

## LITENS TERMS AND CONDITIONS

1. **Basic Agreement and Purchase Order.** These terms and conditions sets out the contractual terms that will be applicable to each transaction for the purchase and sale of goods and/or services between Buyer and Seller by way of a purchase order and/or revision thereto.
2. **Definitions.** In this Agreement the following terms have the following meanings:
  - a. *“Buyer”* means the relevant corporate entity of the Litens Automotive Group under which a Purchase Order is issued, namely one of: Litens Automotive Partnership, a company subsisting under the laws of Ontario, Canada (“LAP”); Litens Automotive GmbH, a company subsisting under the laws of Germany (“LAG”); Litens Automotive (Suzhou) Co., Ltd., a company existing under the laws of China (“LAC”); Litens Automotive do Brasil Ltda., a company existing under the laws of Brazil (“LASA”); and Litens Automotive (India) Private Limited, a company existing under the laws of India (“LAI”).
  - b. *“Goods”* means the goods to be supplied pursuant to a purchase order.
  - c. *“Purchase Order”* has the meaning ascribed to it in paragraph 3.
  - d. *“Releases”* has the meaning ascribed to it in paragraph 3(a)(ii).
  - e. *“Seller”* means the legal entity set out above.
  - f. *“Services”* means any service or work to be performed pursuant to a purchase order.
  - g. *“Supplier Requirements”* means the current edition of Buyer’s:
    - i. “Supplier Requirements and Guidelines” document (12<sup>th</sup> Edition May, 2012),
    - ii. “Material Control Systems Requirements and Information” document (10<sup>th</sup> Edition, February 3, 2012), and
    - iii. “Tooling Bailee Acknowledgement Agreement” (2013)

Up to date copies of these documents are accessible through Buyer’s supplier website at <http://www.litens.com/suppliers>.

  - h. *“Terms”* has the meaning ascribed to it in paragraph 4.
  - i. *“Tool”* means the physical tool, die, jig, mould, fixture or other such equipment used to manufacture one or more Goods along with any drawings, blueprints, modules, electronic or otherwise and any technical information required to make or efficiently utilize such equipment, as well as any die replacement spare components in Seller’s possession or ownership, and any accessions, modifications, repairs, refurbishments to such equipment.
3. **Format of Purchase Order.** Buyer’s purchase order will set out the Goods, Tools and/or Services being procured and the price of same.
  - a. Where Goods are procured, Buyer’s purchase order will constitute, although is not limited to:
    - (i) an initial document (the “Part PO”) specifying, inter alia, Buyer’s order number and the Good(s) and price(s) of same associated with said order number; and
    - (ii) one or more subsequent communications (“Releases”) provided to the Seller from time to time enumerating the ordered quantity and date(s) or schedule for delivering and/or authorizing the shipment of the specified Goods to the Buyer under the Part PO.
  - b. Where Tools are procured, the purchase order will constitute, although is not limited to, a document (“Tooling PO”) specifying the tool(s) purchased and the price to be paid for same through direct payments or indirectly through amortization via piece price of the corresponding Goods.

- c. Where Services are procured, the purchase order will constitute, although is not limited to, a document ("Service PO") specifying the nature of the services to be performed and the price to be paid for same.

In this Agreement, the term "Purchase Order" refers to one or more of a Part PO and associated Releases thereunder, a Service PO, or a Tooling PO, as the context dictates.

4. **Acceptance.** Each Purchase Order issued by Buyer is an offer to Seller for the purchase of Goods, Tools, and/or Services, and shall be governed by the terms of this Agreement, the Purchase Order, and the current edition of Buyer's Supplier Requirements" (collectively, the "Terms"). Any expression of acceptance of the Purchase Order by Seller, including (i) Seller's commencement of work on the Goods, Tools and/or performance of any portion of the Services which are the subject of the Purchase Order, (ii) Seller's acknowledgment of Buyer's Purchase Order, (iii) the supply of any Goods, Tools or Services and/or acceptance of any payment from Buyer, constitutes Seller's unqualified acceptance of Buyer's offer and the Terms. Any proposal for additional or different terms or any attempt by Seller to change any of the Terms, whether in Seller's quotation, invoice, correspondence or otherwise is hereby objected to and rejected by Buyer and no additional or different terms or conditions shall apply unless specifically identified and approved in writing by Buyer. The Terms contain the entire agreement between Buyer and Seller and, except as otherwise expressly stated in the Purchase Order, supersedes all prior agreements, orders, quotations, proposals and other communications and there are no other understandings or agreements, verbal or otherwise, that exist between Buyer and Seller relating to the subject matter. In the event of any conflict between the face of the Part PO, Tooling PO or Service PO and this basic framework Agreement, the face of the applicable PO shall govern. In the event of any conflict between the Supplier Requirements and this basic framework Agreement, the terms of this framework Agreement shall govern.
5. **Time Period or Duration of Order** - Subject to Buyer's termination rights set forth below, the Purchase Order is binding on Buyer and Seller for as long as Buyer's customer has a need for the Goods, Tools or Services which is typically the length of the production life and service parts obligation of the applicable original equipment manufacturer ("OEM") vehicle program for which Buyer intends to incorporate the Goods, Tools or Services. Seller acknowledges and assumes the risk of the vehicle program production life being terminated early or extended by the OEM. Notwithstanding the foregoing, if an expiration date or time period is expressly defined in the Purchase Order, the Purchase Order is binding until such expiration date or end of such time period, subject to Buyer's termination rights below. If the Goods or Services are not directly or indirectly associated with a specific OEM vehicle program production life, then, subject to Buyer's termination rights below, the Purchase Order is binding on Buyer and Seller for one (1) year from the date of the Purchase Order and will automatically renew for successive one (1) year periods after the initial term, unless Seller provides written notice to Buyer, no less than one hundred and eighty (180) days prior to the end of the current term, of Seller's desire that the Purchase Order not be renewed, provided that, Buyer may extend the term of the Purchase Order for such period of time beyond the current term as Buyer determines is necessary, acting reasonably and in good faith, to procure an alternate source of supply for the Goods or the Services and to ensure an orderly transition of supply.
6. **Price Warranties and Competitiveness:**
  - (a) Seller warrants that the prices for the Goods, Tools and/or the Services are, and shall remain, not less favourable to Buyer than the prices extended to any other customer of Seller for the same or substantially similar goods or services in the same or substantially similar quantities and delivery requirements. If Seller reduces the prices of such same or substantially similar goods or services, Seller shall reduce the prices of the Goods, Tools and/or Services.
  - (b) The prices for the Goods and/or Tools shall be complete, and no surcharges, premiums or other additional charges of any type shall be added without Buyer's prior written consent. Seller assumes the risk of any event or cause whatsoever affecting such prices, including changes in the foreign exchange rate or increases in raw materials, labour and other manufacturing costs.
  - (c) Seller shall ensure that the Goods, Tools and/or Services remain competitive in terms of price, technology, delivery and quality, with substantially similar goods and services available to Buyer from other suppliers.

