

**KSR-Vendor**  
**Terms and Conditions – Czech Republic**

**1. The Agreement.** No waiver, alteration, or modification of these terms and conditions shall be binding unless in writing and signed by KSR's Purchasing Agent or other authorized representative of KSR. The term "**KSR**" means that company identified on the first page of the Purchase Order printed form to which this version of KSR - Vendor Terms and Conditions are attached or incorporated as the "Ordering Company". In case the terms and conditions of any acknowledgment form, correspondence or other document purporting to set terms between us, this Agreement shall supersede all such other items and constitute the sole terms and conditions in effect, absent modification in writing signed by both KSR and Vendor. The term "**Vendor**" shall mean the company selling goods to KSR hereunder, which is identified on the first page of the Purchase Order (hereafter called the "**Purchase Order**") as the Vendor. The term "**Agreement**" means the entire agreement between the parties as to the subject matter described herein, which is made up of the Purchase Order printed form as completed and attached hereto, the KSR - Vendor Terms and conditions, any attached or incorporated specifications, and any written modifications thereto signed by each party, or requested in writing by one party and performed by the other.

**2. Prices.** Do not fill this order or charge at prices different from those set forth in this Agreement without written authorization from KSR. Pricing shall be as set in this Agreement, and no adjustments will be made, recognized or invoiced to KSR without the prior written consent of an authorized representative of KSR.

**3. Delivery.** Unless otherwise agreed in writing, delivery of all products ordered hereunder shall be F.O.B. Point of shipment (by common carrier or otherwise) to KSR. Vendor shall comply with any routing instructions, including mode of shipment, which KSR may furnish. Vendor will be responsible for any transportation cost premiums and/or cancellation charges which result from Vendor's failure to comply with KSR's shipping or delivery instructions. Except to the extent KSR incurs liability to its customer or another third party by reason of delay in delivery of, or unavailability of appropriate parts or systems, incorporating items acquired from Vendor here under, in which case Vendor shall indemnify and hold KSR harmless from and against all such liability (including reasonable attorney fees and costs of defense), Vendor shall not be responsible for delay in delivery or failure to manufacture or deliver items ordered hereunder due to causes beyond Vendor's reasonable control, provided Vendor gives KSR prompt written or telegraphic notice of said delay. If for any reason Vendor does not comply with KSR's delivery schedule, KSR, at its option, may either approve a revised delivery schedule or cancel this Agreement without further obligation. Products shipped to KSR in advance of the schedule or in excess of the quantity ordered may be returned to Vendor at its expense.

At least one package in each shipment must contain a packing slip showing KSR's applicable part number, quantity and Purchase Order number. Each package shall have attached to it a label or eyelet tag with wire holder (the label or tag shall be six (6) inches wide [*please specify in metric system*] and four (4) inches [*please specify in metric system*] high) showing KSR's part number, part name, the quantity within the package and the date of shipment. KSR's count and weight are to be accepted as final on any shipment. Any returnable container shall be marked "RETURNABLE" and show the name and location to which it is to be returned. KSR reserves the right to delay shipments. No charges of any kind, including charges for packing, boxes, skids, cartage or insurance will be allowed or paid unless specifically agreed to in writing by KSR or otherwise stated herein to be directly incurred by KSR.

**4. Changes.** KSR shall have the right to make changes in this Purchase Order. If such changes affect the delivery schedule or the price, Vendor will notify KSR immediately. No price increase shall be allowed unless approved in writing by KSR, but production shall not be delayed pending determination of the appropriateness or amount of any price increase.

**5. Part Identification.** Any part which is being delivered hereunder which is being manufactured to KSR's specifications (or those of KSR's Customer) shall bear KSR's part number or the part number of KSR's customer which KSR designates. KSR reserves the right to require use on parts being manufactured for it under this Agreement, of KSR's part number, that of KSR's customer, or any other part number, and Vendor agrees to comply without additional charge.

**6. Inspection at Vendor's Plant.** When Vendor is supplying products to KSR's specifications, KSR reserves the right to inspect these products at reasonable times during any stage of manufacturing and also at any reasonable time to inspect Vendor's plant facilities.

