

# CTA ACOUSTICS, INC.

## Terms and Conditions of Purchase

### 1. GENERAL PROVISIONS

- a. **Scope.** These Terms apply to the requests for offers, the formation, the contents of and the compliance with any agreement and/or purchase contract in the performance of which goods are supplied to CTA.
- b. **Online Modification of Terms.** These Terms may be located at [www.ctaacoustics.com](http://www.ctaacoustics.com) (“CTA Site”). Supplier acknowledges receipt of these Terms and agrees that these Terms (unless otherwise directed by CTA in writing) include all amendments, changes and modifications thereto as may be subsequently posted on the CTA Site and same are deemed incorporated herein and binding on Supplier.
- c. **Governing Instruments.** In the event of inconsistencies among the provisions of any of the instruments included in the Purchase Contract, the provisions of the following instruments shall govern in the
  - i. Release
  - ii. Purchase Order
  - iii. Purchase Contract
  - iv. These Terms
- d. **Applicable Provisions.** The Supplier hereby agrees that the provisions of the Purchase Contract and these Terms of purchase are the sole provisions applicable to the purchase of the goods and that these provisions shall prevail over any additional or inconsistent terms contained or referred to in any communication at any time by the Supplier in whatever form. Notwithstanding the foregoing, CTA shall have the right to amend the Purchase Contract and to make changes by faxing, e-mailing or otherwise delivering written notice thereof to Supplier or posting such amendments on its website at [www.ctaacoustics.com](http://www.ctaacoustics.com).
- e. **Receipt of Amendments.** Supplier expressly agrees that it shall be deemed to have received written notice of amendments and Changes (as defined in Section 9(c)) made by CTA sending to Supplier’s address as set forth in the Purchase Contract posting such amendments and/or Changes on the CTA Site and such notice will be deemed given and received as of the date of such posting.
- f. **Notices.** CTA may from time to time send to Supplier or post on the CTA Site supplier bulletins, certification requirements, non-conforming products notices, corrective actions required or demanded and other information and notices which CTA deems necessary or relevant to the performance of the Purchase Contract or otherwise and same shall be binding upon Supplier from and after the time of posting.
- g. **Duty to Review.** It is Supplier’s responsibility to regularly and continually review the CTA Site for Changes, amendments, notices and information and Supplier will be deemed to have been duly notified if the applicable item is posted on the CTA Site and agrees to be bound by all such postings.
- h. **Exclusion of General Terms.** The Supplier agrees that the general terms of sale of the Supplier shall not apply to any Purchase Contract – not even in addition to these Terms, and that any applicability of such general terms of sale is hereby expressly excluded.
- i. **No Posting Requirement.** CTA is not required to post these Terms or any other items on the CTA Site, but shall have the right to do so at any time.

## 2. PURCHASE CONTRACT, QUOTATIONS, ORDERS, ACCEPTANCE, ETC.

- a. **Purchase Contract.** Each Purchase Contract is an offer by CTA to purchase goods and/or services from Supplier on the terms in the Purchase Contract. Any Purchase Contract must be evidenced by a written order issued and signed by CTA and accepted by Supplier as provided herein.
- b. **Quotations.** Unless expressly stated otherwise all offers and price quotations of the Supplier shall be irrevocable, unless the withdrawal reaches CTA before the time of the offer.
- c. **Acceptance.** Supplier shall be deemed to have accepted the Terms and Purchase Contract upon the first to occur of the following: (i) signing the Purchase Contract or other written acceptance or acknowledgement thereof; (ii) commencement of any performance by Supplier, including ordering or purchasing any materials or supplies, commencing the performance of any services or commencing the production of any goods (including tooling) or samples; (iii) the shipment of or release for pickup of any goods; or (iv) failure to object to the Purchase Contract, in writing, within ten (10) days of receipt of this Order. Any acceptance of the Purchase Contract is limited to acceptance of the Terms herein.
- d. **Customer Agreements.** If the goods under the Purchase Contract are or will be sold, or incorporated into goods or services that are or will be sold, directly or indirectly, by CTA to an original equipment manufacturer or any other third party customer (collectively, the "Customer"), Supplier shall take all actions and comply with such requirements and do all other things as CTA deems necessary or desirable to enable CTA to meet its obligations under the terms of any contract or purchase order ("Customer Agreements") applicable to CTA from time to time with regard to such supply to Customer.
  - i. In the event there is any conflict between the Customer Agreements and any provisions of this Purchase Contract, CTA shall have the right to have the provisions of the Customer Agreements prevail to the extent necessary or desirable to resolve such conflict.
  - ii. In addition to any other rights or remedies provided for in this Order, if the Customer directed or requested that Supplier be the Supplier of the Goods to CTA, CTA will pay Supplier for the Goods only after and to the extent of, and in proportion to, CTA's actual receipt of payment from the Customer for goods into which the Goods are incorporated.
- e. **Electronic Data.** CTA and the Supplier agree that the orders, messages and all other information transferred to the other party by means of electronic data interchange may be regarded as the duly authorized and manifest will of the respective party and will be handled in the same manner as communications on paper.
- f. **Modification of Purchase Contract.** The Purchase Contract can only be modified as set forth herein.
- g. **Quotation Terms.** A Purchase Contract following a quotation or offer of the Supplier, or following a blanket or long term agreement in which future deliveries have been agreed upon by CTA, will be performed under the strict terms of that quotation, offer or agreement, but only to the extent accepted by CTA in writing, and in all events except as modified herein, and will be deemed to represent the full price of the entire performance of the Supplier, inclusive of all costs, taxes (excluding VAT), duties and additional expenses, provided, however, that CTA's acceptance is expressly limited to all of the Terms hereof governing such Purchase Contract and any additional, inconsistent or different terms in Supplier's quotation or offer are rejected.
- h. **Trade Terms.** Any reference made to trade terms (such as EXW, DDP, etc.) is deemed to be made to the relevant terms of the Incoterms, published by the International Chamber of Commerce, to the version current at the effective date of the Purchase Contract.

## 3. QUANTITY, RELEASES, AND ESTIMATES

- a. **Compliance.** Supplier shall strictly comply with the dates, times, quantities and instructions contained in the Purchase Contract and in any written requests from CTA for release of a specified amount of goods (“Releases”).
- b. **Non-Exclusivity.** CTA is not required to buy exclusively from Supplier unless the Purchase Contract expressly so states.
- c. **Unspecified Amount in Purchase Contract.** If the language of the Purchase Contract does not expressly commit to a specific amount, states zero, is indicated to be blanket or per release (or similar term), then: (i) Supplier is obligated to supply to CTA those requirements of CTA as are specified in writing by CTA in its Releases; and (ii) CTA is required to purchase no less than one piece or unit of the goods and no more than those quantities identified and authorized by CTA for release under CTA’s written Releases.
- d. **Estimates.** Any estimate or forecast of volumes or term of the program under the Purchase Contract, from either CTA or CTA’s customer, are estimates only, subject to modification from time to time, and are not binding upon CTA. Supplier assumes all risks regarding any changes thereto.
- e. **Continuation of Supply.** CTA is not obligated to purchase all of its requirements for the goods from Supplier. Supplier agrees to continue to supply as set forth in CTA’s Purchase Contract and written releases until the Purchase Contract is otherwise terminated by CTA.

#### 4. REVOCATION AND TERMINATION

- a. **Revocation.** CTA may revoke the Purchase Contract without liability, in whole or in part, by notice to the Supplier prior to the delivery to CTA of the Purchase Contract executed by Supplier or written notice to CTA that Supplier has otherwise accepted the purchase contract in the manners provided herein. Unless otherwise specified in the notice, such revocation will be effective on the date such notice is given. No such revocation by CTA will be deemed a termination and the provisions of Section 6 shall not be applicable.
- b. **Termination.** Upon any breach of Supplier under the Purchase Contract, including any breach of these Terms, or under any other agreement with CTA or any of its affiliates, CTA may terminate the Purchase Contract in whole or in part effective upon written notice to Supplier. In the event of termination, Supplier shall immediately stop all work under the Purchase Contract or portion of the Purchase Contract terminated, shall cause its suppliers to stop all such work and shall stop incurring costs. CTA shall not be liable to Supplier for any amount and Supplier shall be liable to CTA for any and all collection costs, attorney fees and expenses and all other damages, including incidental and consequential damages, arising out of the Supplier’s breach or CTA’s termination under this Section.