7. **Service and Replacement Parts** - Except as otherwise agreed in writing, for fifteen (15) years after a vehicle design or specific part concludes production, Seller shall supply Buyer's requirements for service parts for the Goods, component parts and materials, at the prices set forth in the Purchase Order plus any actual cost differential for special packaging. If the Goods are systems or modules, Seller shall sell each component or part at a price that does not, in the aggregate, exceed the system or module price specified in the Purchase Order, less assembly costs, plus any actual cost differential for packaging. Seller's obligation with respect to service or replacement parts shall survive the termination or expiration of the Purchase Order. In addition, Seller shall supply any service literature and other materials at no additional charge to support Buyer's service part sales activities.

8. **Quantities and Delivery:**

(a) Time, performance and deliveries are the essence of Buyer's Purchase Order. Performance and deliveries must be made at the times, manner and quantities specified in the Purchase Order or in Buyer's Release(s) thereunder. Seller expressly acknowledges that the parties operate in a flexible manufacturing environment and Buyer's Releases may and likely will vary from week to week and that a newly issued Release may and likely will vary the delivery schedule set out in an immediately preceding Release, and Seller shall use its best efforts to comply with the continuously varying delivery schedule. If deliveries are made in advance of the delivery date or in excess of the quantities ordered, Buyer shall have the right to store or return the Goods or Tools at Seller's risk and expense. If late deliveries are made or insufficient quantities supplied, or if Seller otherwise fails to perform as required under Buyer's Purchase Order, Buyer may, in addition to its other remedies, cancel such Purchase Order (in whole or in part), reject any Goods and/or Tools delivered and/or Services supplied, and claim from Seller all losses and damages occasioned thereby. Unless authorized in writing by Buyer, Seller shall not make any commitments for raw materials or other inventory or manufacture any Goods or Tools in advance of the time necessary to comply with the specified delivery dates. Buyer may on short notice to Seller change the rate of scheduled shipments or temporarily suspend scheduled shipments, neither of which shall entitle Seller to change the price of the Goods, Tools or the Services. Any representation made by Seller to Buyer regarding its production capacity shall be considered a warranty that Seller can supply such stated quantity of the Goods, Tools or the Services without any overtime or other additional charges. Seller expressly acknowledges and agrees that any failure of Seller to deliver the Goods or Tools on the delivery dates specified in the Purchase Order or in Buyer's Release(s) thereunder will cause irreparable harm to Buyer and that Buyer shall be entitled to equitable relief, including injunction, in such event.

(b) Seller acknowledges that any estimates or forecasts of production volumes or length of program, whether from Buyer or its customer, are subject to change from time to time, with or without notice to Seller, and shall not be binding upon Buyer. Unless otherwise expressly stated in the Purchase Order, Buyer makes no representation, warranty, guarantee or commitment of any kind or nature, whether express or implied to Seller in respect of Buyer's quantitative requirements for the Goods, Tools or Services or the term of supply of the Goods, Tools or Services.

(c) If the Purchase Order involves Goods, the quantity, unless expressly specified otherwise, shall be one or more units as set forth on subsequent Releases, and, in consideration for ten Canadian dollars (Cdn. \$10.00) when the Buyer is LAP, ten Euro when the Buyer is LAG, one thousand renminbi (1,000 RMB) when the Buyer is LAC, R\$20,00 (Twenty Brazilian Reals) when the Buyer is LASA, or one thousand rupees when the Buyer is LAI, the payment of which shall be made by Buyer upon the termination of the Goods Purchase Order, Seller grants to Buyer an irrevocable option for the duration of the Goods Purchase Order to purchase Goods under a requirements contract arrangement in such quantities and on such delivery dates as indicated in the Releases or similar written instructions issued by Buyer to Seller from time to time, and Seller shall deliver such quantities on such dates, at the price and on the other terms specified in the Goods PO; provided that Buyer shall purchase no less than one unit of the Goods and no more than one hundred percent (100%) of Buyer's requirements for the Goods.

(d) Unless otherwise agreed to by Buyer in writing, Buyer shall not be required to purchase the Goods, Tools or Services exclusively from Seller.

