed to in writing between the parties, the only quantities on a Blanket Purchase Order Release or a new Purchase Order that are firm are those shown with a fixed quantity and delivery date. Buyer will place Purchase Orders or Releases for firm quantities at least two weeks before the due date. Seller must also maintain four weeks of work in process and four weeks of raw material.
- 4.4. Unless expressly identified as firm, all quantities and delivery dates in the Purchase Order, any Release, or any other document are estimates, are for planning purposes only, and Buyer has no obligation to Seller for them except as stated in section 4.3.
- 4.5. If Seller delivers Goods in advance of Buyer’s firm delivery schedule, Buyer may either: (A) return the Goods at Seller’s expense for proper delivery; or (B) withhold payment for the Goods until the scheduled delivery date and place such Goods in storage, at Seller’s expense, until the scheduled delivery date.
- 4.6. Delivery must be made FCA (Seller’s Dock) (Incoterms 2010) to Buyer and must include the return of the packaging in circulation to Seller.
- 4.7. Seller must notify Buyer immediately in writing of any delays that become apparent.
- 4.8. If it becomes apparent that Seller will be permanently unable to meet the delivery dates, Seller must, at Buyer’s request, surrender all tools and other devices required for production of the Goods so that Buyer may produce or have a third party produce the Goods. Buyer’s rights to claim damages are not affected by that request, and Buyer expressly reserves all of its repossession rights and remedies, including the right to claim further damages under any security interest, lien, lease, gratuitous bailment, or any other document that Buyer and Seller may enter into.
- 4.9. Seller must maintain sufficient capacity to satisfy any quantities, including 115% of any estimated quantities, in the Purchase Order or any Release.

## **5. Price and Payment**

- 5.1. Each price in the Purchase Order is a fixed price and represents the total price for the manufacturing and delivery of Goods under the Purchase Order. Seller may not adjust

prices or invoice additional costs of any nature whatsoever. The prices do not include applicable sales tax, which will be added from time to time.

5.2. Invoicing:

- (A) Seller will invoice Buyer upon delivery of the Goods. Invoices and packing lists must be sent to locations identified by Buyer. For shipments that will cross national borders (exports), the required documentation must be provided to parties identified by Buyer no later than the time of shipment.
- (B) Buyer may reject any invoice that does not show the complete Purchase Order number, Release number, and any other numbers necessary to identify the contract under which the Goods were manufactured and delivered, as well as any invoice that does not comply with applicable laws and regulations. If Buyer rejects an invoice, payment is due based on the date Buyer receives a corrected invoice.

5.3. Buyer will pay for conforming Goods at the price stated in the Purchase Order. Payment terms are stated on the purchase order, but if not stated are 2%/10 Net 60 days. Unless otherwise stated, all payments are in U.S. dollars and include all storage, handling, packing, freight, insurance, taxes, duties and any other charge of any nature. Seller represents and warrants that the prices charged to Buyer are no less favorable than those that Seller extends to its most-favored customers for like goods and services.

5.4. Buyer's liability for any of the Goods is limited to the price for those Goods shown on the Purchase Order or Release.

5.5. Buyer is not obligated to pay for defective deliveries until the defect is resolved.

5.6. Seller may not assign to, or have collected by, third parties any of Seller's claims against Buyer. If Seller assigns Seller's claims against Buyer to a third party without Buyer's prior written consent, Buyer may at its choice discharge its obligation either toward Seller or toward the third party.

5.7. If Buyer's customer requires Buyer to reduce Buyer's price during the term of the Purchase Order, then Seller must also reduce its price to Buyer in a proportionate amount.

**6. Duration**

6.1. The duration of the Purchase Order is the life of each vehicle program into which the Goods are ultimately incorporated, including model refreshes as determined by Buyer's customer or ultimate OEM end customer, and including any period during which Buyer

will provide service or replacement parts incorporating the Goods to Buyer's customer (the Term). The Term may be lengthened or shortened as a result of Buyer's customer or ultimate OEM end customer increasing or decreasing the life of the applicable vehicle program. Nothing in this section affects Buyer's rights to terminate the Purchase Order in section 30.

- 6.2. Seller may not terminate the Purchase Order before the end of the Term.
- 6.3. Upon the expiration or termination of any Purchase Order, Seller will cooperate with Buyer and provide all reasonably requested support and information required by Buyer to facilitate Buyer's sourcing of the Goods to a replacement Seller.

## **7. Packaging, Shipping, and Proof of Origin**

- 7.1. All Goods must be properly packed, labeled, and shipped in order to ensure the lowest transportation costs, using customary care and diligence. The Goods must be packed according to the packaging specifications of Buyer and all applicable laws and regulations. Seller will be liable for any damage due to faulty packaging.
- 7.2. Seller must immediately obtain all documents and other information required under customs provisions or any other applicable federal or state provisions, including drawback documents, proofs of origin, and other information relating to the origin of the Goods and the materials they contain under commercial law or provisions governing preferential trade.
- 7.3. If Buyer determines a carrier or a means of transport, Seller must ship the Goods with that carrier and means of transport.

