

KAUTEX CHINA GENERAL PURCHASING TERMS AND CONDITIONS

1. Ordering

- 1.1 Exclusively our General Purchasing Terms and Conditions (“Terms and Conditions”) shall apply. We shall not recognize any stipulations of the Supplier which are contrary to or which differ from our Terms and Conditions unless we have expressly consented to such in writing. Our Terms and Conditions shall also apply if we have placed orders without knowledge of terms and conditions of the Supplier which differ from our own.
Once we have placed an order any changes and amendments to the order and the goods to be supplied shall require our written confirmation.
- 1.2 Once we have placed an order any changes and amendments to the order and the goods to be supplied shall require our written confirmation.
- 1.3 In the event of verbal orders, an order shall only be effective if it is confirmed in writing. Preliminary Agreements and General Purchase Contracts do not constitute orders; rather they indicate only non-binding planning information unless the agreement specifically specifies otherwise. We shall in no manner be liable for any purchases of Products until a Purchase Order has been issued for the amount and kind of Products to be purchased.
- 1.4 All the terms, conditions and requirements contained in the Kautex Textron Supplier Manual (“Supplier Manual”) are also incorporated by reference into these. Supplier agrees to comply with the requirements of the Supplier Manual. All Kautex Suppliers are required to maintain a current copy of the Supplier Manual. To obtain copies, contact the relevant Kautex personnel who is responsible for placing the Purchase Order or you may obtain a copy from our website www.kautex.com
- 1.5 We are entitled to demand changes in the Goods in terms of design and model if such an obligation is imposed on us by an automotive manufacturer, provided that the Supplier is given reasonable notice of these changes. The Supplier hereby consents in advance to all changes to orders requested by us with reasonable notice, including the effects of a change such as variations in costs and delivery dates etc.

2. Delivery dates

- 2.1 The delivery dates and delivery deadlines stated in our order/delivery schedule shall be precisely adhered to. These state the point in time when the Goods have to be received by us and the service must be rendered.
- 2.2 If there is a danger of delay in delivery, the Supplier shall inform us how long such is expected to last and the reason for such. In the event that dates or deadlines are not met, we shall be entitled to demand

compensation for any damage, loss or expense incurred due to such delay. Acceptance of the Goods by us does not in any way whatsoever

- 2.3 Deliveries received ahead of the delivery dates may be refused if we do not have sufficient room for storage. Acceptance of Goods ahead of delivery date does not change the payment terms which shall be calculated from the schedule delivery date. Partial deliveries shall only be allowed with prior written consent indicating that the delivery is a partial delivery.

3. Deliveries

- 3.1 Each delivery shall have a delivery note attached to it containing the order data.
- 3.2 Terms of delivery shall be Delivered Duty Paid (Incoterms @2010) at Kautex facility, unless otherwise agreed in writing.

4. Prices

Prices include shipment to the point of receipt including packaging and insurance.

5. Payment

- 5.1 We reserve the right to review all the invoices for goods and services supplied to us for accuracy and compliance with our Terms and Conditions of Purchase.
- 5.2 Subject to Article 5.1, we shall effect payment in accordance with the agreed-upon terms and conditions of payment after receiving the Goods and the relevant invoice. The specific payment terms shall be as provided in the General Purchase Contract.

6. Quality and documentation

- 6.1 The Supplier shall be responsible for its deliveries conforming to the recognized rules of technology, safety and other provisions, including relevant People's Republic of China regulations, the agreed-upon technical data (including DIN standards) and warranted characteristics.
- 6.2 The stipulations set out under VDA and QS 9000 shall apply to the first sample and series deliveries in the version the orders were placed. For additional information please refer to the Supplier Manual.
- 6.3 The Supplier declares itself willing to provide support in the areas of manufacturing and logistics and quality improvement and comply with our directives concerning these matters.
- 6.4 With regard to parts specially labeled in the technical documents or through special references or separate notes or other means, the Supplier shall furthermore keep special records of when, in what manner and by whom the Goods have been checked to confirm that they show the features set out in the documentation and which results the required quality tests have produced. The testing documents shall be kept for 15 years and submitted to us upon request. The Supplier shall impose the same obligations upon its suppliers. The stipulations of the VDA or QS 9000 shall apply in the version applying upon the Supplier's acceptance of our order.

7. Period of Supply

The Supplier guarantees that it will be able to supply the Goods and spare parts for the Goods for a total of 15 years after discontinuation of serial production of the Goods.