9. **Delays** - Seller shall immediately notify Buyer in writing of any actual or potential event or circumstance which delays or threatens to delay the timely performance of Buyer's Purchase Order, and provide all other information relevant thereto. In such case, Buyer may, without limiting or affecting its other rights or remedies available hereunder or at law, direct expedited shipping and charge Seller for all excess costs incurred thereby. Seller shall be responsible for all other direct, consequential, and incidental damages incurred by Buyer as a result of Seller's failure to meet the delivery dates or times, including the cost of any line shutdown by the Buyer and/or its customer and the cost of obtaining goods from an alternate source. Buyer's actions in obtaining substitute or replacement products shall not limit its rights and remedies available hereunder or at law.
10. **Packing, Marking and Shipping** - All Goods and/or Tools shall be suitably marked and prepared for shipment to its ultimate destination and, where applicable, packed, and shipped in accordance with the Supplier Requirements or alternatively in accordance with Buyer's specific written directions and/or instructions as may be provided by Buyer from time to time. Seller shall not charge Buyer for preparation, packing, marking, shipping, insurance, freight, delivery or other expenses, unless otherwise specifically stated in Buyer's Purchase Order. Seller shall in all events properly pack the Goods and/or Tools with appropriate packaging materials to ensure the safe transportation of the Goods and/or Tools and comply in all respects with the requirements of the common carrier transporting same. Seller shall be solely responsible for damage to the Goods and/or Tools where, owing to their peculiar nature, the Goods and/or Tools have been damaged in transportation to their ultimate destination due to being insufficiently protected, for example, by incurring rust.
11. **Title and Risk of Loss** - Unless otherwise stated in the Purchase Order, all Goods and/or Tools shall be delivered by Seller ["FOB – Shipping Point"] (as defined in Incoterms 2010), and Seller shall pay all transportation, insurance and storage charges. Title and risk of loss or damage to the Goods and/or Tools shall pass to Buyer at such delivery point. Such passing of title and risk of loss or damage shall not constitute acceptance of the Goods and/or Tools by Buyer.
12. **Inspection and Rejection** - Buyer has the right to inspect the Goods and/or Tools, both prior to and after making payment for the Goods and/or Tools. Seller agrees that Buyer may choose not to perform incoming inspections of the Goods and/or Tools, without prejudice to any rights or remedies available to Buyer hereunder or at law, and Seller waives any rights to require Buyer to conduct such inspections. In addition, Buyer's representatives and or Buyer's customer shall have the right to inspect the materials, procedures and workmanship used in the performance of Buyer's Purchase Order at Seller's facilities at all reasonable times, including Seller's testing, inspection, quality control and reliability procedures and data. Seller shall comply with Buyer's most recently adopted Supplier Requirements or other specific quality control specifications, inspection standards and quality assurance manuals supplied to Seller directly, or as may be posted on Buyer's website from time to time. Final inspection shall be at Buyer's destination by representatives of Buyer, and no such inspection or approval, nor any payment for the Goods, Tools and/or Services, shall prevent rejection for defects subsequently discovered. In the case of defective Goods, Tools or Services, Buyer shall have the right, at its discretion, to (i) require claims adjustment and/or replacement by Seller without cost to Buyer, (ii) correct the defects at Seller's cost, and/or (iii) return the defective items to Seller at Seller's risk and expense, and, in any such case, (iv) terminate Buyer's Purchase Order (in whole or in part). Any such remedies shall not limit or affect Buyer's other rights or remedies available hereunder or at law. Any payment made by Buyer for defective Goods, Tools or Services shall be refunded by Seller, except to the extent that Seller promptly replaces or corrects the same at Seller's expense. Buyer's payment for and/or acceptance of the Goods, Tools or Services shall not relieve Seller from any of its obligations and/or warranties under the Purchase Order. Any liabilities, damages, associated costs and expenses imposed upon Buyer resulting from the acts, omissions or negligence of Seller shall be borne solely by Seller. In all other cases, the responsibility for such costs or expenses shall be reasonably negotiated in good faith on a per occurrence basis.
13. **Invoicing** - Seller shall invoice (in duplicate) promptly after delivery, showing Buyer's Purchase Order number(s) and all items and part numbers described in such Purchase Order, with quantities, unit prices, taxes and duties (if any) listed separately. Where the Goods, Tools, and/or Services are supplied from a

jurisdiction other than Buyer's location, Seller shall provide, without additional charge, additional certified copies of invoices and customs or other documents as specified by Buyer from time to time.

14. **Taxes and Customs Duties** - Unless otherwise stated in Buyer's Purchase Order, prices include all taxes, customs duties and related expenses. Any reduction in Seller's cost resulting from a reduction in transportation charges, customs duties and/or import, excise and sales taxes from those in effect on the date of the Purchase Order shall be paid to Buyer in the form of a reduction of the price.

15. **Customs Documents and Export Controls:**

(a) Upon request, Seller shall promptly provide to Buyer all documents and other information required for customs drawback purposes. Where applicable, all customs drawback is reserved and retained for the sole benefit of Buyer.

(b) Unless otherwise stated in the Purchase Order, export licenses or authorizations necessary for the export of the Goods shall be the responsibility of Seller. Seller shall undertake such arrangements necessary for the Goods to be covered by any duty deferral or free trade zone programs of the country of import.

(c) To the extent that any Goods are to be imported into the United States of America, Seller shall, upon Buyer's request, comply with all applicable recommendations or requirements of the United States Bureau of Customs and Border Protection's Customs-Trade Partnership Against Terrorism initiative or any successor or replacement initiative or program. To the extent that any Goods are to be imported into Canada, Seller shall, upon Buyer's request, participate in the Canada Border Services Agency's Partners in Protection program or any successor or replacement initiative or program. Upon request, Seller shall certify in writing its compliance with the foregoing. To the extent that any Goods are to be imported into Brazil, Seller shall, upon Buyer's request, comply with all applicable recommendations or requirements of Brazil's Bureau of Customs and Brazilian laws that deal with national and/or international acts of terrorism or any successor or replacement initiative or program. Upon request, Seller shall certify in writing its compliance with the foregoing.

