

HBPO NORTH AMERICA, INC.

PRODUCTION PURCHASING GENERAL TERMS AND CONDITIONS

1. **HBPO.** "HBPO", as used in these Terms and Conditions, includes HBPO North America, Inc.
2. **AGREEMENT.** Seller agrees to sell and deliver goods or services specified in HBPO's Purchase Order in accordance with the terms and conditions contained in the Purchase Order, the Purchasing Terms and Conditions stated in this document, the requirements stated in the HBPO Supplier Manual (for parts only), and any other written agreements between supplier and HBPO, all of which constitute the entire and final agreement of the parties and cancels and supersedes any prior or contemporaneous negotiation or agreements. HBPO's Purchase Order expressly limits acceptance to the terms of the Purchase Order, and any additional or different terms (whether contained in seller's forms or otherwise presented by seller) are rejected, unless expressly agreed to by HBPO and the Seller.
3. **ACCEPTANCE.** The Purchase Order constitutes HBPO's offer to Seller and is not binding on HBPO until accepted by Seller. Acceptance can occur by Seller signing the Purchase Order; or by performance against the Purchase Order, such as a delivery of the goods, rendering of services, or the commencement of work on goods to be specifically manufactured for HBPO pursuant to the Purchase Order.
4. **DELIVERY.** Delivery must occur within the time specified in the Purchase Order, or in accordance with HBPO's releases or procedures, if so indicated in the order. If Seller fails to make deliveries or perform services at the agreed time, all damages suffered by HBPO and any premium transportation or other costs required to meet the specified delivery schedule will be at the expense of Seller.
5. **PACKING, MARKING AND SHIPMENT.**
 - (a) Seller will pack and mark goods and make shipments (including shipping on Saturdays and holidays, when requested) in accordance with HBPO's instructions, meet carrier requirements and assure delivery free of damage and deterioration. All shipment of goods to HBPO's plants must include two packing slips. Whenever shipment is made by truck, Seller will enclose one of the packing slips (or packing slip sets in the case of multiple item shipments) in an envelope and Seller will attach the other one to the Bill of Lading and deliver it to HBPO's receiving department upon arrival at HBPO's plant. Seller's responsibility for the goods will be in accordance with the Incoterm specified on the Purchase Order.
 - (b) HBPO may specify the carrier and/or method of transportation and Seller will process shipping documents and route shipments of the goods from the designated Incoterm point. Seller will comply with all of HBPO's or its third party logistics provider's transportation routing instructions, including, but not limited to, mode of transportation, utilization of assigned carrier and identification of the shipping point. Seller will be responsible for all excess costs incurred because of its failure to comply with HBPO's or its third party logistics provider's transportation instructions.
 - (c) HBPO will not be responsible for delays in the payment of invoices if the following requirements are not met: invoices and packing slips must bear the HBPO-assigned supplier code, HBPO tax identification code (when invoices are sent to HBPO-Mexico), Purchase Order number, part number, the release number on blanket orders, the "Ship-to" address, HBPO-assigned plant location code, invoice-to address, and whether containers used are "returnable" or "non-returnable".
6. **RELEASE AUTHORIZATION.** When deliveries are specified to be in accordance with HBPO's releases, Seller will not fabricate or assemble any goods, nor procure required materials, nor ship any supplies, except to the extent authorized by such releases or provisions of the Purchase Order specifying minimum fabrication or delivery quantities. Seller is responsible for supporting HBPO release fluctuations of **+/-15%** during the agreed component lead time period while continuing to ensure on-time delivery of these requirements.
7. **MATERIAL AUTHORIZATION.** This is the number of weeks of financial commitment for released material HBPO provides the Seller. For example, if a supplier has a raw authorization of four (4) weeks and fabrication authorization (fab) of two (2) weeks, HBPO will purchase no more than six (6) weeks worth of material, 2 of which is finished product.
8. **INSPECTION AND REJECTIONS.** HBPO may inspect and evaluate all goods (including all tooling and material used in their manufacture), and all services at times and places designated by HBPO. Seller will provide and maintain a Quality Management System that meets the requirements set forth by HBPO and/or the OEM. Seller will perform inspections as designated by HBPO and Seller will make inspections systems, procedures and records available to HBPO upon request. Notwithstanding payment or any prior inspection, HBPO may revoke acceptance, reject or require correction and/or return to the Seller (at Seller's expense and risk of loss) any goods delivered or services rendered that do not conform to applicable requirements. This Purchase Order is issued for the part specifically identified in the order and any substitution of material, without prior HBPO approval, will be considered a breach of this order. Without limiting its remedies, after notice to Seller, HBPO may (1) replace or correct any non-conforming goods or services and charge Seller the cost of such replacement or correction, (2) cancel the order for default under Clause 23 hereof, (3) subject Seller's account to a debit for the damages suffered by HBPO, and/or (4) cause the removal of Seller as an approved HBPO supplier.
9. **WAIVER OF NON-CONFORMANCE.** HBPO reserves the right to waive or modify penalties associated with Seller's non-conformance to the applicable Terms and Conditions of the contract. Any action by HBPO to waive or modify penalties does not indicate, imply or initiate any permanent modification to the applicable Terms and Conditions of the contract between Seller and HBPO for any prior or subsequent non-conformance issues.
10. **LABOR DISPUTES.** Seller will notify HBPO immediately of any actual or potential labor dispute delaying or threatening to delay timely performance of this Purchase Order, and will include all relevant information to HBPO. Seller will notify HBPO in writing six (6) months in advance of the expiration of any current labor contract. Prior to the expiration of any labor contract of Seller, Seller will establish, at its expense, a forty (40) working day supply of goods in a neutral warehouse site to be located at least (50) miles from Seller's manufacturing locations. Such supply of goods will be in place at least ten (10) working days prior to the expiration of any such contract.