8. Notice of defect

- 8.1 After receiving the Goods, we shall check the Goods within a reasonable period of time for defects which can be determined by means of visual inspection, measurement and weighing (“Obvious Defects”). We shall not be obligated to carry out inspections which require the removal of the packaging, separation of individual parts in a packing drum, the use of chemical or physical inspection methods, trial processing and similar and which require measurement or trial with moulds, tools and other facilities or parts of equipment; defects detected in this manner shall be deemed to constitute hidden defects.
- 8.2 We shall notify the Supplier without undue delay in writing as soon as the Obvious Defects and any other type of defects are found. Provided we notify Supplier in a timely manner following discovery of any defects then the Supplier waives any objection to late notice of defect.

9. Warranty

- 9.1 Supplier warrants that the Goods and services supplied to us will conform to the specifications, drawings, samples, or descriptions furnished by us, and will be, of good material and workmanship and free from defect.
- 9.2 If the Goods are found to be defective, we shall be entitled to request replacement, retouching, reduction in price or cancellation of the order as we see fit. Claims for damages shall not be excluded by any warranty rights. If the Supplier does not comply with a warranty claim within a reasonable amount of time, we shall be entitled to remove the defects at the expense of the Supplier. Where some, but not all, of the Goods in any given order are defective, we shall be entitled to cancel the entire order, or to demand compensation for non-compliance. In the event of defects in partial deliveries, we shall also be entitled to rescind the order, including with regard to still-outstanding partial deliveries or to refuse acceptance of such deliveries and to press claims for damage as a result of non-performance.
- 9.3 The Supplier agrees to the following warranty periods:
- 9.3.1 The Supplier is aware that the Goods are for further use in automotive manufacturing and that we are subject to particularly long warranty periods with automotive manufacturers. The Supplier shall assume the warranty periods as the automotive manufacturer imposes on us for whose production the Goods are ultimately destined. The Supplier shall receive a copy of the warranty stipulations of the respective automotive manufacturer upon request. The Supplier shall moreover be entitled at any time (if this is not contractually excluded in the relationship between ourselves and the automotive manufacturer) to peruse the warranty agreements between ourselves and the automotive manufacturer.
- 9.3.2 In the event that the Supplier is by way of exception not aware of such warranty periods which have been agreed upon by ourselves with the automotive manufacturer for whose production the Goods are ultimately destined, the following shall apply: if the goods are destined for integration in motor vehicles which are to be delivered to North America (Canada, the U.S. and Puerto Rico), the warranty period shall expire after 60 months or 70,000 miles commencing with the initial registration of the motor vehicle or integration of spare parts no later than 72 months after delivery to us; if the goods are destined for integration in motor vehicles which are to be supplied to other regions, of the motor vehicle or the first insertion of spare parts no later than 48 months after delivery is effected to us.
- 9.3.2 The following shall apply in the event that the Supplier is not aware of the warranty periods which have been agreed upon between ourselves and the automotive manufacturer in whose motor vehicle the Goods supplied are to be integrated nor the region in which the motor vehicles are to be delivered: warranty shall terminate 24 months after delivery has been effected with us.

10 Liability and damages

- 10.1 The Supplier shall be liable for any loss, damage or injury to any property, person or entity resulting directly or indirectly from a defective Good, delay in delivery, violation of statutory or government regulations or any other breach by the Supplier.
- 10.2 The Supplier shall be liable for and indemnify us against any and all claims, damages and expenses (including legal/attorneys' fees) from third parties arising out of (a) Supplier's breach, (b) any defect in the Goods and (c) errors, omissions, negligence or other wrongful conduct of the Supplier or its agents or subcontractors.

11. Intellectual property

- 11.1 The term Kautex Confidential Information shall be defined to include all information provided by us or on our behalf by our affiliates or other suppliers after the date of the General Purchase Contract, including all technical information (including without limitation drawings, formulas, specifications, blueprints, computer code), manufacturing process information and techniques business information (including without limitation strategic plans, customer lists, legal agreements, PowerPoint presentations), financial information (including without limitation price lists, cost information, supplier list, supplier pricing), and other information whether written, oral, graphic, computer based or other which is disclosed by us to you. You will keep confidential all such Kautex Information and not disclose it to anyone without our express written permission unless required by law. In such instance you will promptly advise us of the reason for the disclosure and assist us in limiting the disclosure so that it will not work to our competitive disadvantage.
- 11.2 Supplier warrants that the Goods purchased hereunder as well as the technology or technical information that come with the Goods will be free from infringement of the rights of any third party, including, but not limited to, any copyright, patent, trademark, trade secret or other personal or proprietary rights ("Intellectual Property"). Supplier shall indemnify, defend and hold us and our customers and users from and against any claims, demands, losses, suits, damages, liability and expenses (including legal/attorneys' fees) arising out of any suit, claim, or action for actual or alleged, direct or contributory, infringement of, or inducement to infringe on, or misuse or misappropriation of any present or future Intellectual Property by reason of the manufacture, use or sale of the Goods provided to us by or through Supplier.
- 11.3 The Supplier shall not be liable if he has manufactured the Goods supplied with manufacturing material we have provided and the violation of Intellectual Property rights results therefrom.