16. **Payment:**

(a) Unless otherwise agreed in writing by Buyer or otherwise stated in Buyer's Purchase Order, net invoices (subject to applicable withholding taxes, if any) shall be paid at the end of the month following the month during which Goods are delivered to Buyer's facility and/or Services completed, as the case may be. In the event the Buyer is LAC, unless otherwise stated in LAC's Purchase Order, the Seller shall deliver an invoice at the end of the month following the month during which Goods are delivered to LAC's facility and/or Services completed, as the case may be, and LAC shall pay the net invoice (subject to applicable withholding taxes, if any) at the end of three (3) months after receipt of the invoice. Where the subject of the Purchase Order is a Tool(s) that will be located at the Seller's premises or is otherwise under the Seller's control, Buyer will only pay if and when the Tool(s) is approved for production pursuant to Buyer's production part approval process (PPAP) and Seller executes Buyer's Tooling Bailee Acknowledgement Agreement, as may be amended from time to time.

(b) In addition to any right of set-off or recoupment provided by law, from all amounts due or to become due to Seller under Buyer's Purchase Order, Buyer may deduct or set-off with or without notice any indebtedness of Seller and its affiliates to Buyer and its affiliates (regardless of whether such amounts or indebtedness are legally considered to be mutual). If any obligations of Seller or its affiliates to Buyer or its affiliates are disputed, contingent or un-liquidated, Buyer may defer payment of amounts due until such obligations are resolved.

(c) If Buyer's customer directed or requested that Seller be the source of the Goods, Tools and/or Services: (i) Buyer will pay Seller for the Goods, Tools and/or Services only if and when Buyer actually receives full payment from Buyer's customer for those goods into which the Goods, Tools and/or Services are incorporated; (ii) any lengthening of the customer's payment terms to Buyer for those goods into which the Goods, Tools and/or Services are incorporated will automatically lengthen the payment terms between Buyer and Seller by the same amount of time; (iii) Seller shall immediately notify Buyer of and adjust its

invoices to reflect any change in price, specifications or other terms negotiated or proposed between Seller and the customer, provided that no change will be binding on Buyer without Buyer's specific written consent; and (iv) where Buyer is entitled to receive payment from the customer for Tooling to be supplied by Seller under the Purchaser Order, Seller shall only receive payment for such Tooling after and to the extent of Buyer's actual receipt of such payment from the customer.

17. **Value Added** - Upon request, Seller shall promptly furnish all certificates of origin and other information of domestic value added (including costs, materials and places of origin), properly completed in accordance with applicable governmental regulations.

18. **Warranty:**

(a) Seller hereby warrants that all Goods or Tools delivered and/or Services supplied, including any tools, dies, jigs, fixtures, patterns, machinery and equipment that are obtained at Buyer's expense and/or are or become the property of Buyer (including Buyer's Items, as such term is defined below) will (i) strictly conform to Buyer's Purchase Order, the current edition of Buyer's "Supplier Requirements" and all drawings, specifications, samples and other requirements furnished, specified or adopted by Buyer from time to time, (ii) comply with all applicable laws, regulations, rules, codes and standards of the jurisdictions in which the Goods, Tools or the Services, and the products containing the Goods, Tools and Services, are to be sold, (iii) be free from defects in materials, workmanship, design (even if the design has been approved by Buyer) and fabrication, (iv) be merchantable, (v) be fit, sufficient and suitable for the particular purpose for which Buyer intends to use the Goods, Tools or the Services, including the specified performance in the component, system and the environment in which they are or may reasonably be expected to perform (and Seller acknowledges that Seller knows the particular purpose for which Buyer intends to use the Goods, Tools or the Services), and (vi) be free of all liens, claims and encumbrances whatsoever. Seller further warrants that, unless otherwise expressly stated in the Purchase Order, the Goods and/or Tools are manufactured entirely with new materials. These warranties (i) are without limitation, (ii) shall survive acceptance of and payment for the Goods, Tools and/or Services, (iii) are available for the benefit of Buyer, Buyer's affiliates and their respective successors, assigns, customers and users of products, and (iv) are in addition to all other warranties or conditions, expressed, implied, statutory or otherwise. The warranty period shall be that provided by applicable law, however, if Buyer is obligated to provide a longer warranty period to its customer, such longer period shall apply.

(b) Seller shall defend, indemnify and hold Buyer, Buyer's affiliates and its customer, and their respective representatives, employees, agents, successors and assigns, harmless from and against all liabilities, claims, demands, losses, costs, damages and expenses of any nature or kind (including consequential and special damages, personal injury, property damages, lost profits, recall or other customer field service action costs, production interruption costs, inspection, handling and reworking charges, professional and other legal fees, and other costs associated with Buyer's administrative time, labor and materials) arising from or as a result of (i) any breach of Seller's warranties above, and (ii) any other acts, omissions or negligence of Seller or of any of its subcontractors or suppliers in connection with Seller's performance of its obligations under the Purchase Order and/or Supplier Requirements.

(c) During the time period the Purchase Order remains in effect, Seller will not supply the Goods, Tools or Services directly to the customer for the OEM vehicle program for which Buyer intends to incorporate the Goods, Tools or Services without Buyer's prior written consent

19. **Buyer's Items, including Tooling**

(a) Buyer retains all title, rights to (including the absolute right of possession on demand) and property in all designs, sketches, blueprints, drawings, patterns, models, samples, specifications, Tools and other materials, including any replacements thereof, furnished by Buyer, obtained by Seller at Buyer's expense (including any Tool(s) amortized in the piece price of any Good(s) under Buyer's Purchase Order, whether or not such amortized Tool(s) is specifically enumerated in the Purchase Order) and/or which are to become the property of Buyer under Buyer's Purchase Order, ("Buyer's Items"). In the event a Tool(s) is to be fabricated or acquired by Seller, the Buyer shall become the sole owner of the Tool(s) as soon as it is fabricated or acquired by Seller and the Buyer shall take title to the Tool(s) even if the Seller has not yet been paid for the Tool(s) but such ownership shall not relieve the Buyer of its obligation to pay for the