11. GENERAL WARRANTY.

(a) Seller warrants that the goods or services will (1) comply with all specifications, drawings, descriptions or samples furnished and/or specified by HBPO and/or the OEM, (2) be merchantable, and (3) be free from defects in material and workmanship. Seller further warrants that all goods not designed by HBPO will be fit and sufficient for the purpose intended. Unless otherwise agreed to in writing, the warranty period will be the same as the OEM's warranty period extended to HBPO. Seller's liability for a breach of the warranties given herein will be determined by HBPO's analysis of a sample of parts against which claims are made that the parts are defective. Seller will participate in such analysis in accordance with HBPO or OEM procedures.

(b) Seller further warrants that on delivery HBPO will receive good title to the goods and services, free and clear of all liens and encumbrances and that all goods and services will be free from any actual or claimed patent, copyright or trademark infringement.

(c) These warranties are in addition to any warranties implied by law or otherwise made by Seller and will survive acceptance and payment by HBPO.

(d) The Seller will be responsible for all damages, direct and indirect, suffered by HBPO as a result of the defective part and Seller's account may be subject to a debit for these damages.

12. **PRICE WARRANTY.** Seller warrants that the prices for the articles sold to HBPO hereunder are no less favorable than Seller currently extends to any other customer for the same or similar goods or services in similar quantities. If Seller reduces its prices for others for the same or similar goods or services during the term of this Purchase Order, Seller will reduce the prices to HBPO for such goods or services correspondingly. Seller warrants that prices shown on this Purchase Order are complete, and that no additional charges of any type will be added without HBPO's express written consent.

13. **OWNERSHIP OF TOOLING.** Unless otherwise provided in this Purchase Order, property of every description, including, but not limited to, all tools, equipment, material, drawings, manufacturing aids and replacements of the foregoing furnished by HBPO, either directly or indirectly, or as acquired or manufactured by Seller for use in the performance of this Purchase Order, for which Seller has been reimbursed by HBPO, will be (1) the property of HBPO or its customer, (2) plainly marked or otherwise adequately identified by Seller as such, and (3) safely stored separate and apart from Seller's property when not in use. Seller will adhere to the HBPO procedure in effect at the time for submitting requests for reimbursements for tooling costs. All requests for reimbursements for tooling costs are subject to review, approval and audit by HBPO. Seller will retain and not use or rework tooling or property of HBPO or its customer, except for performance of work hereunder or as authorized in writing by HBPO or its customer. Seller will keep such tooling or property in its possession and/or control in good condition, fully covered by insurance, free of liens and encumbrances and will replace such tooling or property when lost, damaged or destroyed. All tooling or property owned by HBPO or its customer will be transferred as HBPO or its customer may direct at any time. If Seller makes any unauthorized transfer of Tooling, Seller will reimburse HBPO for any costs incurred by HBPO in returning the tooling or moving the tooling as directed by HBPO or its customer.

14. INSURANCE AND INDEMNIFICATION.

(a) Insurance. Seller will provide worker's compensation, comprehensive general liability, automobile, and property damage insurance in amounts and coverage sufficient to cover all claims hereunder. Such policies will name HBPO as an additional insured thereunder and shall contain endorsements stating that the policies are primary and not excess over or contributory with any other valid, applicable, and collectible insurance in force for HBPO. HBPO may require Seller to furnish evidence of the foregoing insurance, but failure to comply with these requirements will not relieve Seller of its liability and obligation under this Clause 14.

(b) Indemnification. Seller will defend, indemnify, and hold HBPO harmless against all claims, liabilities, losses, damages, and settlement expenses in connection with any breach by Seller of these general conditions or for injury or death of any person and damage or loss of any property allegedly or actually resulting from or arising out of any act, omission or negligent work of Seller or its employees, agents, or subcontractors in connection with performing this Purchase Order, either on HBPO's property or in the course of their employment.