## **8. Subcontracting**

- 8.1. Seller may not subcontract any of its obligations under a Purchase Order without the express written consent of Buyer.
- 8.2. Regardless of whether Seller subcontracts any of its obligations under the Purchase Order, Seller remains directly responsible to Buyer for the performance of those obligations.

## **9. Force Majeure**

- 9.1. Any delay or failure of either party to perform its obligations under the Purchase Order will be excused to the extent that Seller is unable to produce, sell, or deliver, or Buyer is

unable to accept delivery, buy, or use, the Goods, directly as the result of fires, floods, windstorms, explosions, riots, natural disasters, wars, and sabotage (excluding all labor issues) (collectively, a Force Majeure Event). Written notice of the Force Majeure Event (including the anticipated duration of the delay) must be given by the affected party to the other party as soon as possible (but in no event more than 10 days after the Force Majeure Event occurs).

- 9.2. During any Force Majeure Event affecting Seller's performance, Buyer may, at its option, purchase the Goods from other sources and reduce its delivery schedules to Seller by those quantities, without liability to Seller, or require Seller to provide Goods from other sources in quantities and at times requested by Buyer at the price in the Purchase Order.
- 9.3. Seller will use all diligent efforts to ensure that the effects of any Force Majeure Event are minimized and, as promptly as possible, resume full performance under the Purchase Order. If requested by Buyer in writing, Seller will, within five days after Buyer's request, provide adequate assurances that the delay in Seller's performance resulting from the event will not exceed 30 days. If the delay lasts more than 30 days or Seller does not provide those adequate assurances, Buyer may immediately terminate the Purchase Order without liability to Seller.

## **10. Quality and Compliance with Specification**

- 10.1. All Goods, including prototype and production parts, delivered under the Purchase Order must strictly comply with the Specification. The Specification includes each drawing and written specification approved by Buyer. Buyer may revise or amend the Specification on its own initiative or at the request or suggestion of the Seller. If, during the course of production of any prototype, Seller develops any changes or improvements that it has verified are suitable for the intended purpose and required quality of the Goods, Seller must inform Buyer of that change or improvement so that Buyer may consider amending the Specification accordingly.
- 10.2. Seller must comply with the accepted state of the art, as well as the agreed Specification, the agreed quality, environmental, safety, and testing rules and regulations, and the agreed technical data. Any change of the Goods or of materials, tools, or production processes (including the location of manufacture) requires the prior written consent of Buyer, and Seller acknowledges that it may often also require the prior written consent of Buyer's customer. Seller must review the Specification and notify Buyer immediately of any modifications that may be necessary.

- 10.3. Buyer reserves the right to make, or require Seller to make, modifications to the Goods, the Specification, or the production processes at any time. Seller will, within ten days of the date it is notified of a modification by Buyer, demonstrate the effects of the modification on the price and delivery date through a cost breakdown and other appropriate documentation. If the modification requires any deviation in price or delivery date, Buyer and Seller will agree on an appropriate adjustment in writing.
- 10.4. Seller must comply with the YIA - Supplier Requirements Manual (the SRM) located at <https://www.yokohamaia.com/suppliers>, and any additional requirements that both parties agree upon in writing. The SRM may be periodically updated, revised, and amended, and it is the Seller's obligation to comply with the current SRM at all times. Seller's acceptance of the Purchase Order also constitutes Seller's certification regarding the SRM.
- 10.5. Seller must observe the standards, statutes, and other rules and regulations relevant to the Goods of the countries in which the products containing the Goods are marketed and are manufactured, including VDE provisions for electrical parts, the End of Life Vehicles Directive, the Regulation on the Carriage of Dangerous Goods, and REACH. Seller will provide to Buyer all required inspection documents and certificates. Furthermore, Seller will, at Seller's cost, feed the required information into corresponding systems that serve to comply with the provisions listed in this section (such as the International Material Data System).
- 10.6. Seller will control the quality of the Goods in regular intervals and will present the agreed inspection documents to Buyer. Seller will inform Buyer immediately and in writing of any quality problems with the Goods.
- 10.7. Buyer has the right upon advance notice to reasonably check compliance with the provisions of this section and to inspect the corresponding records at Seller's premises. Seller will support Buyer, make records available, and provide information as required.
- 10.8. To the extent that any public authority competent for motor vehicle safety, emissions rules, or the like requests access to the production process and the inspection documents of Buyer, Seller will, on Buyer's request, grant the authorities the same rights at Seller's premises and provide all reasonable support.