Tool(s) or affect any claim by the Supplier for any payments under a Tooling PO. Buyer's Items shall be held by Seller on a bailment basis and shall be subject to removal at Buyer's request. Seller shall use Buyer's Items only in the performance of work for Buyer, and shall keep Buyer's Items confidential and marked as the property of Buyer or Buyer's customers as designated. Buyer's Items shall be retained in the custody or control of Seller or in the custody or control of Seller's suppliers or contractors, at Seller's risk, and shall, in accordance with good industry and commercial practices, be insured against loss or damage in an amount equal to the replacement cost thereof, maintained in good condition and repair and replaced by Seller if used, worn, lost, damaged or destroyed, in each case at Seller's sole cost and expense. Buyer and or Buyers' customer(s) reserves the right to inspect Buyer's Items at all reasonable times, but does not provide any representations, warranties, conditions or assurances whatsoever with respect to Buyer's Items. Upon completion or termination of Buyer's Purchase Order, all Buyer's Items shall be retained by Seller, at Seller's expense, until disposition instructions are received. Buyer may, at any time, instruct Seller to deliver Buyer's Items as directed, and, in the event Seller fails or refuses to do so, Buyer shall have unrestricted access to Seller's facilities for the purposes of removing all Buyer's Items. Seller shall promptly notify Buyer of the location of Buyer's Items, if any are located at any place other than Seller's facility.

(b) Where a Tool(s) is procured under a Purchase Order and will be utilized by Seller for the manufacture of Good(s), unless otherwise specified in a Tooling PO, the Seller warrants that Tool(s) will be capable of producing the corresponding part(s) to the requisite specifications therefor for the life of the part or underlying program as well as satisfying the requirement herein for service and replacement parts. The Seller will at its expense maintain the Tool(s), including effecting repairs thereto and replacements therefor, in the condition necessary to produce the corresponding Good(s) in accordance with the pertinent specifications.

## **20. Intellectual Property:**

(a) Except where strict compliance by Seller with the specifications prescribed by Buyer constitutes the sole basis of infringement, Seller represents and warrants that the Goods or Tools delivered and/or Services supplied, the manufacture of the Goods or Tools and the sale or use thereof by Buyer and its customer, do not infringe any patent, trademark, copyright, industrial design, process of manufacture or other proprietary right whatsoever. Seller shall indemnify and hold Buyer, Buyer's affiliates and its customer, and their respective representatives, employees, agents, successors and assigns, and users of products containing the Goods or the Services or use of the Tools harmless from and against all claims, demands, losses, costs, damages, expenses and liabilities of any nature or kind (including consequential and special damages, court costs, representation expenses and legal fees) arising or resulting from the infringement or alleged infringement thereof. Buyer shall notify Seller in writing of any such suit filed against Buyer and/or the other indemnified parties on account of any such infringement or alleged infringement. Buyer and the other indemnified parties shall have the right to be represented by their own counsel and participate in any such suit, and the reasonable costs of such representation shall be paid by Seller.

(b) Seller hereby grants to Buyer, its affiliates, and their respective successors and assigns, a non-exclusive, irrevocable, worldwide, royalty free and fully paid-up, license to: (i) all patents, industrial designs, technical information, know-how, processes of manufacture and other intellectual property, owned or controlled by Seller or its affiliates, and relating to the Goods, Tools or the Services, to repair, reconstruct, rebuild, relocate, use, sell and import the Goods, Tools and/or Services and otherwise supply such Goods to Buyer's customer, and (ii) any works of authorship fixed in any tangible medium of expression (including drawings, prints, manuals and specifications) furnished by Seller in the course of Seller's activity under the Purchase Order, to reproduce, distribute and display such works and to prepare derivative works based thereon, subject to the other provisions of the Purchase Order (all items in clauses (i) and (ii) above, collectively, "Seller's Intellectual Property"). Such license shall continue for so long as Buyer has contractual obligations to its customer.

In addition, Seller hereby grants to Buyer, its affiliates, and their respective successors and assigns, a non-exclusive, irrevocable, worldwide, royalty free and fully paid-up license (including the right to sublicense to others in connection with providing the Goods, Tools or the Services to Buyer or its

customer) to Seller's Intellectual Property to make, have made and obtain from alternate sources goods and services the same as or similar to the Goods, Tools and/or Services covered by any Purchase Order in the event that (i) any Purchase Order or contract for Goods or Tools is terminated by Buyer pursuant to paragraph 28(c) of this Agreement, or (ii) Seller for any reason is unable to satisfy the quality, quantity, delivery or other requirements of Buyer for the Goods, Tools and/or Services under the Purchase Order.

Where applicable, such licenses are intended to be subject to 11 USC Section 365(n), as an executory agreement under which Buyer has license rights to Seller's Intellectual Property, and is supplementary to any other rights of Buyer under the Purchase Order and any other agreement with Seller.

(c) Seller shall not manufacture or sell, or offer to manufacture or sell, any goods or services that are based in whole or in part upon Buyer's intellectual property and/or the drawings or specifications in respect of the Goods, Tools or Services, or any derivative thereof, except to satisfy its obligations under the Purchase Order, without Buyer's prior written consent. The foregoing restriction shall not apply in respect of "off-the-shelf" or "catalogue" goods or services that have been routinely manufactured by Seller and developed by Seller, prior to the Purchase Order and independently of its relationship with Buyer.