12. Manufacturing material/Sale to Third Parties

- 12.1 We shall retain title to drawings, engravings, models, templates, samples, labels, films, tools, molds press rollers, etc. ("Manufacturing Material"), which we provide to the Supplier.
- 12.2 Should such Manufacturing Material be provided by the Supplier, the Supplier shall be obligated to transfer title of these to us if the Supplier is remunerated for such by us.
- 12.3 In no instance may our Manufacturing Material be transferred or made available to any third party in any way without our prior written consent. Our Manufacturing Material may only be reproduced upon our written consent and shall be returned to us immediately upon request.
- 12.4 Unless otherwise agreed by both sides in written agreement, Supplier shall not sell parts and components utilizing any of our Manufacturing Material designs, or Intellectual property to third parties or conduct such activities while claiming that the good sold to third parties are identical to or interchangeable with the Products sold to us. Supplier shall not use our name in any advertising or marketing materials without our express written permission.

13. Force majeure/withdrawal

- 13.1 Supplier shall not be liable for any delay in delivery or non-delivery of Goods or services, if the failure to perform a Purchase Order arises out of causes beyond the reasonable control and without any fault or negligence of Supplier. Such causes may include, but are not limited to, acts of God, or of the public enemy, acts of the government in either its sovereign or contractual capacity, fires, flood, terrorism, epidemics, quarantine restrictions, strikes, (other than those of the Supplier's workforce), freight embargoes, but in every case the failure to perform must be beyond the control and without the fault or negligence of Supplier. No failure of Supplier's internal business systems related to the proper processing of data information that results in any defect or failure in Goods or services, deliveries, or any other aspect of performance by Supplier or its subcontractors in connection with a Purchase Order shall excuse the performance of Supplier under these Terms and Conditions. Supplier shall notify us in writing within two (2) calendar days of any and all events of Force Majeure.
- 13.2 If Force Majeure continues for longer than five (5) calendar days, then we, at our sole option, may terminate any Purchase Order affected thereby without any obligation or liability except that we shall still be responsible for payment for Goods or services which have been delivered to and accepted by us prior to Force Majeure notice receipt.
- 13.3 We may cancel any Purchase Order at any time prior to delivery or performance if its business is interrupted for reasons beyond our reasonable control. We shall give prompt notice of such cancellation to Supplier.

14. Title

Title in Goods shall be deemed to have passed to us at the point of delivery to our premises or designated address.

15. Set-off rights/rights of retention

- 15.1 The Supplier may only set off claims against us which are not subject to dispute or which have been recognized by judgment of a dispute resolution institution.
- 15.2 We shall be entitled to set off all claims including bills of exchange and checks against all claims of the Supplier against us or enterprises affiliated with us (even if such claims have different due dates).

16. Confidentiality

The Supplier shall perform his obligations as stipulated in the Non-Disclosure Agreement.

17. Environmental protection

The Supplier shall be obligated to keep its share of disposable packaging at a minimum by using reusable packaging. The Supplier shall guarantee that the Goods conform to all health and environmental regulations in the countries in which the motor vehicles (for whose construction the Goods are ultimately destined) are delivered to and that no hazard to health or the environment emanate from the Goods. The Supplier should note the Supplier Manual inclusive applicable documents, which is part of these Terms and Conditions.

18. Emergency strategy

The Supplier shall be obligated to develop a strategy and maintain such strategy with regard to all foreseeable disruptions at its company, in particular in the areas of procurement, manufacture, production and/or transport which could cause a restriction on deliveries of the Goods (in particular with regard to delivery dates and scope of delivery). We shall be allowed to peruse this emergency strategy at any time.



The Supplier shall inform us without undue delay in the event of a disturbance or any other circumstances which could lead to a restriction on the delivery of Goods.

19. Applicable law, place of performance, legal venue and partial invalidity clause

19.1 These Terms and Conditions and all agreements relating hereto shall be governed by and construed in accordance with the laws of the People's Republic of China. Any disputes arising from or in relation to these Terms and Conditions shall be exclusively resolved by arbitration at the China International Economic and Trade Arbitration Commission Shanghai Branch.

19.2 The place of performance for supply and service obligations shall be the respective point of receipt. Invalidation of individual stipulations shall not affect the validity of the remaining stipulations.

20. Language

These General Purchasing Terms and Conditions is prepared in English and Chinese and both language versions are of equal effect.