## 11. **Competitiveness**

Maintaining the competitiveness of the Goods is of critical importance to the parties' commercial relationship. Competitiveness of the Goods is ensured if the Goods

correspond to comparable goods of Seller's competitors in terms of prices and technology. If a comparable product is offered to Buyer at competitive conditions, Buyer will notify Seller in writing and will set a reasonable period of time, not less than 30 days, for Seller to restore full competitiveness of the Goods. Upon receiving that notice, Seller will promptly prepare a plan of actions that Seller will take in order to restore competitiveness of the Goods, and will furnish Buyer with that plan, together with a corrected offer. Through the corrected offer, Seller will restore competitiveness of the Goods within the period of time set by Buyer. Seller's obligation to maintain competitiveness is a material contractual obligation.

## **12. Notice of Defects**

- 12.1. Buyer is not required to perform incoming inspections of any Goods, and Seller waives any right to require Buyer to do so. Payment by Buyer is not acceptance of nonconforming Goods. Any inspection by Buyer or its customer is not acceptance of the Goods or a waiver of strict performance and does not relieve Seller of any liability or warranty for the Goods.
- 12.2. Neither any payment made before the detection of defects, nor the acceptance of Goods, nor Buyer's issuance of further Releases means that the Goods are free from defects or that Seller is released from the warranty.

## **13. Warranties and Warranty Claims**

- 13.1. Seller warrants that:
  - (A) all Goods conform to all applicable Specifications and other requirements for the Goods;
  - (B) all Goods are free from any defect in design, workmanship, production, and material;
  - (C) all Goods are of merchantable quality;
  - (D) it is aware of the particular purpose for which the Goods will be used, and that all Goods are fit for that particular purpose; and
  - (E) it conveys good title to Buyer to all Goods free and clear of all liens and encumbrances.

These warranties are in addition to all other warranties provided by law.

- 13.2. Defective Goods are Goods that fail to conform with any warranty in the Purchase Order, including those in section 13.1.
- 13.3. If Seller delivers Defective Goods, Buyer, in its sole discretion, may: (A) request that Seller, at Seller's own risk and expense, rework the Defective Goods or replace the Defective Goods with Goods that conform to the Purchase Order; or (B) if the Defective Goods are already in the production process of Buyer, its customer, or its ultimate original equipment manufacturer (OEM) end customer, at Seller's cost and expense, have the Defective Goods replaced or reworked by Buyer, Buyer's customer, or a third party. If the Defective Goods have already been installed in a product and delivered to Buyer's customer and Buyer does not receive the Defective Goods from its customer for inspection, Seller will accept the determination of Buyer's customer, or Buyer's ultimate OEM end customer, or its agents or contractors (such as a dealer) as a reasonable determination that the Goods are Defective Goods.
- 13.4. Seller must reimburse Buyer for all direct and indirect costs incurred by Buyer or charged to Buyer by its customer in connection with the delivery of a Defective Good (including costs for transport, examination, handling, sorting, dismantling, material, and work).
- 13.5. Seller's warranties and its responsibility for delivering Defective Goods may not be waived, limited, or altered in any way except through a written document signed by Buyer expressly referencing the Purchase Order and this section 13.
- 13.6. The warranty period for delivered Goods begins upon delivery of the Goods and continues through the longest of: (A) 36 months after the initial registration of the end product (vehicle or machine) or, for Goods for retrofitting purposes, from the assembly of the Buyer product; (B) the warranty period provided by applicable law; or (C) the warranty period offered by Buyer's customer to end-users for the Goods installed on or as part of vehicles. If Buyer or any direct or indirect customer, voluntarily or pursuant to a government mandate, makes an offer to owners of vehicles (or other finished products) on which the Goods, or any parts, components, or systems incorporating the Goods, are installed to provide remedial action or to address a defect or condition that relates to motor-vehicle safety or the failure of a vehicle to comply with any applicable law, safety standard, or corrective service action, the warranty will continue for the period of time that may be dictated by the customer or the federal, state, local, or foreign government where the Goods are used or provided.

- 13.7. Nothing in this section waives or alters Buyer's rights with respect to any claims for damages or costs according to any applicable statutes or laws, including any claims under product-liability laws, or any indemnity claims by Buyer against Seller.

#### **14. Recall and Other Field Actions**

If Buyer, its customer, or the manufacturer of the vehicles (or any other end products) into which the Goods, or products, components, or systems containing the Goods, have been assembled performs a recall, any other field- or garage-action, or a customer-service campaign, either upon its own initiative or upon the decision of any public authority (a Recall), Seller will be liable to Buyer for all damages in connection with the Recall to the extent that the Recall results from the delivery of Defective Goods or from any other breach of the Purchase Order by Seller.