21. **Changes** - Buyer reserves the right to make changes in the drawings, specifications and other provisions of a Purchase Order. If any such change causes an increase or decrease in the price or cost of, or the time required for, the delivery of the Goods, Tools and/or the supply of the Services, an equitable adjustment may be made in the price or delivery/performance schedule, or both, and the Purchase Order shall be modified in writing accordingly. No claim under this paragraph shall be made by Seller more than seven (7) days after notice of the change from Buyer. Seller shall not make changes in the specifications, design, materials, processes or procedures, or change the location of its facilities for fabricating the Goods or Tools or performing the Services, without the prior written consent of Buyer.
22. **Assignment and Subcontracting** - Seller shall not assign Buyer's Purchase Order (in whole or in part) nor enter into any subcontract or sub-purchase order for other than standard commercial supplies or raw materials, without the prior written consent of Buyer. Seller will ensure that the terms of its contracts with its suppliers and contractors provide Buyer and its customer with all of the rights specified in this Purchase Order. Buyer shall have the right to assign the Purchase Order, without Seller's consent, to any of its affiliates or to any purchaser or successor to Buyer's business.
23. **Invalidity** - If any provision of Buyer's Purchase Order is found to be invalid or unenforceable, such provision shall not impair or invalidate the remainder of such Purchase Order which shall remain in full force and effect. Seller and Buyer agree to replace such provision with one which is valid, enforceable and most closely approximates the commercial intent of the original provision.
24. **Confidentiality** - Seller shall not, without the prior written consent of Buyer, advertise or otherwise disclose the fact that Buyer has contracted to purchase the Goods, Tools and/or Services from Seller or any details relating to Buyer's Purchase Order. All information provided by Buyer under Buyer's Purchase Order (including, but not limited to, drawings, specifications, designs, engineering instructions, photographs, parts lists, plans, reports and computations and shall include all terms and conditions and other information relating to this Purchase Order) shall be held in confidence and Seller shall not disclose any such information to any other person or use such information for any purpose, except for the sole benefit of Buyer under such Purchase Order. Buyer retains all rights with respect to the information disclosed to Seller. Seller shall not allow any such information to be reproduced, communicated or in any way used, in whole or in part, in connection with services or goods furnished to others, without Buyer's prior written consent.

**25. Compliance with Laws:**

(a) Seller warrants (i) that its performance shall be in compliance with all federal, provincial, state and local laws, ordinances, rules, codes, standards and regulations that are applicable to the Purchase Order, including, but not limited to (1) environmental and transportation laws; (2) applicable United States laws such as the United States Foreign Corrupt Practices Act, the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the Export Administration Regulations, including the requirement for obtaining any export license or agreement, if applicable; (3) applicable Brazilian laws such as Brazil's Board of Control of Financial Activities (COAF), Laws about Crimes of Money Laundering, regulations issued by the Central Bank of Brazil, including the requirement for obtaining any export license or agreement, if applicable; and (4) applicable European, Chinese and/or Indian laws pertaining to corruption, bribery and import and export control laws (collectively "Laws"), and (ii) that the Goods, Tools and/or Services shall comply with all Laws of applicable authorities in the place of use of the Goods, Tools and/or Services or as otherwise specified by Buyer. Seller shall transport, package and label the Goods or Tools and their containers in accordance with applicable Laws in the place to which the Goods or Tools are shipped or as otherwise specified by Buyer.

(b) Seller shall upon request, furnish Buyer with information regarding the ingredients of the Goods. Without limitation, such obligations shall include the proper preparation and supply of applicable material safety data sheets (MSDSs) and other prescribed documentation and/or information.

(c) Seller represents that: (i) neither it nor any of its subcontractors or suppliers will either engage in or permit substandard working conditions or utilize child or underage labor, as defined by applicable law, or any form of forced or compulsory labor, in the supply of the Goods, Tools and/or Services under the Purchase Order, (ii) workers, without fear of reprisal, intimidation or harassment, shall have the right to associate freely and join labor unions and workers' councils or to otherwise refrain from joining such organizations, in accordance with applicable laws, (iii) workers shall be protected against any form of harassment and discrimination, including but not limited to gender, age, religion, disability and political beliefs, (iv) workers shall have a safe and healthy workplace that meets or exceeds all applicable standards for occupational health and safety, (v) workers shall be compensated with wages and benefits that comply with applicable law, including minimum wages, overtime hours and legally mandated benefits, and (vi) working hours shall comply with all applicable laws regulating hours of work.

(d) Seller shall indemnify and hold Buyer and Buyer's affiliates, and their respective representatives, employees, agents, successors and assigns, harmless from and against all liabilities, claims, demands, losses, costs, damages and expenses of any kind and nature (including personal injury, property damage, consequential and special damages) arising from or as a result of Seller's failure to comply with this paragraph.

**26. Entry on Buyer's or Customer's Premises** - Seller shall, if Seller's employees, subcontractors, suppliers or representatives enter Buyer's or its customer's facilities in the performance of the Purchase Order (i) indemnify and hold Buyer, Buyer's affiliates and its customer, and their respective employees, representatives, agents, invitees, successors and assigns, harmless from and against all claims, demands, losses, costs, damages, expenses and liabilities of any nature or kind (including personal injury, property damage, court costs, representation expenses and legal fees) which are caused or contributed to by Seller's acts, omissions or negligence in the performance of such Purchase Order, (ii) ensure that Seller is in compliance with all requirements of workplace safety (worker's compensation) legislation in the jurisdiction(s) in which Buyer's facilities or its customer's facilities are located, and (iii) ensure and remain responsible for the compliance with Buyer's rules and regulations (pertaining to safety and other occupancy requirements) by Seller's employees and representatives while at Buyer's facilities or its customer's facilities.