#### 5. TERMINATION AT OPTION OF CTA

The Purchase Contract may be terminated by CTA, at its option, in whole or in part, for any or no reason, at any time or from time to time upon written notice of termination to Supplier.

- a. **Procedure Following Termination.** Under termination by CTA under this Section, Supplier shall immediately stop all work under the Purchase Contract or portion of the Purchase Contract terminated and shall stop incurring costs and shall cause its suppliers to stop all such work and to stop incurring costs. To the extent of the terminated portion of the Purchase Contract and subject to any setoff rights of CTA, CTA shall pay to Supplier the following amounts without duplication: (1) The applicable price stated in the Purchase Contract for the applicable goods and services which have been completed in accordance with the Purchase Contract, accepted by CTA and not previously paid for, but only to the extent there is an outstanding Purchase Contract and written release for such goods (2) The actual costs (exclusive of profit) incurred by Supplier for work-in-process, parts or raw materials which cannot reasonably be used by Supplier in producing supplies for itself or for its other customers, but only to the extent same is properly allocable under recognized

commercial accounting practices to the terminated portion of the Purchase Contract, less the reasonable value thereof if actually used or sold by Supplier, and (3) The reasonable costs incurred by Supplier in protecting CTA's property in its possession if CTA has requested such protection in writing.

- b. **Payment Obligations.** In no event shall CTA be obligated to pay for: (1) any of the foregoing in excess of amounts expressly authorized by written releases of CTA; (2) any goods or services that are damaged or destroyed or which breach any warranty or term hereof; (3) any goods or services that are not accepted by CTA; (4) any goods that are readily marketable elsewhere or which can be returned to Supplier's suppliers or subcontractors; or (5) any amount in excess of the aggregate price for the Goods or Services under any outstanding written releases.
- c. **Protection of Property.** Supplier shall protect all property in its possession or control in which CTA has or may acquire an interest, including CTA's Property. Any materials which Supplier has on hand as a result of any such termination, the costs of which are included in the settlement outlined above, shall be held by Supplier subject to disposal or delivery instructions from CTA.
- d. **Remedies.** Payment under this Section shall be Supplier's sole and exclusive remedy and CTA's only liability in the event the Purchase Contract is terminated under this Section. Upon such payment to Supplier, all right, title and interest in all work-in-progress, goods, services and materials shall immediately pass to CTA. CTA will not be liable to Supplier for any other costs, capital expenses, rental costs, soft costs, overhead, anticipated profits, damages, losses or any other amounts whatsoever upon termination other than as expressly set forth above.
- e. **Termination for Breach.** CTA's obligations under this Section shall not apply if the Purchase Contract is terminated by CTA pursuant to the Termination For Breach Section below.
- f. **Claim for Payment.** Supplier's claim for payment hereunder shall be submitted in detail and in writing to CTA within 30 days of the effective date of termination and any suit to enforce payment must be commenced within 1 year of such termination. If not timely and properly submitted, Supplier shall have waived and released its claim and same shall be null and void. CTA shall have the right to audit any termination claim hereunder and shall have access to Supplier's books and records for such purpose.
- g. **Damages.** Any termination by CTA, whether by default or otherwise, shall be without prejudice to any claims for damages or other rights of CTA against Supplier, whether in the Purchase Contract or otherwise, and Supplier's obligations hereunder shall survive any termination. The termination rights of CTA are notwithstanding any Excusable Delay or other matters affecting Supplier.

## 6. ADDITIONAL SUPPLIER OBLIGATIONS RELATED TO TERMINATION

- a. **Right to Cover.** In addition to all of CTA's other rights under the Purchase Contract or applicable law, CTA may, upon termination, in whole or in part, purchase or manufacture similar goods and Supplier shall cover all costs thereof, including without limitation all costs of transitioning the work, obtaining approvals and all related expenses and damages and/or require Supplier to transfer title and deliver to CTA any and all goods produced or procured by Supplier under any Purchase Contract, and Supplier shall be liable to CTA for any excess costs to CTA. Any termination by CTA, whether by default or otherwise, shall be without prejudice to any claims for damages or other rights of CTA against Supplier, whether in the Purchase Contract or otherwise, and Supplier's obligations hereunder shall survive any termination. Supplier will cooperate with CTA in the transition of supply of the goods and services and will continue production and delivery of all goods as ordered by CTA, at the prices and other terms stated in the Purchase Contract until CTA's transition is completed. If the transition of supply occurs for reasons other than CTA's termination of the Purchase Contract, in whole or in part, CTA shall, at the end of the transition period, pay the reasonable, actual cost of extra services or expedited supply requested by CTA, provided that CTA has pre-approved such costs.

## 7. PRICE AND PRICE WARRANTIES

- a. **Firm Price.** Unless otherwise agreed in writing, the price is firm, does not include VAT or similar taxes or fees (which shall be paid by Supplier), no surcharges or other charges of any kind shall be added and is not subject to any price adjustment. Supplier will pay all customs, duties, tariffs, taxes (including income, excise and sales taxes) and expenses with regard to the sale, manufacture, distribution or provision of the goods or services. Supplier has the sole risk of increases in costs, foreign exchange rate changes, increases in raw materials costs, inflation, increases in materials, labor and other manufacturing costs or other costs related to the Purchase Order and the price shall not be increased on account thereof.
- b. **Invoices Required Before Payment.** Payments for the goods or services will in no event be due before invoiced to CTA with details specified in accordance with the instructions of CTA. Supplier shall not invoice prior to delivery to CTA.
- c. **Time of Payment.** Unless otherwise agreed in writing, payment of the price and any other sum due by CTA to the Supplier shall be on open account and time of payment shall be the later of: (i) 60 days after the end of the month in which the invoice, as required above, was received by CTA; (ii) 30 days after CTA is paid on its related PPAP invoice to its customer; or as otherwise specifically stated herein.
- d. **Drawback Rights.** CTA retains any and all custom duty drawback rights (by substitution or otherwise) which are transferable from Supplier to CTA and same shall at all times be reserved for and credited to CTA. Supplier shall timely inform CTA of any such rights and supply CTA with all documents required for CTA to obtain such drawback.
- e. **Transfer of Payment.** The amounts due shall, unless otherwise agreed, be transferred by tele-transmission or otherwise to the Supplier's bank as communicated by the Supplier. CTA shall be deemed to have performed its payment obligations when the respective sums due have been debited from CTA's bank account.
- f. **Set Off.** CTA is authorized to set off against payments due to the Supplier or any of its affiliates (under the Purchase Contract or payments due from CTA under any other agreement) any and all obligations of Supplier or its affiliates to CTA or any of the CTA affiliates (whether arising hereunder or under any other agreement).
- g. **Payment Not Recognition of Performance.** Payment of the invoice of the Supplier shall never be interpreted as recognition of the correct performance of the Supplier of its obligations under a Purchase Contract or acceptance of any goods or for any other reason.
- h. **Favorable Pricing.** Supplier warrants that the prices for the goods under this Purchase Contract are, and shall ensure that such prices remain, not less favorable to CTA than the prices currently extended to any other customer of supplier for the same or substantially similar goods or services in the same or substantially similar quantities and delivery requirements. If supplier reduces the prices of such same or substantially similar goods or services during the term of this Purchase contract, supplier agrees to reduce the prices of the goods correspondingly.
- i. **Supplier's Assumption of Risk.** Supplier expressly assumes the risk of any event or cause (whether or not foreseen) affecting such prices, including any foreign exchange rate changes, increases in raw materials costs, inflation, increases in labor and other manufacturing costs.
- j. **Goods Must Remain Competitive.** Supplier guarantees that the goods remain competitive, in terms of price, technology and quality, with substantially similar goods and services available to CTA from other suppliers.

## 8. EQUIPMENT PROVISIONS

If the Purchase Contract includes or relates to Supplier's purchase of equipment or tools that is not to be inventory or for resale, CTA will have an absolute and immediate right to purchase said equipment for the lesser of the Supplier's book value or Supplier's actual cost, in either case less any amounts allocated thereto under the Purchase Contract prior to termination.