15. CHANGES.

(a) HBPO may, at any time, make changes in this Purchase Order. Any claim by Seller for a change in price adjustment must be asserted in writing ten (10) days from date of receipt by Seller of HBPO's notification of any change. HBPO will have the right to verify all claims hereunder by auditing relevant records, facilities, work or materials of Seller. Seller agrees to proceed with the Purchase Order as changed under this Clause 15.

(b) All engineering changes, whether initiated by HBPO or Seller, will be processed pursuant to HBPO and OEM practices and processes in effect at the time of the change. All HBPO approved engineering changes to the part specification will be promptly implemented by Seller as directed by HBPO. Price changes for HBPO approved engineering changes are to be based solely on the design cost variance from the superseded design and must be substantiated with appropriate documentation satisfactory to HBPO.

(c) Seller certifies the location(s) from which it will ship the goods covered by the Purchase Order are as specified in the order. If Seller at any time intends to change such location(s), Seller must notify HBPO 3 months prior to the change so that the effect of such change can be evaluated, and negotiated as necessary, for its effect on transit time, packaging methods, and other potentially significant impacts on HBPO or its' customer. If Seller does not notify HBPO of any increased transportation charges in advance of a change in shipping point(s), Seller will be responsible for such costs.

16. SERVICE PARTS.

(a) Supplier agrees to make service parts available for a specified time period in accordance with HBPO's and/or OEM Customer requirements. The price of the part for these service requirements will be the price provided in the Purchase Order plus costs actually incurred for special packaging.

(b) If the part is no longer required for OEM vehicle production, then the price of the part will be no greater than the last price stated in the Purchase Order plus or minus (1) any changes in the cost of materials since the Purchase Order was terminated, plus (2) a volume adjustment reflecting the actual increase in the cost per unit of producing fewer units, plus (3) a set-up charge reflecting the actual cost of preparation for the

production run, plus (4) any additional costs actually incurred for special packaging.

(c) If the parts are manufactured in a country other than the country in which the goods are delivered to HBPO, Seller will mark the goods shipped for HBPO's service requirements "Made in (country of origin)".

17. CLAIMS ADJUSTMENT. HBPO may at any time and without notice deduct or set-off Seller's claims for money due or to become due from HBPO against any claims that HBPO has or may have arising out of this or any other transaction between HBPO and Seller.

18. CUSTOMS.

(a) Seller will promptly notify HBPO, in writing, of material or components used by Seller in filling this Purchase Order, which Seller purchases in a country other than the country in which the goods are delivered to HBPO. Seller will furnish HBPO with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller will promptly advise HBPO of any material or components imported into the country of origin and any duty included in the purchase price of the goods.

(b) The rights to and benefits of any duty drawback, including rights developed by substitution and rights which may be acquired from Seller's suppliers and export credits, to the extent transferable to HBPO, are the property of HBPO. Seller will provide all documentation and information and take any necessary steps to drawback any duty, taxes or fees paid to, and to receive export credits from, the government of the country of origin upon exportation of the goods from such country.

(c) The responsibility for customs duty and customs brokers' fees will be determined in accordance with the transportation code stated in this Purchase Order (Incoterm). If HBPO is responsible for customs duties, it will be responsible for normal duties only. Seller will be responsible for any special duties, including, but not limited to, marking, anti-dumping and countervailing duties, to the extent permitted under the law of the country of importation. Seller will provide to HBPO, or the appropriate governmental authority, all documentation and information required by law or regulation or otherwise necessary to determine the proper minimum duty to be paid upon the importation of the goods into any country or to obtain any refunds or drawbacks of duties paid.

(d) Seller will advise HBPO if the importation or exportation of the goods requires an import or export license. Seller will assist HBPO in obtaining any such license.

(e) Seller will provide to HBPO and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of the goods into the country in which the goods are delivered to HBPO. Seller warrants that the information regarding the import or export of the goods supplied to HBPO is true and correct in every respect and that all sales covered by this Purchase Order will be made at no less than fair value under the anti-dumping laws of the countries to which the goods are exported.

19. USE OF HBPO'S NAME. Seller will not, without the prior written consent of HBPO, in any manner publish the fact that Seller has furnished or contracted to furnish HBPO goods and/or services, or use the name or trademarks of HBPO, its products, or any of its associated companies in Seller's

advertising or other publication. Seller will not place its or any third party's trademark or other designation on the part if the part bears a HBPO trademark or an identifying mark specified by HBPO, or if the part is peculiar to HBPO's design ("Marked Parts"). Seller will sell Marked Parts, and similar goods, only to HBPO and will not sell Marked Parts or similar goods to third parties without HBPO's prior written consent.