**27. Insurance** - Seller shall maintain and carry adequate insurance, in accordance with good industry and commercial practices, on Seller's own plant and equipment for the full insurable value thereof, as well as comprehensive general liability insurance, including public liability, property damage liability, product liability and contractual liability coverages, and workplace safety (worker's compensation) and employee's liability insurance covering all employees engaged in the performance of the Purchase Order, in each case in such amounts and with such limits and with such insurers that are reasonably acceptable to Buyer. Seller's liability

insurance policies shall have combined single limits of no less than five million U.S. dollars (U.S.\$5,000,000) (or where the laws of the Buyer's jurisdiction require that transactions be specified on local currency, the equivalent to five million U.S. dollars in the local currency) the per occurrence and in the aggregate; provided that such limits shall not limit Seller's liability under the Purchase Order. Seller's property insurance policies shall be written on a "replacement cost" basis and Seller's workers' compensation policies shall be in compliance with applicable statutory requirements and limits. Seller shall furnish Buyer with certificates or other satisfactory proof of insurance confirming the foregoing insurance coverages within ten (10) days of Buyer's request. Any such certificate shall provide for terms and conditions satisfactory to Buyer whereby, among other things: (i) the interest of Buyer in such insurance coverage has been recognized, whether by way of designating Buyer as loss payee or otherwise, as may be requested by Buyer from time to time; and (ii) Buyer will receive not less than thirty (30) days prior written notice from the insurer before any termination or reduction in the amount or scope of coverage can occur, with Buyer having the right, but not the obligation, to maintain such insurance coverage prior to the expiration of such notice. The receipt or review of such certificates or other proof of insurance coverage at any time by Buyer shall not relieve Seller from its insurance obligations hereunder or reduce or modify such obligations.

**28. Termination:**

(a) In addition to any other rights of Buyer to terminate the Purchase Order, Buyer may, in its sole discretion, upon thirty (30) days notice to Seller or, if applicable, such shorter period as may be required by Buyer's customer, terminate the Purchase Order (in whole or in part) for convenience or any other reason at any time by written notice (including notice by facsimile, e-mail or other form of electronic transmission) stating the extent and effective date of such termination. Seller may not terminate the Purchase Order for convenience or any other reason, except as otherwise expressly provided in the Purchase Order. Upon receipt of such notice, Seller shall, as directed by Buyer (i) stop work (and place no further requisitions) under such Purchase Order and any other orders related to the work terminated by the notice, and (ii) protect all property in Seller's possession or control in which Buyer has or may acquire an interest, including Buyer's Items. Seller shall submit to Buyer its claims relating to such termination as limited and defined below as soon as possible, but in any event within thirty (30) days (unless Buyer agrees otherwise) from the effective date of the termination.

(b) Seller's termination claims, and Buyer's payment obligations, shall not exceed (i) the contract price for the Goods or Tools completed and delivered and/or Services supplied in accordance with the Purchase Order but not previously paid for, and (ii) the actual costs of work-in-process and parts and raw materials incurred by Seller and properly allocated under recognized commercial accounting practices to the terminated portion of such Purchase Order, less the fair useable or realizable value to Seller of items retained or sold (with Buyer's consent) by Seller. Buyer shall not be responsible for (i) any materials acquired or Goods or Tools fabricated in advance of the time necessary to permit shipment(s) on specified delivery date(s) or in amounts in excess of those authorized in any release, (ii) materials that are damaged or destroyed or that are not merchantable or useable, (iii) any undelivered Goods or Tools that are in Seller's standard stock or that are readily marketable, (iv) work-in-process or parts or raw materials inventory that can be returned to Seller's suppliers or subcontractors for credit. Payments made in connection with a termination of the Purchase Order shall not exceed the aggregate price for the Goods, Tools or Services that would be supplied by Seller under any release outstanding at the effective date of termination. Buyer shall not be liable for, directly or indirectly, any loss arising from or attributable to failure to realize anticipated revenue, savings or profit, unabsorbed overhead, product development and engineering costs, unamortized depreciation cost or general and administrative burden charges from a termination of the Purchase Order. In the event of a termination of the Purchase Order by Buyer as a result of Buyer ceasing to be a supplier to its customer for the vehicle program, Buyer shall only be obligated to compensate Seller for any costs under this paragraph if, when and to the extent that the customer reimburses Buyer for such costs. Buyer shall have the right to audit and inspect Seller's books, records and other documents relating to Seller's termination claims.

(c) Notwithstanding anything to the contrary, Buyer may terminate the Purchase Order (in whole or in part) as a result of (i) Seller's failure to perform in accordance with the requirements of such Purchase Order or breach of any term thereof, (ii) Seller's failure to make progress so as to endanger timely and proper delivery of the Goods, Tools or completion of the Services, (iii) a change of control of Seller, which

shall include any sale of a substantial portion of Seller's assets used in connection with Seller's performance under the Purchase Order or any sale of a sufficient number of shares of Seller, or of any affiliate that controls Seller, to effect a change in management of Seller, (iv) the insolvency, bankruptcy, reorganization, arrangement, receivership or liquidation by or against Seller, (v) a receiver being appointed in respect of Seller or all or part of its property, or (vi) Seller ceasing, or threatening to cease, to carry on business in the normal course. In any such case, such termination shall be without liability to Buyer (except for Goods or Tools completed and delivered and/or Services supplied in accordance with the Purchase Order but not previously paid for), and Seller shall be liable for all costs, losses and liabilities suffered by Buyer.

(d) Seller expressly acknowledges that the failure to timely report a quality issue to the Buyer once a defect in material or workmanship is known or suspected or ought to be known or suspected by a reasonably prudent person constitutes in and of itself a material breach of this framework agreement which shall entitle the Buyer to immediately terminate the Purchase Order (in whole or in part).

(e) The remedies set forth in this framework agreement shall be cumulative and not alternative and may be exercised separately or together, in any order or combination, and are in addition to any other remedies provided for or allowed by law, at equity or otherwise.

29. **Transition of Supply** - In connection with Buyer's termination or non-renewal of the Purchase Order, Seller will cooperate with Buyer in the transition of supply of the Goods and/or the Services, including the following: (i) Seller will continue production and delivery of all Goods and/or Services as ordered by Buyer, at the prices and other terms stated in the Purchase Order during the period reasonably needed by Buyer to complete the transition to the alternate supplier to avoid any interruption in Buyer's ability to obtain the Goods and/or Services as needed; and (ii) subject to Seller's reasonable capacity constraints, Seller shall provide overtime production as requested by Buyer. Buyer and Seller shall agree on the reasonable and actual cost of any overtime production requested by Buyer.