## 9. AMENDMENT OR MODIFICATION OF PURCHASE ORDER

- a. **Complete and Final Agreement.** The Purchase Contract and these Terms contain the complete and final agreement between CTA and Supplier and no agreement or other understanding in any way purporting to modify the terms and conditions hereof shall be binding upon CTA unless made in writing and signed by CTA's authorized representative.
- b. **Right to Amend.** Notwithstanding the foregoing, CTA shall have the right to amend the Purchase Contract to make changes in drawings, specifications or designs, method of shipment or packing or place of performance by mailing written notice thereof to Supplier. Any difference in price from such changes shall be equitably adjusted between CTA and Supplier in writing.
- c. **Changes to Purchase Contract.** Additional terms and conditions and/or modifications ("Changes") of the Purchase Contract other than those set forth in 10(b) may be made by CTA. CTA shall give Supplier written notice of such changes at least 30 days prior to the effective date of the Changes. Such Changes shall be deemed accepted by Supplier and incorporated into the Purchase Contract unless Supplier, within 15 days of the date of CTA's notice, delivers its written objections to any of the Changes to CTA. If Supplier so objects, CTA may either terminate this Purchase Contract by written notice to Supplier setting forth the effective termination date or may continue the Purchase Contract without the Changes so objected to.

## 10. TERMS OF DELIVERY

- a. **Compliance.** All deliveries must be made strictly in compliance with the Purchase Contract and CTA's delivery schedules as issued by CTA from time to time. At such scheduled delivery date and time the Supplier must deliver the goods, hand over any documents relating to them and transfer clear title and full possession of the goods in compliance with the Purchase Contract. The Supplier warrants that the goods delivered are free from any right, lien or claim of a third party.
- b. **Partial Deliveries.** CTA is not obligated to accept partial deliveries, unless otherwise agreed in writing.
- c. **Delivery Terms.** If no other delivery terms are determined in the Purchase Contract, the Supplier shall place the goods at CTA's disposal at the plant address stated in the Purchase Contract, Delivered Duty Paid (DDP).
- d. **Shipping Requirements.** Supplier and sub-contractors must produce and ship materials in accordance with all statutory, regulatory and any special requirements, as applies at the point of origin and shipping/transfer points between the manufacturing site to CTA dock. All records, in accordance with governing laws, must be maintained for review and inspection by CTA or its agent. Supplier shall ensure, by making it a part of their process that all statutory, regulatory and any special requirements, mentioned above, shall be maintained by their suppliers and sub-suppliers.
- e. **Late Delivery.** The Supplier shall notify CTA in writing as soon as it becomes apparent that there is a risk the Supplier will not be able to deliver the goods in conformity with the Purchase Contract. Late delivery will be prima facie evidence of the default of the Supplier.
- f. **Penalty for Late Delivery.** To the extent allowable under applicable law without limiting any other remedies of CTA or voiding this provision or any other provision of the Purchase Contract, if and when a delay in the delivery of any goods is established, CTA, in addition to all other remedies herein, is entitled to claim a

penalty equal to 10%, but with a minimum of US\$500, or such other percentage as may be agreed in writing, of the purchase price of those goods for each complete week of delay, without prejudice to any and all other remedies under the Purchase Contract and notably the right to full recovery of all direct and indirect damages.

- g. **Remedies for Late Delivery.** If delivery is not completed pursuant to CTA's schedule, CTA, in addition to its other rights and remedies hereunder can take such actions as it deems necessary to meet such schedules, including expedited shipping and routing at Supplier's cost and expense. The Supplier shall immediately report any event, occurred or expected, which may reasonably affect delivery.
- h. **No Liability for Excess Goods.** Supplier shall not ship any goods except as are expressly authorized to be shipped by the Purchase Contract or by CTA's written releases. CTA accepts no liability for goods which have been delivered in excess of CTA's written release request and such goods can be returned, shipping charges collect, to the Supplier at its expense or, at CTA's option and at Supplier's risk and cost, held by CTA in storage until the next scheduled deliver date, with payment withheld accordingly.
- i. **Procurements Not Authorized by CTA.** Additionally, CTA shall not be responsible for any procurements or commitments made by Supplier in advance of those specifically authorized by CTA in writing as necessary to comply with CTA's schedules as set forth in the applicable Purchase Contract.

## 11. ACCEPTANCE AND INSPECTION

- a. **Samples.** CTA's acceptance of initial samples from production tooling shall in no manner constitute acceptance of the goods and does not limit the Supplier's warranty liability contained herein nor CTA's rights to further inspect, test and/or reject the goods as provided herein or under applicable law.
- b. **Nonconforming Goods.** Delivery of Nonconforming Goods shall be a breach by Supplier hereof and of the Purchase Contract.
- c. **Inspection.** Supplier acknowledges, that CTA cannot reasonably be expected to arrange for, and therefore will not, inspect deliveries or the delivered goods on an individual basis. CTA is however entitled to carry out representative acceptance tests with respect to the goods. CTA shall also be entitled to, but shall in no manner be deemed to be required to, make inspections, tests and other investigations at Supplier's premises, either itself or through a third party and Supplier shall permit such access, including access to any assistance, tools and/or equipment reasonably necessary to inspect such goods and confirm any processes in manufacturing such goods as may be requested by CTA. Verification by CTA shall not absolve the Supplier of the responsibility to provide Conforming Goods, nor shall it preclude subsequent rejection by CTA.
- d. **Test Methods.** CTA will inform Supplier on request of the test methods and the selection criteria used, which will be, at CTA's option, binding with respect to the initial assessment of the quantity and quality of the whole delivery. All test and analysis shall be performed by qualified associates utilization policies and procedures both inside and outside the normal scope of product. Qualifications of associates will be presented by supplier upon request of CTA.
- e. **Acknowledgement of Receipt by Employees/Third Parties.** An acknowledgement of receipt signed by CTA-employees or third parties commissioned to transport the goods, will only be interpreted as an acceptance of external condition of the goods and will in no event be deemed to be an acceptance of the goods by CTA or a waiver of any rights of CTA to enforce its rights under the Purchase Contract at any time.
- f. **Final Inspection.** All goods are subject to final inspection as determined by CTA and no such preliminary or representative inspection shall be deemed a substitution or waiver thereof by CTA. CTA shall have the right to inspect all such goods and to reject any and all goods which are in its judgment, Nonconforming Goods or otherwise defective. Goods so rejected and/or goods supplied in excess of quantities called for herein may be returned to Supplier at its sole cost and expense and, in addition to CTA's other rights, CTA may charge Supplier all expenses of unpacking, examining, repacking and reshipping such goods.

- g. **Revocation of Acceptance.** At any time, CTA will have the right to revoke acceptance of the goods and same shall thereafter be deemed Nonconforming Goods.
- h. **Breach.** If the above acceptance tests show that the goods, or a representative part of the goods, fail to conform with the Purchase Contract, Supplier shall be in breach hereof and in addition to its other remedies upon breach.
- i. **Postponing Inspection.** CTA may in any event postpone examination of packaged goods until the unpacking takes place in the ordinary course of business of CTA.
- j. **Corrective Action Reports.** The Supplier commits to address repeated instances of failure to conform with the Purchase Contract with a timely corrective action plan, which will be communicated to CTA immediately. The Supplier, if requested by CTA, will provide and deliver to CTA a completed corrective action report acceptable to CTA within the time period directed by CTA.
- k. **Notification of Non-conformance.** Supplier shall immediately notify CTA of any non-conformance and defects, discovered or anticipated, in goods which have been delivered to CTA.
- l. **Remedies for Nonconforming Goods.** If any inspection at any time shows that any of the goods are Nonconforming Goods and whether or not the price has already been paid, CTA may, in addition to all of its other rights and remedies under the Purchase contract and these Terms, revoke acceptance in whole or in part, require correction or replacement, obtain replacement goods at Supplier's cost, recover its damages (including indirect and consequential damages), return the whole or part of the delivery to the Supplier at Supplier's cost and expense, replace the goods at Supplier's cost, repair or modify the goods at the Supplier's cost, reduce the price for these goods in the same proportion as and in relation to the value that the goods actually delivered had at the time of the delivery compared to the value that conforming goods would have had at that time and/or render such goods into scrap and dispose of same as CTA deems fit. If CTA requires replacement or correction, Supplier's failure to replace or correct in the time specified by CTA shall be a breach hereof.
- m. **Payment as Acceptance.** Payment for goods shall not constitute acceptance thereof.
- n. **Acceptance of Samples.** Once samples from production tooling have been accepted by CTA, no change of function, appearance, properties, material or manufacturing methods shall be made without the prior written approval of CTA.
- o. **Supplier's Duty to Inspect.** Nothing contained in the Purchase Contract shall relieve Supplier's obligation of testing, inspection and quality control.