#### **15. Liability**

- 15.1. Seller is liable to Buyer for any breach of the Purchase Order. Seller's liability includes Buyer's direct, indirect, incidental, and consequential damages, and any other damages or other remedies available under law or equity. Seller will reimburse Buyer for any attorney's fees, other professional fees, and court costs incurred by Buyer in connection with any breach of the Purchase Order by Seller or any action by Buyer to enforce its rights under the Purchase Order.
- 15.2. Seller must pay Buyer for any loss that is caused by Seller's breach of the Purchase Order, or that arises from or relates to warranty, product-recall, or product-liability claims asserted by any party against Buyer, or that arises from or relates to any injuries to persons, including death, or damage to property caused by Seller. But Seller need not pay for any loss that is caused solely by Buyer's negligence.
- 15.3. As used in this section 15:
- (A) A loss means any amount that Buyer is legally responsible for or pays in any form. Amounts include any judgment, settlement, fine, penalty, damages, cost, or expense, including attorney's or other professional fees. A loss can be tangible or intangible; can arise from bodily injury, property damage, or other causes; can be based on tort, breach of contract, or any other theory of recovery; and includes Buyer's direct, indirect, incidental, and consequential damages and any other damages.

- (B) A loss is caused by an event if the loss would not have occurred without the event, even if the event is not a proximate cause of the loss.
  - (C) Buyer includes its affiliated companies and Buyer's and its affiliated companies' directors, officers, employees, invitees, agents, and customers.
  - (D) Seller includes Seller's employees, subcontractors, and agents.
- 15.4. Seller waives the application of the doctrine of comparative negligence and other doctrines that may otherwise allocate the liability covered by Seller's obligations under section 15.1. Those obligations are in addition to Seller's warranty obligations.
- 15.5. Buyer will notify Seller within a reasonable time after Buyer knows of a claim for a loss that Seller might be obligated to pay. Buyer's failure to give notice within a reasonable time does not terminate Seller's obligation under section 15.1, except to the extent that the failure prejudices Seller's ability to defend the claim or mitigate losses.
- 15.6. Seller, at Buyer's option and at Seller's expense, will defend the claim through counsel approved by Buyer. Seller may not settle the claim without Buyer's written authorization unless the terms of settlement could not materially adversely affect Buyer. In the alternative, Buyer may elect to defend the claim itself, and if Buyer does so, Seller must reimburse Buyer on a monthly basis for all costs and expenses of defense, including attorney's and other professional fees.
- 15.7. If any third party asserts any claim against Buyer under liability without fault that arises from the delivery or performance of Seller and that the third party could also assert against Seller, Seller will indemnify Buyer to the extent Seller would be directly liable to the third party.
- 15.8. **Limitations on Buyer's liability to Seller:** Buyer is not liable to Seller for anticipated profits or for special, incidental, or consequential damages under any circumstances. Buyer's liability for a claim of any kind or for any loss arising out of or in connection with or resulting from each Purchase Order, the Goods, or any other agreement between Buyer and Seller is limited to any amounts due Seller through a termination claim under section 31.
- 15.9. No action by Buyer, including the payment for Goods or acceptance of a later delivery, is a waiver of any of its rights under the Purchase Order, including its rights to pursue any claim against Seller.

## **16. Seller's Financial and Operational Condition**

- 16.1. Seller warrants to Buyer as of the date of each Purchase Order, and repeats on the date of each Release or delivery, that: (A) it is not insolvent and is paying all debts as they become due; (B) it is in compliance with all loan covenants and other obligations, not to exceed quantities in firm production releases; and (C) all financial information provided by Seller to Buyer concerning Seller is true and accurate.
- 16.2. At Buyer's request, Seller will provide copies of its quarterly or annual financial statements to Buyer, Seller will permit Buyer and its representatives to review Seller's books and records concerning compliance with each Purchase Order and Seller's overall financial condition, and Seller will provide Buyer with full and complete access to all books and records for that purpose. If Seller experiences any delivery or operational problems, Buyer may designate a representative to be present in Seller's facility to observe Seller's operations. If Buyer provides to Seller any accommodations (including financial or providing designated representatives) that are necessary for Seller to fulfill its obligations under any Purchase Order, Seller will reimburse Buyer for all costs, including attorney's and other professional fees, incurred by Buyer in connection with the accommodation, and will grant a right of access to Buyer to use Seller's premises, machinery, equipment, and other property necessary for the production of Goods (and a lien to secure the access right) under an access-and-security agreement. Additionally, Seller must provide prompt written notice to Buyer of any impending or threatened insolvency of the Seller.

## **17. Insurance**

- 17.1. Seller must purchase and maintain comprehensive general liability insurance with extended product liability with coverage for assembly and disassembly costs and recall insurance of motor vehicles with an appropriate limit of indemnity, at least \$5,000,000 per occurrence. Seller must provide Buyer with evidence of this insurance, regarding both the objects of insurance coverage and the limits of indemnity, through an annual written confirmation of the insurer.
- 17.2. Seller will require any of its subcontractors to maintain appropriate insurance consistent with section 17.1.
- 17.3. Seller's liability under the Purchase Order is not limited to its insurance coverage or that of any of its subcontractors.