30. **Right to Audit and Financial Review** - Seller grants to Buyer access to all relevant information, including books, records and other documents, for the purpose of reviewing the financial condition of Seller and auditing Seller's charges under the Purchase Order, during the term of the Purchase Order and for an additional two (2) years after the final payment for the Goods. Seller shall preserve such information for such period or longer period if required by applicable law. In addition, all work, materials, inventories and other items described in this Purchase Order must at all times be accessible to Buyer and to Buyer's authorized agents and representatives, including parts, tools, fixtures, gauges and models.

31. **Buyer's Right to Perform** - If Seller fails to perform any of its obligations under the Purchase Order, Buyer may, but shall not be obligated to, perform such obligations without waiving or releasing Seller from such obligations and without limiting or affecting its other rights and remedies available hereunder or at law. Where applicable, Buyer and its agents shall be entitled to enter upon Seller's premises to perform, or to remove the tooling and materials necessary to perform such obligations. All costs, damages and expenses incurred directly or indirectly by Buyer in connection with the foregoing, including legal and other professional fees and Buyer's administrative time, labor and materials, shall be paid by Seller on demand and, at Buyer's sole option, may be set off against and deducted from any amounts then owing by Buyer to Seller.

32. **Miscellaneous:**

(a) Either party's failure to insist on the performance by the other party of any of the Terms or failure to exercise any right or remedy reserved in the Purchase Order, or either party's waiver of any breach or default hereunder by the other party shall not thereafter waive any other terms, conditions, rights, remedies, breaches or defaults, whether or not of the same or a similar type.

(b) No modification of the Purchase Order, including any waiver of or addition to any of the Terms, shall be binding upon Buyer, unless made in writing and signed by Buyer's authorized representative.

(c) Buyer's rights and Supplier's obligations under the Terms shall not limit in any way whatsoever Seller's common-law tort obligations or Buyer's right to sue in tort in addition, or as an alternative, to suing in contract.

(d) Seller and Buyer are independent contracting parties and nothing in the Terms shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does the Purchase Order grant either party any authority to assume or to create any obligation on behalf of or in the name of the other. None of the persons engaged by Seller in the performance of its obligations under the Purchase Order shall be considered as employees of Buyer.

(e) Except as otherwise expressly stated in the Purchase Order, any notice given or other communication sent under the Purchase Order shall be in writing and shall be properly delivered to its addressee by hand, prepaid courier, registered mail, e-mail (receipt confirmed) or facsimile (receipt confirmed) at the applicable address noted on the face of the Purchase Order. Any notice or communication given as provided herein shall be deemed to have been received at the time of its delivery if delivered by hand, on the business day following its dispatch if transmitted by courier, e-mail or facsimile or on the third business day following its mailing if transmitted by registered mail. Either party may notify the other party, in the manner provided for herein, of any change of address, for the purpose of giving notices or sending communications under the Purchase Order or Terms.

(f) The obligations of Seller to Buyer shall survive termination of the Purchase Order, except as otherwise expressly stated herein.

### **33. Governing Law and Jurisdiction**

- (a) When the Buyer is LAP or LAI these Terms, and any other document, agreement or addendum incorporated by reference herein, shall be interpreted and enforced in accordance with the local, domestic laws of the Province of Ontario and the laws of Canada applicable therein, exclusive of the choice of law rules thereof. To the extent otherwise applicable, the United Nations Convention on Contracts for the International Sale of Goods shall not apply. Where Seller is located in the Province of Quebec, Buyer and Seller confirm their intention that the Purchase Order and all related documents be prepared in the English language. Si le vendeur est situé dans la Province de Québec, l'acheteur et le vendeur confirment leur intention d'accepter que le contrat et tous les documents qui s'y rapportent soient préparés en anglais.
- (b) When the Buyer is LAG, these Terms, and any other document, agreement or addendum incorporated by reference herein, shall be governed by and construed in accordance with the laws of Germany, exclusive of the choice of law rules thereof. To the extent otherwise applicable, the United Nations Convention on Contracts for the International Sale of Goods shall not apply.
- (c) When the Buyer is LAC, these Terms, and any other document, agreement or addendum incorporated by reference herein, shall be governed by and construed in accordance with the laws of the People's Republic of China, exclusive of the choice of law rules thereof. To the extent otherwise applicable, the United Nations Convention on Contracts for the International Sale of Goods shall not apply.
- (d) When the Buyer is LASA, these Terms and any other document, agreement or addendum incorporated by reference herein, shall be governed by and construed in accordance with the laws of the Brazil, exclusive of the choice of law rules thereof. To the extent otherwise applicable, the United Nations Convention on Contracts for the International Sale of Goods shall not apply. The parties also elect the venue of jurisdiction of this Agreement as being that of the City of Sao Paulo, State of Sao Paulo, Brazil, waiving any other courts, no matter how privileged they may be.

Unless otherwise specified in these Terms, any litigation on contractual claims arising from the Terms may be brought by Buyer in any court having jurisdiction over Seller or, at Buyer's option, in any court having jurisdiction over any of Buyer's locations specified in the Purchase Order, in which event Seller consents to jurisdiction and service of process in accordance with applicable procedures. Any claim or proceeding by Seller against Buyer may be brought by Seller only in the court having jurisdiction over the location of Buyer from which the Purchase Order issued. Seller irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such claim or proceeding in any such court, including

any objection that the place where such court is located in an inconvenient forum or that there is any other claim or proceeding in any other place relating in whole or in part to the same subject matter.

(Jan. 1, 2013)