## 12. SUPPLIER'S WARRANTIES

- a. **Merchantability and Fitness for a Particular Purpose.** Without prejudice to other remedies under the Purchase Contract and in addition to all other warranties available in the Purchase Contract or in law and/or equity, Supplier expressly warrants to CTA, its successors, assigns, direct and indirect customers:
  - i. That the goods and/or services delivered will: (i) conform to all specifications, samples, standards, drawings, and requirements (including any requirements of any certifications and/or quality assurance requirements of CTA, or its direct or indirect customer(s), or as specified by CTA, (ii) are new, merchantable, of new and good material and workmanship, (iii) will be free from defect in material and/or workmanship, (iv) are fit for the particular purpose intended by CTA and/or its direct and/or indirect customers, (v) comply with all applicable laws, regulations, rules, codes and standards, regarding the goods and/or services, including the products which do or shall contain the goods; (vi) are free from any defects in design, even if the design has been approved by CTA; and (vii) are accompanied with requisite clear written manuals, guidance notes, warnings and instructions as may

be necessary to ensure the proper and safe handling, use and storage of the goods by CTA or its customers, including any necessary instructions and advise as to accident procedures and environmental containment measures.

- ii. That Supplier fully conveys to CTA good and marketable title to all of the goods and any other items delivered under the Purchase contract or otherwise, free of all liens, claims, restrictions, charges, taxes and encumbrances whatsoever
- b. **Duration.** This warranty shall survive any expiration or termination of the Purchase Contract and shall continue in effect for the greater of (i) fifteen (15) years from the date of the latest delivery of goods; (ii) the applicable statute of limitations or (iii) the entire period of any warranty provided by CTA or any warranty under which CTA may have responsibility or liability, including any warranty or liability to any customer of CTA, whether a direct customer or an indirect or ultimate customer.
- c. **Breach of Warranty.** Upon any breach of warranty, and without limiting or affecting CTA's other rights or remedies available hereunder, in the remainder of the Purchase 'Contract or in any other instrument, or at law or in equity,: (i) upon, and only upon, CTA's written request and at CTA's option, Supplier shall, at its expense, promptly repair, replace or adjust defective goods and services free of charge or compensate CTA for the value of these goods and/or service and or the cost for correction of defects; (ii) upon request of CTA, Supplier shall provide CTA with written return authorization within 72 hours with regard to all goods CTA determines are nonconforming or defective; (iii) the Supplier will be liable for and promptly pay the costs of repair, modification, cover or replacement of the goods or services Supplier shall pay CTA all costs, losses or damages, including all incidental or consequential damages incurred by CTA, arising out of any breach of the foregoing warranties.
- d. **Supplier Liability.** In addition to the foregoing, upon any breach of the above warranties or of Supplier's obligations under this Section, Supplier shall be liable for (ii) all loss, damage, costs and expenses of CTA and CTA's direct and indirect customers, arising therefrom, (iii) all incidental, strict and consequential damages, arising therefrom or relating thereto, including without limitation, all shutdown and product interruption costs, recall or other voluntary or involuntary field service action costs, inspection costs, freight or return freight costs, (iv) all liabilities, damages, charges, costs and expenses that CTA is required to pay or perform to or on behalf of any direct or indirect customer of CTA, and (v) charges of CTA or its direct or indirect customers for any warranty or agreement CTA has issued or due to service, retrofit or product recall campaigns for which is bound or has reasonably resolved to guarantee the safety of its commercial products or to limit damage to its reputation in the market.
- e. **Repair and Replacement of Goods.** The Supplier's Warranties shall also apply to such repaired, replaced or otherwise adjusted goods and/or services.
- f. **Defense of Warranty Claims.** CTA may, at the Supplier's expense, defend or resolve any alleged warranty claim, correct any claimed or allegedly defective goods or services and/or replace such goods or services at Supplier's cost, all without Supplier's approval.
- g. **Warranty Obligation Survives Acceptance.** Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect the Supplier's obligation under these warranties and these warranties shall survive inspection, testing, acceptance and use.
- h. **Hidden Defects.** Should a hidden defect or nonconformance in any goods or services be discovered after the warranty period, the Supplier will remain responsible for a reasonable time thereafter for CTA to investigate and make a claim.
- i. **Warranty to Successors.** Supplier's warranty shall run to CTA, its successors, assigns and direct and indirect customers and users of the goods, whether or not incorporated or processed into other goods.

- j. **CTA's Knowledge of Use for a Particular Purpose.** The Supplier undertakes to make sure it has asked and obtained all information from CTA in order to be clearly informed about any particular use CTA wants to make of the goods to be supplied. If the Supplier has reasons to doubt whether the technical specifications received by CTA are compatible with the particular use CTA wants to make of the goods, it will notify CTA of this in writing timely and prior to the beginning of the execution of a Purchase Contract.
- k. **Quality Improvement.** The Supplier will promote continuous quality improvement in the design, manufacture, production and distribution of the goods. The Supplier shall comply with the quality assurance processes, programs, inspections and standards specified by CTA or its customer.

### 13. PACKAGING, CARRIAGE, AND RISK OF LOSS

- a. **Packaging Compliance.** The Supplier shall pack the goods in compliance with the Purchase Contract and good commercial practice, and at all times in such a manner that these are properly protected, clearly marked and labeled, are acceptable to common carriers at their lowest rate, in accordance with all applicable regulations, including disclosure and labor regulation statements and CTA's standards, and can be loaded, transported and unloaded in an ordinary and safe manner.
- b. **Packaging Takeback.** If CTA so requests, the Supplier shall at his own expense and risk arrange to take back the packaging material after delivery.
- c. **Carriage of Goods.** If the Purchase Contract involves carriage of the goods other than on DDP terms and the Supplier is bound to arrange for carriage of these goods, the Supplier must, at the expense and risk of CTA, make such contracts as CTA requires or, in the absence of such instructions within a reasonable period, as are necessary for carriage to the place fixed by means of transportation appropriate in the circumstances and according to the usual terms for such transportation. The usual terms shall always mean a term and/or definition as used by and in conformity with Incoterms, edited by the International Chamber of Commerce according to its latest version. The Supplier shall be responsible for the compliance with the relevant governmental regulations relating to the packaging and carriage of the goods.
- d. **Insurance.** The Supplier undertakes to conclude and maintain shall maintain and shall require subcontractors, if any, to maintain the following kinds of insurance with minimum limits as set forth below:

- |   |  |
|---|--|
| i. Workman's Compensation.  | Statutory  |
| ii. Employer's Liability.   | \$1,000,000 each occurrence  |
| iii. Contractor's comprehensive general liability (including contractual liability and if subcontractors are employees, contractor's protective liability). | \$1,000,000 bodily injury each occurrence<br>\$1,000,000 property damage each occurrence |
| iv. Automobile public liability (including hired automobiles and non-ownership liability).  | \$1,000,000 bodily injury each occurrence<br>\$1,000,000 property damage each occurrence |
| v. Umbrella or Excess Liability.  | \$1,000,000 each occurrence  |

Before commencing to perform such services, Seller shall furnish insurance certificates as directed by Buyer, satisfactory in form and substance to Buyer, showing the above coverage's, and providing for at least ten days prior written notice by the insurance company of cancellation or modification.

- e. **Assignment of Proceeds.** The Supplier undertakes to assign its rights to payments under this policy to CTA at its first request. If not agreed differently, the insurance will cover the costs of replacement of the goods.

- f. **Risk of Loss.** In any event, the risk does not pass to CTA until the goods are clearly identified according to the Purchase Contract, whether by markings on the goods, by shipping documents, or otherwise, and are delivered in good condition to CTA's plant or as otherwise designated by CTA and delivery is accepted by CTA.
- g. **Documenting County of Origin.** Country of origin shall be documented, including code section references for the applicable country's goods. Supplier shall furnish to CTA all certificates of origin or domestic value-added and all other information relating to the costs and places of origin of the goods and the materials contained therein or used in the performance thereof, in full compliance with all customs, tariffs and other applicable laws, rules and regulations. Supplier shall at all times be in full compliance therewith and shall indemnify CTA arising from any delay in delivering such items to CTA, any failure to fully comply as provided above and/or any errors or omissions contained in such items.
- h. **Transportation Charges.** Any transportation charges paid by Supplier for which it is entitled to reimbursement shall be added to Supplier's invoice as a separate item and the receipted freight bill shall be attached thereto. All goods shall be shipped in the manner set forth in the Purchase Contract. Each shipment must include packing slips, bills of lading, and invoices bearing the applicable purchase order number and the location of the plant to which goods are to be shipped. No charge shall be made by Supplier for containers, crating, boxing, bundling, dunnage, drayage, storage or insurance, except as expressly provided in the Purchase Contract.