## **18. Proprietary Rights and Rights of Use**

- 18.1. Seller warrants that the use of the Goods as intended by Buyer does not infringe any domestic or foreign patents, utility models, copyrights, or other intellectual-property rights (Proprietary Rights) of any third party. Seller will indemnify Buyer from and against all legal disputes, damage, claims or demands arising out of the actual or alleged infringement of Proprietary Rights by the use or the sale of the Goods. Section 15.2 applies to this duty to indemnify.
- 18.2. Where the use of the Goods by Buyer requires Proprietary Rights of Seller, Seller grants Buyer free of charge the world-wide, irrevocable right to use, sell, repair, or copy the Goods, either directly or through third parties.
- 18.3. If standard user software is the subject of a Purchase Order, the right of use under section 18.2 applies and is freely transferable. Seller must provide Buyer with the required software. Further payment for multiple use is explicitly excluded. Seller warrants that the software is free from any virus or similar defect.
- 18.4. If a Purchase Order contains development work paid for by Buyer, either by means of a unique payment or through the price of the parts, any and all results of that development work, including any Proprietary Rights, are the exclusive property of Buyer.

## **19. Product Labeling**

- 19.1. Seller will label the Goods as specified by Buyer and any applicable laws and regulations. See SRM for clarification.
- 19.2. Any Goods bearing a trademark proprietary to Buyer or provided with corresponding equipment or packed in Buyer original packaging must be delivered by Seller only to Buyer or to a third party designated by Buyer. Seller has no additional right to use the trademark. If trademarked Goods are rejected as defective, Seller will disable them at Seller's cost.
- 19.3. In addition to any other rights under the Purchase Order, if Seller violates this section 19, Buyer may terminate the Purchase Order without notice, and Seller will surrender that which Seller gained from the violation as compensation of the damage incurred to Buyer.

## 20. Tooling and Other Provided Property

20.1. All tools, parts, templates, matrices, measures, devices, jigs, gauges, fixtures, other appurtenances, and related drawings and forms (collectively, “Tooling”), equipment or material, if it:

- (A) is provided to Seller by Buyer, Buyer’s customer, or Buyer’s ultimate OEM end customer;
- (B) has been paid for or is to be paid for directly or through amortization by Buyer; or
- (C) is Tooling identified on the face of any Purchase Order issued by Buyer,

as well as any and all replacements, additions, attachments, accessories, and maintenance (collectively “Provided Property”), are the property of Buyer, its customer, or its ultimate OEM end customer, unless agreed otherwise, and are held by Seller on a bailment basis only.

20.2. Seller may use the Provided Property solely for the production of Goods under a Purchase Order issued by Buyer. Seller may not use the Provided Property for any other purpose or permit others to use it without the Buyer’s prior written consent.

20.3. Seller must clearly mark all Provided Property as property of Buyer, Buyer’s customer, or Buyer’s ultimate OEM end customer. Seller must store all Provided Property safely and separately from Seller’s property. Seller must maintain all Provided Property in good condition and replace it if necessary, all at Seller’s cost. Seller bears the risk of loss of and damage to the Provided Property while the Provided Property is in its possession or control. Seller must insure the Provided Property in the event of loss to an amount equal to the replacement cost that would have to be paid to Buyer, its customer, or Buyer’s ultimate OEM end customer, all at Seller’s cost. Seller assigns all claims for payment against the insurer to Buyer, and Buyer accepts this assignment. Seller must treat the Provided Property carefully and safely and must hold Buyer harmless for any claim, liability, costs, or damages arising from or related to the assembly, use, safekeeping, or repair of the Provided Property. Buyer, Buyer’s customer, or Buyer’s ultimate OEM end customer is entitled to enter Seller’s premises during regular business hours and to inspect the Provided Property and any records relating to it.

20.4. Buyer may remove the Provided Property or demand its surrender at any time and without any reason and without any payment, regardless whether Buyer has terminated any Purchase Order with Seller. Upon a demand by Buyer that Seller surrender any Provided Property, Seller must immediately surrender the Provided Property and prepare

it for shipping (in accordance with the requires of the carrier and Buyer) or deliver it to Buyer or elsewhere, as directed by Buyer. If Buyer chooses to remove the Provided Property from Seller's premises itself, Seller will fully cooperate with that removal. If Buyer directs that Seller deliver the Provided Property to Buyer or elsewhere, Buyer will reimburse Seller for reasonable delivery costs. Seller may not retain the Provided Property, either from outstanding payment demands or for any other reason, and its cooperation with delivery and removal of Buyer's property is not contingent on final payment.