**7. Indemnification.** Vendor hereby agrees to indemnify, defend and hold KSR, its officers, directors, employees, Affiliates and agents (individually or collectively called "Indemnified Parties") harmless from and against all claims and damages, costs, losses, and all other requirements to pay or perform any obligation, including actual damages, lost profit and other damages, economic or non-economic loss suffered by an Indemnified Party or any third party, with interest, penalties, legal fees and costs, due to or arising out of: Vendor's involvement in this Agreement, its acts or omissions thereunder, the performance of this Agreement, or the sale, design, development, manufacture, warning, testing or failure or unsuitability of the materials, Parts or any component or system manufactured or sold hereunder, or the system into which the same is incorporated, or any defect or failure in any of the same, whether arising under a claim of any person or entity, a lawsuit, administrative or other proceeding, under tort, product liability, contract, warranty, or otherwise.

**8. Warranty.** Vendor warrants/guarantees that the goods and services covered by this Agreement will conform to the specifications, drawings, samples, or descriptions furnished to or by KSR, if any, and will be merchantable, of good material and workmanship and free from defect. In addition, Vendor acknowledges that Vendor knows of KSR's intended use and warrants/guarantees that all goods and services covered by this Agreement that have been selected, provided, designed, manufactured or assembled by Vendor based upon KSR's stated use will be fit and sufficient for the particular purposes intended by KSR. The warranty period shall be that provided by applicable law, except that if KSR (or its customer) offers a longer warranty to its customers (or end users of vehicles) for goods installed on vehicles, such longer period shall apply.

**9. Patterns, Tools and Dies.** All patterns, tools, dies, or other material furnished by KSR (or its customer) to Vendor or which are specifically paid for by KSR (or its customer), and any replacement thereof, or anything affixed or attached thereto, shall be and remain KSR's property (or that of KSR's customer, if it pays for the same). Such property, if it can reasonably be done, shall be plainly marked or otherwise adequately identified by Vendor as property of KSR or of its customer, by name, and shall be safely stored separate and apart from Vendor's property. Vendor shall not substitute any property for KSR's property or that of its customer and shall not use such property except in filling KSR's orders. Such property while in Vendor's custody or control shall be held at Vendor's risk, shall be kept insured by Vendor at Vendor's expense in an amount equal to the replacement cost with loss payable to KSR, and shall be subject to removal at KSR's request, in which event Vendor shall prepare such property for shipment and shall deliver it to KSR or its nominee in the same condition as originally received by Vendor, reasonable wear and tear excepted.

In the event that KSR's customer requires that it own any of the tools, jigs and/or fixtures, Vendor agrees to the same, solely as to the items for which customer asserts or contractually seeks title, inconsideration of KSR hereby agreeing to compensate Vendor for all costs and expenses including wages, reasonably expended or reasonably required to be expended to produce, repair and/or maintain such item(s) to the extent Vendor has not otherwise been provided with the right to compensation for all such amounts from customer or KSR under this or any other purchase order or contract.

**10. Proprietary Information.** In the event that KSR supplies Vendor with any designs, drawings or other material, which at the time of delivery are identified by KSR as containing proprietary information or trade secrets, or are subject to a confidentiality agreement, Vendor agrees not to disclose, or use for the benefit of Vendor or others, such designs, drawings or other material without KSR's written consent, unless the information contained therein (a) becomes public domain information without fault or cause by Vendor, or (b) is in Vendor's possession or known to Vendor prior to Vendor's first receiving it from KSR, and is not proprietary intellectual property of KSR. Any knowledge, information or trade secrets which Vendor disclosed or hereafter discloses to KSR in connection with this Agreement shall not, unless KSR agrees otherwise in writing, be deemed to be confidential or proprietary information, and shall be acquired, free from any restrictions, as part of the consideration for this order. The provisions of this Agreement are in addition to, and do not supersede and do not merge with the terms of any confidentiality agreement or similar agreement signed by the parties, each of which will remain in full force and effect for the period stated therein, but for at least two years beyond the last date that goods or services are provided by Vendor to KSR under this Agreement.