#### 14. INFORMATION AND SITE INSPECTION

- a. **Access to Information.** The Supplier shall allow access to any drawings, specifications, electronic and technical information concerning the goods that CTA may reasonably require. These documents and information will not be considered confidential. CTA may use the information free of charge for use in manuals etc.
- b. **Inspection of Quality Control Procedures.** The Supplier guarantees that CTA is at any time able to inspect quality control aspects at every place of production, including at the place of production of subcontractors of the Supplier.
- c. **Quality Criteria.** The Purchase Contract is subject to all quality standards and policies of CTA as are in writing and either delivered to Supplier or posted on the CTA Site, as revised or amended from time to time by CTA ("Quality Criteria"). Supplier acknowledges receipt of the Quality Criteria and accepts same. All such Quality Criteria are incorporated herein by this reference. Supplier agrees that CTA may revise or amend any Quality Criteria at any time and that all such revisions and/or amendments that are on the CTA Site or otherwise made available to Supplier are binding on the Purchase Contract and on Supplier.
- d. **Operating Management System.** Supplier must have an established Operating Management System that is TS/ISO/UL approved or meets the expectation thereof. Shipment against CTA's Purchase Contract demonstrates Seller's agreement to these General Terms and Conditions. Seller acknowledges all requirements contained in the CTA Supplier Quality Manual.
- e. **Permission to Monitor Production.** Supplier shall permit a designated representative of CTA and/or CTA's customer or ultimate customer to visit Supplier's premises to observe and monitor the development and production of the goods and to verify compliance with CTA's or its customer's Quality Criteria and the Purchase Contract, including inspection of the manufacturing process, testing and disclosure of the test records. Supplier shall reserve CTA and/or CTA's customer a corresponding right when production, wholly or partly, is entrusted to a third party. Verification by CTA and/or CTA's customer shall not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by CTA.

- f. **Access to Quality Records.** Upon CTA's request Supplier shall make available to CTA all quality records including, without limitation, documents and any other data, which relate to specified requirements and the effectiveness of Supplier's quality system. Supplier shall retain such quality records for at least 10 years.
- g. **Sub-Contractors Bound.** Supplier shall procure that all of its sub-contractors are contractually bound to comply with the terms of this Section.

## 15. OWNERSHIP OF TOOLS AND OTHER MEANS OF PRODUCTION

- a. CTA Property is defined as: All tools and materials (including jigs, fixtures, forms, gauges, inspection equipment, templates, drawings, specifications, models, molds, films, stamps, other audio, video and information media, software and databases), together with all accessories and replacements, which are, directly or indirectly: (i) manufactured by CTA for the production or quality control of goods or pursuant to the Purchase Contract; (ii) provided to or by CTA; (iii) paid for in part or in whole by CTA; (iv) in any other way financed or reimbursed by CTA, in whole or in part; or (v) to be so manufactured, paid, financed or reimbursed by CTA. All CTA Property is the sole property of CTA or CTA's customer, as the case may be, and is freely at the disposal of CTA and shall be held by Supplier as a bailment from CTA (with Supplier as the bailee thereof) and will be conspicuously marked or tagged by the Supplier "Property of CTA" or property of CTA's customer as specified by CTA if the tooling is owned by CTA's customer.
- b. CTA Property shall be kept separate and used exclusively for production in accordance with accepted Purchase Contracts for CTA upon CTA's request and shall not be used for any other party other than CTA. The Supplier shall treat such tools and materials properly as a good and responsible keeper and store them in such a way that they may be easily identified. The Supplier shall conclude and maintain sufficient insurance cover against loss and damage by fire etc. and theft. CTA shall at all times be entitled to inspect these tools and materials on the Suppliers premises or retrieve them or take them back free of charge. As a precaution, in the event there is a dispute in the ownership of the CTA Property, CTA, in the alternative, is granted a security interest in the, and the express authority to file a financing statement evidencing such alternative rights.
- c. Supplier shall, at its own cost (i) bear all risk of loss and damage to all CTA Property; (ii) safeguard, store and maintain the CTA Property in first class condition; (iii) replace worn CTA Property to the extent necessary to produce acceptable parts, in CTA's sole judgment; (iv) indemnify CTA against all claims from any toolmaker or supplier relating to the CTA Property; and (v) maintain and provide CTA with proof of insurance on the CTA Property and any replacements or modifications thereof in an amount equal to its replacement cost, with CTA or its designee as additional insured and the sole loss payee.
- d. CTA Property must not be improved, repaired, altered or scrapped, shall not be commingled with Supplier's or anyone else's property and shall not be removed from Supplier's physical possession without CTA's prior written approval. CTA shall have the right to enter Supplier's property at all reasonable times to inspect and audit CTA Property and all records regarding them. All replacements of, modifications or attachments to, CTA Property shall belong to CTA.
- e. All CTA Property shall be deemed personally and shall be kept free and clear of all claims, liens, mechanics liens or any other rights or interests of Supplier or any third party.
- f. Immediately upon completion of the Purchase Contract, or upon any 24 hours written notice by CTA, Supplier shall properly pack, mark and ready any CTA Property for shipment and, at CTA's option, deliver it to any location requested by CTA F.O.B. Supplier's plant or permit CTA on its premises to recover same. In no event shall Supplier's obligation to return CTA Property to CTA or as directed by CTA be subject to any set off or counterclaim whatsoever.

- g. CTA is granted the option to take possession of and free and clear title to any property of Supplier (that is not CTA Property) used for the special production of the goods upon payment to Supplier of the net book value thereof, less amounts CTA has paid therefor or has been allocated to the value thereof, directly or indirectly.
- h. CTA has the absolute right to audit all orders and invoices related to CTA's Property including all of Supplier's books and records and supplier expressly grants CTA access thereto for such purposes.

## 16. CONTINUATION OF SUPPLY

- a. **Duration.** Supplier warrants it will continue to supply the goods as ordered by CTA for a period of at least 15 years after the last regular delivery of these goods for regular assembly purposes at the prices set forth in the Purchase Contract. Supplier shall maintain and safeguard all quality, manufacturing and other relevant technical records pertaining to the goods during the same period of at least 15 years.
- b. **Right to Cover.** Without prejudice to CTA's other rights under the Purchase Contract, the Supplier shall promptly send CTA written notice if the production of the goods is discontinued for any reason sufficiently in advance of the expiration of the production so as to give CTA the opportunity to resource supply in a timely and orderly manner and to make a single purchase and thus bring its stocks up to the levels as CTA considers adequate. The price for such purchase and resourcing shall be Supplier's cost. Nothing herein shall relieve Supplier of its obligation to supply goods and parts to CTA as set forth above and as ordered by CTA under the Purchase Contract and/or releases issued there under.

## 17. RIGHTS TO INTELLECTUAL PROPERTY

- a. **Infringement.** Supplier guarantees and warrants to CTA, which guaranty is accepted, that the manufacture, design, sale or use of the goods or services and the performance of the Purchase Contract does not infringe on any rights third parties may have or which are protected under any local, national, supranational or international law or regulation in the area of Intellectual Property Rights, which the term "Intellectual Property Rights" shall include without limitation all information and rights protected by any law or regulation and all copyrights, patents, trade secrets, trade dress, trademarks, technical information and/or know how, designs, know-how, design rights and patent and/or license rights and any other proprietary information or rights. Supplier expressly waives any claim that any such information arose out of compliance with CTA's specifications.
- b. **Rights Generated in Course of Performance.** CTA shall, if the Purchase Contract includes any research, development or design services or if CTA has contributed in any way to the relevant research and development process, be the exclusive owner of all Intellectual Property Rights that may be generated in the course of the performance of the Purchase Contract by or for the Supplier and Supplier shall execute and cause the proper execution of all such documentation necessary to place such exclusive ownership in CTA. The Supplier will promptly inform CTA of any model, procedure or activity which may be eligible for protection under Intellectual Property law and undertakes to make available to CTA all information and data necessary to file a request for the registration of the relevant Intellectual Property rights. CTA will in any case be deemed to have contributed in the research and development process when it has made available any Intellectual Property rights of CTA or there are research and/or development budgets or line items or access to test facilities.
- c. **Ownership.** CTA will at all times remain to be the sole owner of all of its Intellectual Property Rights, which shall include any Intellectual Property Rights on the specifications, designs and other technical data it made available to the Supplier and all of the Intellectual Property rights of CTA referenced herein. Supplier shall only use CTA's Intellectual Property rights to the extent allowed in writing by CTA and only in the production and supply of the goods and services to CTA. Supplier shall not use CTA's Intellectual Property Rights for its own use or for or on behalf of another.