- 20.5. Seller affirmatively waives any lien, whether based in statute or common law, that it might otherwise have on any Goods or Provided Property for any work done on the Goods or Provided Property or for any other reason. Seller assigns to Buyer any claims Seller has against any third party relating to any Provided Property.
- 20.6. If the Provided Property is in the possession of any third party, including any sub-supplier or service provider such as a repair shop, Seller's obligation to cooperate with Buyer's removal of the Provided Property or to surrender the Provided Property under this section 20 includes an obligation to secure the Provided Property's release by the third party. Seller's obligation to secure the Provided Property's release includes the immediate payment of any claims made by the third party and the immediate payment of any amounts necessary to remove, at its own cost, any lien asserted by the third party for any reason. In other words, Seller will immediately take all steps necessary to place the Provided Property in Buyer's possession, including the payment of any amount.

## **21. Tools of Seller**

- 21.1. Seller grants Buyer the irrevocable option to acquire possession of and title to any tools that are necessary for, and specific to, the production of the Goods (Necessary Tools). To exercise this option, Buyer must pay to Seller the Necessary Tools' net book value, less any amounts already paid to Seller by Buyer or amortized via the purchase price of the Goods. Seller warrants to Buyer that it is not using the Necessary Tools for production of goods to any customer other than Buyer.
- 21.2. Seller will provide Buyer with any technical information required by Buyer in order to install, assemble, or use the Necessary Tools. Technical information includes: design, component, and installation drawings; technical documentation, test logs and results, and data; and any other information relating to Goods and Necessary Tools. Subject to Seller's patent rights, technical information may be used and published by Buyer without

any limitation. Design or production information that is subject to any intellectual property right of Seller may be used by only Buyer for its own purposes.

## **22. Delivery of Service and Spare Parts**

For Goods that will be incorporated into products for vehicles, Seller will supply Buyer with 100% of its requirements for service and spare parts for 15 years after the end of production. During this 15-year period, the price will be the price on the most recent production Purchase Order, plus any additional costs for packaging and processing to which Buyer agrees. If requested by Buyer, Seller must provide servicing literature and other materials at no extra cost in order to support Buyer's spare-parts-sales activities.

## **23. Confidentiality**

- 23.1. The parties will treat as trade secrets any and all nonobvious commercial and technical details they learn of through the business relationship created by the Purchase Order. Drawings, models, templates, samples, or similar items may not be made available to unauthorized third parties. The parties may not reproduce any of these items unless permitted within the scope of operational requirements and within the scope of copyright, patent, trademark, or trade-secret law.
- 23.2. Seller may not share any of the information regarding the Goods, Tooling, or Provided Property with any third party, including sub-suppliers, without Buyer's prior written consent.
- 23.3. Seller may not use its business relationship with Buyer for advertising purposes without Buyer's prior written consent.

## **24. Non-Circumvention**

- 24.1. During the Term, Seller will not directly or indirectly compete with or attempt to compete with Buyer for the business that is the subject of the Purchase Order, including any replacement part numbers or programs. Seller will not participate in any market test or requote for this business except as a supplier to Buyer.

## **25. Reservation of Title**

Title to the delivered Goods will pass to Buyer upon delivery. Seller may not prolong or extend any reservation of title.

## **26. Buyer's Right of Setoff**

Buyer or its affiliates may set off any claim, whether due or not due, present or future, that it has or may have against Seller or its affiliates or to offset against any such claim that Seller or its affiliates may have against Buyer or its affiliates.

## **27. Change in Control of Seller**

27.1. A change of control of Seller includes:

- (A) the sale, lease, or exchange of a substantial portion of Seller's assets used for the production of Goods, or Seller's entrance into an agreement for the same;
- (B) the sale or exchange of more than 20% of Seller's stock or other ownership interest (or of such other amount as would result in a change of control of Seller), or Seller's entrance into an agreement for the same; or
- (C) the execution of a voting or other agreement providing a person or entity with control of Seller or control of more than 20% of Seller's stock or other ownership interest (or of such other amount as would result in a change of control of Seller).

27.2. If Seller enters into an agreement for change of control, or an event described in this section occurs, Seller must notify Buyer promptly in writing.

## **28. Default and Remedies for Default**

28.1. Default means:

- (A) Seller's repudiation, breach, or threatened breach of any of the terms of any Purchase Order, including any of Seller's warranties or delivery obligations (e.g., Buyer may terminate any or all of its Purchase Orders with Seller if Seller breaches any one of its Purchase Orders with Buyer);
- (B) Seller's failure to provide Buyer with adequate assurance of Seller's ability to perform timely any of Seller's obligations under a Purchase Order or Release; or

- (C) Seller's failure, after being provided with the notice described in section 11, to remain competitive with respect to price, quality, delivery, technology, payment terms, or customer support.

28.2. In the event of a Default, Buyer may, in its sole discretion:

- (A) waive all or any part of the Default;
- (B) agree in writing to any modification of the Purchase Order;
- (C) terminate the Purchase Order for cause in whole or in part;
- (D) purchase goods in substitution for those to be supplied by Seller under the Purchase Order and charge Seller for any excess costs resulting from that purchase; and
- (E) exercise any other legal or equitable rights or remedies it has.