**11. Compliance with Laws and Setoff.** Vendor shall comply with all applicable laws in Vendor's performance under this Agreement. KSR shall be entitled at any time to set off any amount owing at any time from Vendor to KSR or any of KSR's Affiliates, whether arising under this Agreement or otherwise, against any amount payable at any time by KSR in connection with this Agreement.

**12. Applicable Law.** This Agreement will be governed by and interpreted under the Act No. 513/1991 Coll., Commercial Code, as amended and other applicable laws of the Czech Republic if the front page of the Purchase Order printed form in this Agreement shows the order has been placed by a KSR company which is domestic to Czech Republic ; or the law of any other jurisdiction if the KSR company placing the order is domestic to that jurisdiction. In all cases applicable law will be applied without regard to, without giving effect to, and expressly excluding applicability of the (1) conflict of law provisions of each jurisdiction, and (2) the provisions of the United Nations Convention on Contracts for the International Sale of Goods.

Vendor and KSR agree that any action or proceedings by KSR against Vendor may be brought by KSR in the court(s) having jurisdiction over KSR's location. Any actions or proceedings by Vendor against KSR may be brought by Vendor only in the court(s) having jurisdiction over the location of the KSR company which is a party to this Agreement.

**13. Termination.** (a) At its option, upon fourteen(14) days written notice to Vendor (assuming Vendor is not in default), and for any reason or no reason, KSR may terminate all or part of the work under this Agreement, and/or the Agreement. Upon such termination of this Agreement without prior breach by Vendor, KSR shall pay to Vendor the following amounts without duplication: (1) the price for all goods or services which have been completed in accordance with this Agreement and not previously paid for, and (2) the actual cost of work-in-process and raw materials incurred by Vendor in furnishing the goods or services under this Agreement to the extent such items are turned over to KSR, such costs are reasonable in amount and are property allocable or apportionable under generally accepted accounting principles to the terminated portion of this Agreement, less however, the reasonable value or cost (whichever is higher) of any goods or material used or sold by Vendor with KSR's written consent, and the cost of any damaged or destroyed goods or material. KSR will make no payments for finished goods, work-in-process or raw material fabricated or procured by Vendor in amounts in excess of those authorized in delivery releases, or for any undelivered goods which are in Vendor's standard stock or which are readily marketable. Payments made under this section shall not exceed the aggregate price payable by KSR for finished goods which would be produced by Vendor under delivery or release schedules outstanding at the date of termination. Except as

provided in this section, KSR shall not be liable for and shall not be required to make payments to Vendor, directly or on account of claims by Vendor's subcontractors, for loss of anticipated profit, unabsorbed overhead, interest in claims, product development and engineering costs, facilities and equipment re-arrangement costs or rental, unamortized depreciation costs, and general and administrative burden charges from termination of this Agreement. Within sixty (60) days from the effective date of termination, Vendor shall submit a final, comprehensive termination claim to KSR with sufficient supporting data to permit KSR's audit, and shall thereafter promptly furnish such supplemental and supporting information as KSR shall request. KSR, or its agents shall have the right to audit and examine the books, records, facilities, work, material, inventories and other items related to any termination claim of Vendor. All of the obligations of the parties hereto to each other, including indemnification, survive the expiration or termination of the work or of this Agreement, even if such obligations arise after such expiration or termination.

(b) KSR requires strict performance of each and every term and condition of this Agreement and if goods or services are rejected by KSR as non-conforming the Vendor shall have no right to remedy such default. KSR may by written notice to Vendor, cancel for default this Agreement from time to time (1) if the Vendor fails to deliver goods or to perform the services, within the time specified in or required under this Agreement; (2) if the Vendor fails to deliver goods which conform to the contractual requirements or to perform any of the provisions of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms or (3) if the Vendor becomes insolvent or is subject to any bankruptcy or other similar proceedings.