- d. **Indemnification.** Supplier shall be liable to and shall indemnify, protect and hold CTA, its affiliates, agents, direct and indirect customers and other suppliers, including all who may use the goods, harmless against any claims, losses, profits, royalties, damages and expenses, including attorney and other professional or related fees, which may arise out of any claim of infringement of any Intellectual Property Right any nature or unfair competition or otherwise based on the manufacture, design, sale or use of the goods or services, or of the products containing the goods or the services, whether alone, in combination by reason of their design, content or structure, or in combination with Supplier's instructions or recommendations, even if Supplier has supplied only part of the goods or services at issue. Supplier expressly waives any defense or claim against CTA that any such infringement or alleged infringement arises out of compliance with CTA's or its customer's specifications or design. Supplier's obligations hereunder apply even if CTA or its customer provides all or any portion of the design or specifies all or any portion of the processing utilized by Supplier or its suppliers.
- e. **Claim for Infringement.** CTA may be represented and actively participate in any suit or proceeding arising out of any such claim and Supplier shall pay all costs of such representation. If the sale or use of the goods is enjoined, restricted or subject to any fee or royalty, or CTA reasonably believes it will be, Supplier shall immediately procure a royalty-free right for CTA, its customers, successors and assigns, to continue manufacturing, selling, servicing, repairing, marketing and using the goods and services, in addition to all of Supplier's other obligations hereunder.
- f. **Right to Supplier's Intellectual Property.** Supplier grants CTA, its affiliates, direct and indirect customers, and all respective successors and assigns, a worldwide, perpetual, paid-up, unlimited, non-exclusive, royalty free, irrevocable license, including the right to sublicense to others, in all Intellectual Property owned, licensed to or controlled by Supplier or its affiliates, including without limitation all patented, copyrighted or otherwise protected or proprietary data or property of Supplier which relates to the goods or the Purchase Contract or is conceived, used, developed, acquired, generated or delivered in the performance of the Purchase Contract, to use, sell, import, export, replace, cover, build, rebuild, service, relocate, manufacture and to repair and have repaired, to reconstruct and have reconstructed, to make and have made, sell, offer for sale, reproduce, distribute, and to have others perform any of the foregoing for its direct or indirect benefit (with a right of assignment for such purposes). This license is intended to be subject to 11 USC Section 365(n), as an executory agreement under which Buyer has license rights to Supplier's Intellectual Property, and is supplementary to any other rights of Buyer under this Order and any other agreement with Supplier. Supplier shall also assign all inventions, discoveries and improvements (whether or not patentable) conceived or first reduced to practice by Supplier, or by any person employed or contracted by or working under the direction of Supplier, in the performance of Supplier's obligations under this Order or in relation to the goods and promptly will notify and disclose all details to CTA of all such inventions, discoveries or improvements and shall cause its employees, agents and contractors to sign all instruments necessary for Buyer to obtain title to and file applications for patents worldwide with regard thereto. To the extent that any works of authorship (including, without limitation, software and computer programs) are created in the performance of Seller's obligations under this Order, such works shall be considered "works made for hire", and to the extent that such works do not qualify as "works made for hire", Seller hereby assigns to Buyer, all right, title, and interest in all copyrights and waives and assigns to Buyer all moral rights The rights hereunder shall survive any termination of the Purchase Contract.
- g. Supplier will obtain for CTA, its affiliates, direct and indirect customers, and all respective successors and assigns, all of the rights and license granted to CTA hereunder.

## 18. SUPPLIER'S BREACH OF CONTRACT

- a. **Breach and Remedies.** Supplier shall be in breach of the Purchase Contract if (i) it breaches or fails to perform or comply with any term, representation, warranty, covenant, or condition of the Purchase Contract or these Terms or of any other writing made a part of the Purchase Contract, which shall include, but not be limited to, failure to comply with any term, condition or warranty of the Purchase Contract, late deliveries, or deliveries of Nonconforming Goods, (ii) it fails to make progress so as to endanger timely performance and

delivery of the goods and services and same is not fully cured within 10 days of notice thereof from CTA, (iii) it fails to provide CTA, upon request, reasonable assurances of future performance, (iv) it ceases to conduct its operations in the normal course of business, (v) it becomes insolvent or makes a general assignment for the benefit of creditors or files or has filed against it a petition of bankruptcy or for reorganization or pursues any other remedy under any other law relating to the relief for debtors or in the event a receiver is appointed for Supplier's property or business, and/or (vi) it sells or transfers or offers to sell or transfer a material portion of its assets or if a controlling interest in the Supplier is sold or otherwise transferred or a change in control of Supplier is otherwise effected. In addition to all remedies for breach of warranty, indemnity or otherwise stated herein, if the Supplier is in breach of the Purchase Contract or these Terms, CTA is, without prejudice to any other rights allowable under the law or equity, entitled to, but shall not be obligated to, immediately exercise one or more of the following remedies:

- i. Declare the Purchase Contract terminated, wholly or partially;
- ii. Terminate the Purchase Contract as provided herein;
- iii. Have the Supplier remedy any lack of conformity of the goods by repairing, modifying or replacing these goods, if this can be done within a period not unreasonable to CTA and if not causing unreasonable inconvenience, this to be decided at the sole discretion of CTA;
- iv. Return all goods to Supplier at Supplier's expense for repair, replacement or full refund, at CTA's option;
- v. At CTA's option, have the Supplier reduce Nonconforming Goods into scrap and dispose of them at CTA's election and for CTA's benefit;
- vi. Repair or modify the goods itself or have the goods repaired or modified by a third party to remedy any breach or nonconformance of the goods with the Purchase Contract, all at the expense of the Supplier;
- vii. Replace or cover the goods with same or similar goods and charge Supplier the cost thereof;
- viii. Exercise all rights and remedies under Section 13 relating to breach of warranty;
- ix. Setoff against payments due to the Supplier or any of its affiliates (under the Purchase Contract or payments due from CTA under any other agreement) any and all obligations of Supplier or its affiliates to CTA or any of the CTA affiliates (whether arising hereunder or under any other agreement);
- x. Exercise all other rights and remedies provided in the Purchase Contract, these Terms or provided in law and/or equity, including specific performance;
- xi. Resolve any alleged warranty claim, correct allegedly defective goods at the Supplier's expense and/or replace such goods at Supplier's cost, all without Supplier's approval;
- xii. Perform such obligations without waiving or releasing Supplier from such obligations. CTA and its agents, including any person or entity appointed by CTA for this purpose, shall be entitled to enter upon Supplier's premises to perform this Purchase Contract, to remove any CTA Property and all other materials necessary to perform such obligations, all at Supplier's sole cost and expense, and Supplier shall pay CTA all costs, damages and expenses incurred directly or indirectly in connection with the foregoing, including legal and other professional fees, administrative time, labor and materials, which shall be payable to CTA on demand or, at CTA's sole option, may be set off against any amounts then owing by CTA to Supplier.
- xiii. CTA shall have complete access to and possession of all documents, invoices, drawings, specifications, contracts, vendor information and other information and documentation in any manner

- necessary for or relating to the Supplier's performance of this Purchase contract so as to assist CTA in performing any of the obligations of Supplier hereunder or in transitioning any work or services under this Purchase Contract, in whole or in part, to another supplier.
- xiv. Recover from Supplier all losses and damages to CTA, and/or its direct or indirect customers, arising out of such breach, including without limitation all strict, incidental and consequential damages, which shall include without limitation all excess scrap costs, personal injury claims, property damages, costs of recalls or other corrective actions, shutdown costs, cover and replacement costs, delay costs, repair costs, overtime expenses, premium freight and extra operational expenses, together with all costs and expenses and legal fees incurred in enforcing its rights.
- b. **Above Remedies Non-Exclusive.** CTA will not be obliged to grant the Supplier any period of grace or cure. The above remedies are not exclusive and exercise of one shall not preclude the exercise of any other right or remedy. Termination of the Purchase Contract shall in no event preclude CTA's recovery of any other damages or enforcement of any other remedies provided for in the Purchase Contract or these Terms and all such rights and remedies shall survive termination.
  - c. **Termination Following Breach.** In the event of a termination of the Purchase Contract, if requested by CTA, whether it is for breach or otherwise, the Supplier shall supply CTA with all the goods ordered by CTA prior to the termination, in accordance with the provisions of the Purchase Contract.