20. INFORMATION DISCLOSED. The specifications, drawings, designs, manufacturing data and other information transmitted to Seller by HBPO in connection with the performance of this Purchase Order are the property of HBPO and may be covered by one or more HBPO patents, patent applications or copyrights. Seller will handle all of this information in such a manner to insure that it is not used for any purpose detrimental to the interests of HBPO. Unless expressly provided in this Purchase Order or otherwise agreed to in writing by HBPO, Seller's disclosure rights regarding products or services related to this order, and information relating thereto shall be limited to any valid copyright thereon or patent Seller may hold covering the manufacture, use and sale of the products or services.

21. PATENTS. No rights are granted to Seller under any HBPO patents except as may be necessary to fulfill Seller's obligations under this Purchase Order. Seller agrees to defend all suits, actions or proceedings which may be brought against HBPO, any of its associated companies or its customers for alleged infringement of any proprietary interest resulting from the use or sale of the goods or services provided hereunder and to pay all expense and fees of counsel which may be incurred in defending, and all costs, damages, or other recoveries in every such suit.

22. ASSIGNMENT. This Purchase Order will not be assigned or delegated, in whole or in part, without HBPO's prior written consent, including, but not limited to, the subcontracting of work to be performed hereunder or the transfer of tooling or equipment to third parties for the performance of work hereunder.

23. TERMINATION AT HBPO'S OPTION. HBPO may terminate this Purchase Order at any time without cause in whole or in part by written notice, whereupon Seller will stop work on the date and to the extent specified in such notice and terminate all orders and subcontracts that relate to the terminated order. Within thirty (30) days after receipt of termination notice, Seller will submit all claims resulting from such termination. HBPO will have the right to verify such claims by auditing the relevant records, facilities, work or materials of Seller and/or its subcontractors. HBPO will pay Seller for finished work accepted by HBPO as well as for the documented cost to Seller of work in process and raw material allocable to the terminated work which is not in excess of any prior HBPO authorization. Payment made under this Clause 23 will constitute HBPO's only liability for termination hereunder with title and right of possession to all delivered goods and services vesting in HBPO immediately upon HBPO's tender of such payment. The provision of this Clause 23 will not apply to any cancellation by HBPO for default by Seller or for any other cause recognized by law or specified by this Purchase Order.

24. CANCELLATION FOR DEFAULT. If Seller (1) fails to deliver goods or perform services at the time specified herein, or (2) fails to perform any other provision hereof and does not cure such failure within a period of ten (10) days after receipt of written notice from HBPO specifying such failure, or (3)

becomes insolvent, makes an assignment in favor of creditors, or enters bankruptcy or dissolution procedures, or (4) is merged into another company and/or is expropriated or nationalized, HBPO may cancel the whole or any part of this Purchase Order without any liability, except for payment due for goods and services delivered and accepted. Upon such termination HBPO will have the right, and on notice to Seller, to take title to and possession of all or any part of such work performed by Seller under this order.

25. **TAXES.** The goods purchased hereunder are for resale or for an exempt purpose and are exempt from state and local sales or use taxes.
26. **REMEDIES.** The rights and remedies herein reserved to HBPO are cumulative and in addition to any other or further rights and remedies available at law or in equity. No waiver of any breach of any provision of this Purchase Order will constitute a waiver of any other breach or a waiver of such provision.
27. **REQUIRED COMPLIANCE.** In providing goods or services hereunder, Seller will comply with any and all applicable Federal, State and Local laws, including foreign laws, and regulations promulgated there under. Seller will defend, indemnify and hold HBPO harmless from and against any and all claims, losses, damages, costs and expenses resulting from or arising out of any failure of Seller or Seller's employees, agents and subcontractors to comply with any applicable governmental regulations and/or statutes.
28. **GOVERNING LAW.** This Purchase Order and all transactions between HBPO and Seller will be governed by and construed in accordance with the laws of Michigan as if entirely performed therein. The 1980 United Nations Convention on Contracts for the International Sales of Goods, to the extent it may be deemed to apply, shall not, pursuant to Article 6 thereof, apply to this Purchase Order or any transaction pursuant hereto.
29. **ELECTRONIC COMMUNICATION.** HBPO will prescribe the methods of communication between Seller and HBPO and Seller agrees to follow HBPO's prescriptions.
30. **FORCE MAJEURE.** Acts of God and other extraordinary events that are beyond the reasonable control of the party invoking force majeure and make its ongoing performance commercially impossible shall exempt that party from its performance obligations for the duration of the disruption. Events such as economic hardship or labor disruptions do not constitute force majeure. In all events, the parties will cooperate to minimize any disruption caused by the force majeure event.