(c) If this Agreement is canceled for default, KSR shall have any and all rights and remedies which the law provides for failure to perform in accordance with contract requirements, including the right to charge Vendor with the costs incurred by KSR in fabricating or procuring from other sources goods or services which Vendor fails to furnish KSR in accordance with this Agreement to the extent that such costs shall exceed the purchase price set forth herein, and KSR may set off any such charge and purchase price against any amounts which may become otherwise payable by KSR to Vendor, under this Agreement.

**14. Affiliate(s).** The term "Affiliates(s)" means with respect to a first company, those business entities which, directly or indirectly, are owned by or under effective control of the first company, or that own or effectively control the first company, or along with the first company are under common control by another party or business entity.

**15. Acceptance.** Transfer of title to KSR for goods sold hereunder shall occur upon KSR's receipt of delivery and acceptance of the goods. In the event the goods are rejected, or acceptance is revoked, title shall then revert to or remain in Vendor. KSR shall have a reasonable period of time to inspect such goods upon receipt of the same at the destination of the shipment from Vendor to KSR, and to reject the same, in whole or in part, if not meeting the requirements for goods to be acquired hereunder (or to revoke acceptance, in whole or in part, as permitted under applicable law). Goods are not deemed accepted until they pass inspection at the location identified above. If the goods are rejected or acceptance is revoked, they shall be returned to Vendor at its cost, and the delivery shall not be considered to have been timely made. In case KSR's making, using or selling any item or use of process or product appearance as a result of this Agreement is in such suit or proceeding held to constitute infringement, or other violation of a third party's rights, and the use of said product, part, process or appearance is enjoined, Vendor shall at its expense, and its option, procure for KSR the right to continue using said product, part, process or appearance or replace the same with a non-infringing or permitted product process or appearance acceptable to KSR, or modify it so it becomes non-infringing, legally permitted and acceptable to KSR. Risk of loss to goods under this Agreement shall be on Vendor until title is transferred irrevocably to KSR.

**16. Intellectual Property.** Vendor agrees to defend, hold harmless and indemnify KSR, its Affiliates, their successors and permitted assigns, and their respective officers, directors and employees from and against any claims of infringement of any intellectual property right or similar violation of law (including patent, trademark, service mark, copyright, industrial design right, moral rights, trade dress or other proprietary right, or misuse or misappropriation of trade secret or unfair competition) and resulting damages, judgments, arbitration or other proceeding awards, amounts owed under settlements, for license fees, and for expenses (including reasonable attorney fees and costs of defense) relating to or arising out of the goods or services contracted for hereunder, or any related processes used in manufacture or design thereof, or appearance of goods, including such claims where Vendor has provided only part of the goods or services.

**17. Service and Replacement Parts.** Vendor will sell to KSR goods necessary for it to fulfill its current model service and replacement parts requirements at the price(s) set forth in this contract. If the goods are systems or modules, Vendor will sell the components or parts that comprise the system or module at price(s) that shall not, in the aggregate, exceed the price of the system or module less assembly costs. During the 15 year period after KSR completes current model purchases (or such longer period as is required by KSR's customer), Vendor will sell goods to KSR to fulfill KSR's past model service, ongoing model service requirements and replacement parts requirements. Unless otherwise agreed to by KSR, the price(s) during the first 3 years of this period shall be those in effect at the conclusion of current model purchases. For the remainder of this period, the price(s) for goods under this section shall be as agreed to by the parties. In the event KSR's customer requires a price reduction or other changes having the effect of a price reduction, Vendor agrees to renegotiate the price accordingly for items sold to KSR that are used in such Parts or systems sold to the customer. When requested by KSR, Vendor shall make service literature and other materials available at no additional charge to support KSR's service part sales activities.

**18. Remedies.** The rights and remedies reserved to KSR in this contract shall be cumulative with, and additional to, all other or further remedies provided in law. Without limiting the foregoing, should any goods fail to conform to the warranties set forth in

section 8, KSR shall notify Vendor and Vendor shall, if requested by KSR, reimburse KSR for any damages, including incidental and consequential damages, caused by such nonconforming goods, including, but not limited to, costs, expenses and losses incurred by KSR (a) in inspecting, sorting, repairing or replacing such nonconforming goods (b) resulting from production interruptions, (c) conducting recall campaigns or other corrective service actions, and (d) claims for personal injury (including death) or property damage caused by such nonconforming goods. If requested by KSR, Vendor will enter into a separate agreement for the administration or processing of warranty chargebacks for nonconforming goods.