## 19. PRODUCT LIABILITY AND RECALLS

- a. **Indemnification for Product Liability Claims.** The Supplier shall be responsible for, pay to CTA and fully indemnify and hold CTA harmless from and against all direct or indirect damages, losses, claims and expenses (including attorney and other professional fees and other expenses) claimed against or suffered or incurred by or awarded against CTA in connection with or arising out of the goods or the use by CTA or by the users of the goods, including, without limitation, personal injury and death and f damage to personal property "Losses").
- b. **Insurance.** The Supplier shall conclude and maintain sufficient insurance cover against such liability claims and shall evidence same to CTA upon request, with CTA as an additional insured if it so requests. CTA will have the right to inspect this insurance policy. The Supplier undertakes to assign its rights to payments under this policy to CTA at first request. At Inala's request, such insurance shall name CTA as an additional insured and payee.
- c. **Non-Conforming Goods/Breach.** If it appears that the goods are non-confirming and/or in breach of the Purchase Contract, the goods shall be presumed to have contributed to the fact the Losses.
- d. **Information on Defects.** The Supplier will promptly inform CTA of any information it has or may acquire which may bear relevance on any defects in the delivered goods or on claims that may involve the product liability of CTA.
- e. **Service Events.** "Service Event" is a recall or other service action performed by CTA, its customers, dealers or others relating to any CTA product, goods or components. CTA may initiate a Service Event required by a governmental agency (whether mandated or voluntarily agreed upon by CTA) or on its own for customer satisfaction or other reasons it deems reasonable. CTA reserves the sole and absolute right to determine all aspects of a Service Event, including when to conduct one and its implementation. Supplier is liable for all costs and expenses of a Service Events to remedy any alleged nonconformity or breach of warranty in the goods.
- f. **Supplier Liability for Service Event.** At its option, CTA may debit the Supplier for all costs and expenses, including without limitation, all costs of investigation, compliance, parts and labor relating to a Service Event

if CTA has made a good faith determination that the Supplier is likely to be liable for some portion of the total costs of the Service Event.

- g. **Governmental Agencies.** Supplier will promptly notify CTA in writing if it has provided information to any governmental authority or agency with authority over the industry regarding the goods, or goods of a derivative or comparable nature to the goods, including information provided to any government concerned in accordance with any reporting requirements prescribed by law.

## 20. SUB-CONTRACTING

- a. **Written Consent Required.** The Supplier shall not have any sub-contractor carry out any work or the supply of goods under the Purchase Contract without the prior written permission of CTA. The permission of CTA to the Supplier to contract out work or the supply of the goods shall not in any way alter the responsibilities of the Supplier under the Purchase Contract, unless otherwise agreed in writing.

## 21. DISCLOSURE OF CONFIDENTIAL OR PROPRIETY INFORMATION

- a. **Supplier's Use of Disclosed Information.** In consideration of the disclosure by CTA or any CTA Group Company to Supplier of confidential or proprietary information including, but not limited to, design, samples, drawings, specifications, schedules, Intellectual Property or any other information supplied by CTA or any customer of CTA, pricing, customer information, trade secrets, designs, samples, know-how, technical information, service repair information, the terms and conditions of a Purchase Contract or the fact that Supplier supplies or has made an agreement to supply to CTA ("Confidential Information"), the Supplier undertakes and agrees as follows:
  - i. To use the Confidential Information solely for the purpose of the applicable Purchase Contract
  - ii. Not to disclose the Confidential Information to any other person or entity except those employees who have a need to know the Information and are bound by obligations of confidentiality no less onerous than those set out in the Agreement
  - iii. To store the Information with due care and attention
  - iv. Not to, through its own organization or through any third party, analyze or reverse engineer any item or sample supplied to it by the other party to determine its composition, except to the extent reasonably necessary to verify the compliance of the goods with the terms of the Purchase Contract.
  - v. To comply with all of the terms and covenants of any Non-Disclosure Agreement or similar confidentiality agreement ("NDA") between Supplier and CTA, and any NDA of any third party under which CTA is bound.
- b. **Non-Disclosure Agreement.** Supplier agrees to execute any NDA referenced in Section 21(a)(v).
- c. **Return of Information.** Supplier agrees to return, after expiration or termination of all related Purchase Contracts, or earlier immediately upon CTA's request, all Confidential Information and all copies thereof. Copies of Confidential Information may only be made upon CTA's written consent in each instance.
- d. **Confidentiality Agreement.** Supplier will execute CTA's or its customer's confidentiality agreement immediately upon request and will comply with all the terms and conditions thereof.
- e. **Duration.** The obligations of Supplier under this Section shall survive beyond any termination or expiration of any Purchase Contract for a period equal to the greater of (i) the term of any Purchase Contract plus five (5) years; (ii) the term of any NDA plus any survival period contained therein; and (iii) the period of time that Supplier is required to supply goods and parts to CTA hereunder plus five (5) years. Notwithstanding the

foregoing, all of the rights and obligations under this Agreement shall continue to survive thereafter perpetually with regard to Confidential Information that is regarded as a trade secret and/or Confidential Information of a third party. The foregoing is sometimes referred to herein, and in any other Purchase Contract instrument or any NDA, as the “survival period”.

## 22. INDEMNIFICATION OF CTA

- a. **Indemnification.** Supplier agrees to pay to CTA, indemnify, defend and hold harmless CTA, its agents representatives, owners, managers, officers, directors, successors, assigns, customers, agents and employees from and against any and all damages (including incidental and consequential damages), claims, suits, judgments, demands and costs, including, but not limited to, all legal expenses and attorney fees, whatsoever arising out of or relating in any way to any real, purported or alleged: (i) defects or negligence or defect in the design, manufacture, shipping or handling of the goods to be provided pursuant to the Purchase Contract; (ii) inadequate warnings related thereto; (iii) infringement of patent or copyright or other Intellectual Property or unfair trade practice with regard to the goods or services or any component thereof; (iv) any environmental liability arising out of any violation of any environmental rule, law, or other regulation (“Environmental Law”); (v) breach of any term or provision of the Purchase Contract, including without limitation any breach of warranty or any failure to comply with these Terms or other terms of the Purchase Contract; (vi) strict liability claims; and/or (vii) any act or omission of Supplier, its agents, employees or subcontractors. This indemnity is in addition to any warranty obligations of Supplier or obligations of Supplier upon a breach hereof.

## 23. ASSIGNMENT BY CTA

- a. **Assignment by CTA.** CTA is entitled to assign or otherwise transfer all or parts of its rights and/or obligations under the Purchase Contract to any affiliated company, unless otherwise provided in the Purchase Contract.
- b. **Assignment by Supplier.** The Supplier shall not assign, subcontract or otherwise transfer all or any part of its rights and/or obligations under the Purchase Contract to any third party without the prior written consent of CTA.

## 24. EDI

- a. The Supplier will at the request of CTA establish and maintain an electronic data interchange system, compatible with the relevant system in use by CTA to use this system if and when required by CTA as main communication line with respect to the execution of the Purchase Contract(s).
- b. The Purchase Contract may be signed by scanned copies sent by email (with email acknowledgment of receipt) or facsimile signatures (with written acknowledgement of receipt), and if so signed, (i) may be relied on by each party as if the document were a manually signed original and (ii) will be binding on each party for all purposes..
- c. The binary file retained by CTA, including any reproduction thereof by photographic, microfilm or other means made in the regular course of CTA’s business, and any printout thereof, and shall be conclusive evidence of the transferred information.

## 25. CONVERSION, WAIVER, AND SEVERABILITY

- a. **Invalidation of Provisions.** In the event that one or more of the provisions of these Terms and Conditions of Purchase, the Purchase Contracts and/or other agreements to which these Terms and Conditions of Purchase apply, are declared invalid or unenforceable by court or administrative decisions, such validity or

enforceability shall not in any way affect the validity or enforceability of any other provisions of the Terms and Conditions of Purchase, Purchase Contracts (and/or other agreements to which these Terms and Conditions of Purchase apply), except those of which the invalidated or unenforceable provisions compromise an integral part or otherwise are clearly inextricable from such other provisions. In the event that any provision of the Terms and Conditions of Purchase, Purchase Contracts (and/or other agreements to which these Terms and Conditions of Purchase apply) shall be deemed to be invalid or become invalid, CTA and the Supplier hereto agree to substitute for such provision a new provision which comes as close as possible to the original objective of the parties.