## 29. Seller May Not Stop Deliveries

Under no circumstances may Seller cease deliveries to Buyer that are required by the Purchase Order. Seller acknowledges that its failure to deliver as required by the Purchase Order will cause irreparable harm to Buyer, and that if it does stop deliveries, preliminary and permanent injunctive relief should be granted in Buyer's favor, compelling Seller to resume and continue deliveries as required by the Purchase Order.

## 30. Termination

30.1. Termination for convenience: Buyer may terminate all or any part of a Purchase Order at any time and for any business reason by giving 30 days' written notice to Seller.

30.2. Termination due to customer termination: If Buyer's customer terminates all or any part of its order with Buyer for any reason, Buyer may terminate all or any part of a Purchase Order by giving written notice to Seller. A notice period of 30 days or of any other length is not required—the termination may be immediate.

30.3. Termination for cause: Buyer may immediately terminate all or any part of a Purchase Order without any liability to Seller in the event of any Default by Seller. If, after termination for cause, it is determined that Seller was not in Default, the rights and obligations of the parties will be the same as if the termination were for convenience under section 30.1.

- 30.4. Termination for change in control: In addition to its other remedies, Buyer may, at its option, terminate the Purchase Order without any liability to Seller if there is a change of control of Seller. Buyer must give Seller 30 days' notice of a termination for change in control.
- 30.5. Termination in event of a Seller Insolvency: Buyer may immediately terminate each Purchase Order without any liability to Seller in the event of a Seller Insolvency. A Seller Insolvency includes: Seller's insolvency; Seller's inability to promptly provide Buyer with adequate assurance of Seller's financial capability to timely perform any of Seller's obligations under any Purchase Order; the filing of a voluntary petition in bankruptcy by Seller; the filing of an involuntary petition in bankruptcy against Seller; the appointment of a receiver or trustee for Seller; or the execution of an assignment for the benefit of creditors of Seller.
- 30.6. Seller may not terminate the Purchase Order.

### **31. Termination Claims and Obligations**

- 31.1. Once it receives notice of termination, Seller, unless otherwise directed in writing by Buyer, must (A) immediately terminate all work under the Purchase Order or Release; (B) transfer title and deliver to Buyer the usable and merchantable finished Goods, work in process, and raw materials and components that Seller produced or acquired in accordance with firm Release amounts under the Purchase Order and that Seller cannot use in producing Goods for itself or for others; (C) settle all claims by subcontractors approved by Buyer on the face of a Purchase Order or in a signed writing, if any, for reasonable actual costs that are rendered unrecoverable by such termination; (D) take actions reasonably necessary to protect all property in Seller's possession in which Buyer has an interest; and (E) at Buyer's request, cooperate with Buyer in resourcing the Goods covered by the Purchase Order to an alternative Seller designated by Buyer.
- 31.2. If the termination is for convenience or for change in control as defined in section 26, Buyer will pay to Seller the following amounts without duplication: (A) the Purchase Order price for all finished and completed Goods that conform to the requirements of the Purchase Order and were not previously paid for; (B) Seller's reasonable actual cost of the usable and merchantable work in process and raw materials and components transferred to Buyer in accordance with section 31.1 and within firm release amounts; (C) Seller's reasonable actual cost of settling claims for Seller's obligations (in the absence of termination) to the subcontractors so long as those costs were approved by Buyer on the

face of a Purchase Order or in a signed writing; and (D) Seller's reasonable actual costs of carrying out its obligations to Buyer under this section.

- 31.3. If the termination is for cause or Seller Insolvency, Seller is not entitled to any further payments by Buyer.
- 31.4. Except as stated in this section 31, Buyer is not be liable for and is not required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for any alleged losses or costs, including loss of anticipated profit, unabsorbed overhead, interest on claims, product-development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, ancillary exit charges (including costs of riggers, warehousing, premium manufacturing costs, loading of trucks, or other standard business procedures related to transitioning production to an alternative Seller), obsolescence costs, or general and administrative burden charges resulting from termination of the Purchase Order or otherwise. Notwithstanding anything to the contrary, Buyer's obligation to Seller upon termination will not exceed the obligation Buyer would have had to Seller in the absence of termination.
- 31.5. Within 30 days after the effective date of termination for convenience or for change in control, Seller must furnish to Buyer its termination claim, together with all supporting data (which will consist exclusively of the items of Buyer's obligation to Seller that are listed in section 31.2). Buyer may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim.

## **32. US C-TPAT (U.S. Customs Service's Customs Trade Partnership Against Terrorism)**

For Goods to be imported into the United States, Seller will either: (A) be certified for deliveries to be made into the United States by the U.S. Customs & Border Protection in compliance with the Customs-Trade Partnership Against Terrorism (C-TPAT), and maintain that certification for the Term; or (B) accept, implement and comply with all applicable Trade Security Programs, including recommendations or requirements of the C-TPAT initiative (<http://www.cbp.gov>). At Buyer's or the Customs Service's request, Seller will certify in writing its acceptance, implementation, and compliance with the C-TPAT and any accompanying recommendation and guidelines. Seller will indemnify and hold Buyer harmless from and against any liability, claims, fines, demands, or expenses (including attorney's or other professional fees) arising from or relating to Seller's failure to accept, implement, or comply with C-TPAT.