- b. **Waiver.** No waiver, forbearance or failure by CTA of its rights to enforce any provision of the Terms and Conditions of Purchase, Purchase Contracts (and/or other agreements to which these Terms and Conditions of Purchase apply) shall constitute a waiver of its right to enforce such provision thereafter or to enforce any other provision.

## 26. OTHER COMPLIANCE

- a. **Legal Compliance.** Supplier agrees that (1) in the manufacture and sale of goods to CTA, Supplier shall comply with all applicable federal, provincial, state, and local laws, orders, conventions, standards and regulations of all jurisdictions, including all countries of origin or delivery, (“Laws”) relating to the goods, their manufacture, use, sale, importation, exportation, labeling, or otherwise, including without limitation, any Laws relating to the environment, data protection and privacy, equal employment opportunity, veterans’ rights and jobs listing provisions, child labor, forced labor, anti-corruption, dangerous or hazardous materials or goods, export control, money laundering, anti-terrorism, riots, embargos and economic sanctions, infringement of intellectual property rights, wages and hours, conditions of employment, subcontractor selection, discrimination, affirmative action, motor vehicle safety, occupational safety and health, (2) the goods sold by Supplier to CTA shall conform to the requirements of all Laws and (3) the Purchase Contract shall be deemed to incorporate by reference all the clauses required by the provisions of said Laws, orders and regulations binding upon Supplier. Supplier shall furnish CTA with certificates of compliance by itself and its suppliers and contractors, where required under such applicable Laws or when requested by CTA. Supplier warrants that the goods will be made in compliance with all Laws.
- b. **Materials.** All materials used in manufacture shall satisfy current government and safety constraints on restricted, toxic and hazardous materials, as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale.
- c. **Manufacturing Safety.** Supplier shall have a process to assure that governmental and safety constraints on restricted, toxic and hazardous substance are complied with relative to the goods and the manufacturing process.
- d. **Environmental Protections.** All on-site work of Supplier shall be conducted in a manner which is protective of the environment. All environmental Laws must be complied with. All waste materials must be properly disposed of. Any potential environmental impact must be fully disclosed to CTA in writing prior to the commencement of work and all methods that can provide proper protection and prevent violations or accidents must be incorporated in Supplier’s work. Supplier must submit all records relating to all environmental impacts and compliance with all Environmental Laws as required by regulation, Environmental Law or by CTA.
- e. **Certification/Registration.** Supplier, at its sole cost and expense, shall strictly comply with and shall obtain and maintain at all times all certifications, licenses, registrations and similar accreditations of and/or relating to customs, import/export, security, and related laws, rules and regulations, now existing or hereafter enacted or enforced, including without limitation the following: (i) Supplier shall obtain and at all times under this Purchase Contract maintain all certifications, registrations and similar accreditations of any law or international pact or treaty as may be required by CTA to fully comply with all customs, tariffs, import and other applicable governmental laws and/or regulations, and shall evidence and supply same to CTA at CTA’s

request; (ii) Supplier shall at all times under this Purchase Contract comply with all applicable recommendations or requirements of the United States Bureau of Customs and Border Protection's Customs-Trade partnership Against Terrorism (C-TPAT) at CTA's or the Customs and Border Protection's request, and Supplier shall certify in writing its compliance with the foregoing; and (iii) all export and import licenses and authorizations necessary or required for the export or import of the goods. Supplier warrants that all of its suppliers and contractors shall abide by all of the covenants in this Section 28. Supplier shall indemnify and hold CTA harmless from and against any liability, claim, demand, fine, delay, loss or expenses (including attorney's or other professional fees) arising from or relating to Supplier's or any of its contractors' or suppliers' failure to fully comply with all of the foregoing.

## 27. REQUIREMENT OF WRITTEN NOTICE

- a. **Written Notice.** Except as otherwise expressly stated in the Purchase Contract, any notice given or other communication sent under the Purchase Contract shall be in writing and shall be properly delivered to its addressee by hand, national courier, e-mail (receipt confirmed) or facsimile (receipt confirmed) at the applicable address noted on the face of the Purchase Contract. 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. 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 Contract.

## 28. FORCE MAJEURE

- a. **Excusable Delay.** A delay in a party's performance under the Purchase Contract may be temporarily excused, to the extent Supplier cannot complete and deliver the goods or CTA cannot accept delivery or purchase the goods, if such delay is the direct result of an Excusable Delay. An "Excusable Delay" means a cause or event not within the reasonable control of a party and which is not attributable to its fault or negligence. Excusable Delay may include fire, war, floods, quarantine, terrorism or explosions. Supplier's Excusable Delay shall not include Supplier's or its direct or indirect supplier's labor problems, failure to comply with law, or inability to obtain power, material, labor, equipment or transportation or court order.
- b. **Notice of Delay.** The party claiming Excusable Delay shall provide prompt written notice to the other party of the event causing such event, the anticipated delay and the efforts underway and [planned to overcome such delay.
- c. **Right to Cover.** During the period of an Excusable Event affecting Supplier's performance and for a reasonable time afterward, CTA may, at its option, (i) acquire any work in process, finished goods and/or raw materials relating to the goods and may have any third party complete same, with all costs associated therewith to be deducted from the Purchase Contract price; (ii) purchase goods from other sources and Supplier shall cover CTA with regard thereto. In all events, CTA shall have the right to reduce its delivery schedules or orders to Seller by such quantities, without liability to Seller, or require Seller to provide goods or services from other sources in quantities and at times requested by Buyer at the price set forth in this Contract.
- d. **Cancellation of Purchase Contract.** Supplier shall take all steps to restore its performance and minimize the Excusable Delay. Should such delay in full performance extend beyond three (3) months due to any of these circumstances, CTA may cancel, in whole or in part, the Purchase Contract and/or the respective portion of any order for deliveries so delayed and unexecuted without incurring a liability towards Supplier.
- e. **Shortage of Goods.** In the event of a shortage of goods, Supplier agrees to allocate the available goods among its customers in a fair and equitable manner.

- f. **Bank of Supply.** Supplier shall keep a bank of thirty (30) days' supply in the event an Excusable Delay is foreseeable.

## 29. GOVERNING LAW AND RESOLUTION OF DISPUTES

- a. **State Law.** The Purchase Contract shall be governed by the law of the State of Kentucky, excluding any conflict of law provisions that would require application of another choice of law.
- b. **Arbitration.** Any dispute, controversy or claim arising under, out of, or in connection with, or in relation to the Purchase Contract, any amendment thereof, or the breach thereof, shall be exclusively resolved by arbitration in the Metropolitan Detroit area in accordance with the rules of the American Arbitration Association. The decision of the arbitrators shall be final, binding and conclusive and judgment upon the award entered by the arbitrators may be entered in any court having jurisdiction thereof. Each Party hereby agrees that it has been properly informed about its rights and hereby waives all defenses of lack of and fully consents to personal jurisdiction and forum non conveniens. Nothing herein shall prevent CTA from seeking injunctive relief in any court prior to such arbitration proceeding or in conjunction therewith.
- c. **Jurisdiction.** For all purposes, Supplier hereby submits to personal jurisdiction in the above respective jurisdiction and waives all objections that such jurisdiction is inconvenient or unlawful and any other objections.
- d. **No Application of CISG.** The UN Convention on Contracts for International Sale of Goods shall not apply to the Purchase Contract nor to these Terms.

## 30. MISCELLANEOUS

- a. **Terms.** The term "Terms" shall mean these Terms and Conditions of Purchase.
- b. **CTA.** "CTA" means CTA Acoustics, Inc., a Michigan corporation, and the companies affiliated with said company at present or in the future, by means of a group or otherwise, which apply these Terms and Conditions.
- c. **Supplier.** The term "Supplier" shall be deemed to mean the person or legal entity which enters or intends to enter into a contract with CTA to deliver goods to CTA in performance of a purchase contract.
- d. **Purchase Contract.** The term "Purchase Contract" shall be deemed to mean any purchase order or other agreement issued by CTA for the performance of goods and/or services and includes these Terms, any addendum, amendment or supplement to the Purchase Contract, any supplier manual provided by CTA to Supplier, and such other documents incorporated by reference are (to be) supplied to or as designated by CTA and is deemed to consist of the purchase order, Releases (defined herein) issued under the purchase order, Quality Criteria (defined herein), these Terms and all other documents specifically incorporated into or made a part of the Purchase Contract by CTA. The term "goods" shall be deemed to mean all material objects to which the agreement relates, including without limitation, tooling, assemblies and parts, and, where appropriate, work and services to be provided by the Supplier.