### **33. Federal Contracts / Fair Labor Standards**

To the extent required by law, the following clauses relating to contracts with the U.S. Government are incorporated into and made applicable to all purchase orders: (i) the Equal Opportunity clause, 41 C.F.R. 60-1.4; (ii) the Affirmative Action for Disabled Veterans & Veterans of the Vietnam Era clause, 41 C.F.R. 60-250; (iii) the Affirmative Action for Handicapped Workers clause, 41 C.F.R. 60-741; (iv) the posting requirements of Executive Order 13201; and (v) the Federal Acquisition Regulations. Seller will comply with all applicable requirements of sections 6.7 and 12 of the Fair Labor Standards Act, 29 U.S.C. §§ 201 et seq. (“FLSA”) in the performance of work under any Purchase Order, and with all applicable regulations and orders issued under section 14 of FLSA. Seller will indemnify and hold Buyer harmless from and against any liability, claims, fines, demands, or expenses (including attorney’s or other professional fees) arising from or relating to any claim that Seller violated these federal contract requirements or the FLSA.

### **34. Compliance with Laws and Certifications / Toxic Substances / OSHA**

- 34.1. Seller will comply with all applicable laws, rules, regulations, orders, conventions, or standards enacted by the United States of America that regulate the manufacture, labeling, transportation, licensing, approval, or certification of products or services, including those relating to environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health and safety, and motor vehicle safety, and each Purchase Order incorporates by reference all the clauses required by the provisions of those laws, orders, rules, regulations, and ordinances. Among other things, Seller will comply with the Occupational Safety & Health Act, 29 U.S.C. §§ 651 et seq., the Toxic Substance Control Act, 15 U.S.C. §§ 2601 et seq., and any federal, state, or local laws and regulations implementing these or similar federal and state laws that apply to any place of Seller’s performance.
- 34.2. All purchased materials used to manufacture the Goods must satisfy current applicable governmental and safety constraints on restricted, toxic, and hazardous materials, as well as environmental, electrical, and electromagnetic considerations applicable to the country of manufacture and sale. Prior to shipment, Seller will furnish applicable Material Safety Data Sheets as well as information on the safe use and hazards associated with use of the Goods. Seller must be in compliance with ISO14001, TS16949 and ELV or their successors, as amended from time to time, and any other applicable rules and regulations. Seller warrants that neither it nor any of its subcontractors uses or will use child, slave, prisoner, or any other form of forced or involuntary labor, or engages or will engage in

corrupt business practices, in the supply of the Goods under this Purchase Order. At Buyer's request, Seller will certify in writing its compliance with this section.

- 34.3. Seller will indemnify and hold Buyer harmless from and against any liability claims, demands, fines, or expenses (including, without limitation, attorney's or other professional fees) arising out of or in connection with Seller's failure to comply with the provisions of this section.

## **35. General Provisions**

- 35.1. In these Terms, *including* and its variants means *including but not limited to*.
- 35.2. If any provisions of the Purchase Order, any Release, these Terms, or any other related or incorporated documents is found invalid, the validity of the remaining documents and Terms will be unaffected. The parties will replace the invalid provision with a provision that comes as closely as possible in terms of economic results to the invalid provision.
- 35.3. **Governing Law:** The Purchase Order, including these incorporated Terms, is governed by the laws of the state of Kentucky. The provisions of the United Nations Convention on Contracts for the International Sale of Goods do not apply. Any conflict-of-laws or choice-of-law provisions or principles that would require application of the laws of a jurisdiction other than those of the state of Kentucky are excluded.
- 35.4. **Jurisdiction:** The Buyer and Seller agree that any action arising under or relating to a Purchase Order shall be filed in the U.S. District Court for the Eastern District of Kentucky (Lexington Division), if cognizable under that court's jurisdiction; if that court does not have jurisdiction, then the Buyer or Seller may file the case in (or remove the case to) the Woodford Circuit Court in Woodford, Kentucky. The parties consent to the jurisdiction of these courts, without effect of any principles relating to conflicts or choice of law.
- 35.5. **Exclusive Venues:** The exclusive venues in which any dispute arising under or relating to the Purchase Order may be litigated are the Woodford County [Kentucky] Circuit Civil Court and the United States District Court for the Eastern District of Kentucky (Lexington Division). Seller will stipulate to dismiss any lawsuit brought in any court other than these courts may be dismissed as improperly venued. The remainder of this section notwithstanding, Buyer reserves the right to bring a lawsuit in any court with jurisdiction over Seller.