**19. Customs, Export & Labels.** Vendor shall provide all information necessary (including written documentation and electronic transaction records) to permit KSR to fulfill its customs related obligations, origin marking and labeling requirements and local content origin requirements, if any. Export licenses or authorizations necessary for the export of the goods shall be the responsibility of Vendor.

**20. Compliance with Laws.** Vendor, and any goods or services supplied by Vendor, shall comply with all applicable laws, rules, regulations, orders, conventions, ordinances or standards of the country(ies) of destination or that relate to the manufacture, labeling, transportation, importations, licensing, approval or certification of the goods or services, including, but not limited to, those relating to environmental matters, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. At KSR's request, Vendor shall certify in writing its compliance with the foregoing. Vendor shall indemnify and hold KSR harmless from and against any and all liability claims, demands or expenses (including reasonable attorney's fees and other costs of defense) arising from or relating to Vendor's non-compliance.

**21. Non-Assignment and Further Assurances.** Vendor may not assign or delegate its obligations under this Agreement without KSR's prior written consent. Vendor will assure that the goods remain competitive in terms of technology, design, and quality with similar goods available to KSR. If, within the reasonable opinion of KSR, the goods do not remain competitive, KSR, to the extent it is free to do so, will advise Vendor in writing of the area(s) in which another product is more competitive with respect to technology, design or quality. If, within thirty (30) days Vendor does not agree to immediately sell the goods with comparable technology, design or quality, KSR may terminate this Agreement and purchase from another supplier without liability to Vendor.

**22. Year 2000.** All goods and services supplied by Vendor shall be year 2000 compliant and compatible, and shall function without error or fault in the processing (including, but not limited to calculating, managing, manipulating, comparing and sequencing) of date and date-related data, for the years 2000 and beyond. At KSR's request, Vendor will certify in writing its compliance with the foregoing.

**23. Right to Audit.** Vendor grants to KSR access to all pertinent information, including, but not limited to, books, records, payroll data, receipts, correspondence and other documents for the purpose of auditing Vendor's charges under this Agreement. Vendor will preserve these documents for a period of one year after the final payment under this Agreement. In addition, all work, materials, inventories and other items provided for under this Agreement must be accessible to KSR, including, but not limited to, parts, tools, fixtures, gages and models. Vendor will segregate its records and otherwise cooperate with KSR so as to facilitate the audit.

**24. Severability.** If any term(s) of this Agreement is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term(s) shall be deemed deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, rule or order, and the remaining provisions of this Agreement shall remain in full force and effect.

**25. Entire Agreement.** This Agreement, together with the attachments, exhibits, supplements or other terms of KSR specifically referenced in this Agreement, constitutes the entire agreement between KSR and Vendor with respect to the matters contained in this Agreement and supersedes all prior oral or written representations and agreements. This Agreement may only be modified by an amendment signed by both parties or issued by KSR and performed by Vendor.

**26. Vendor Responsibilities.** Vendor represents, warrants and acknowledges the following to KSR, and KSR and Vendor have agreed to the additional terms set forth below:

(a) KSR has requested Vendor manufacture and sell it the automotive materials, component(s) and/or systems described by part number and otherwise on the first page of this purchase order contract (individually and collectively called the "Part(s)") in such quantities as KSR may order for use on its customer's ("customer") vehicles, for production and service part needs, for fifteen (15) years or such longer period as current model production and service/replacement parts are required by KSR's customer.

(b) Vendor has designed any system into which the Part, materials and components are incorporated for sale to KSR, and has fully tested, investigated, designed and examined the items and their adaptation and use (individually or in a system) in the customer vehicle for which it is intended to be used; and based on its testing, design and other efforts, and not based upon any representations of KSR, Vendor has determined the items sold to KSR to be satisfactory and suitable. Vendor acknowledges it is a merchant regularly dealing in goods and in the business of designing, developing, testing, manufacturing and selling automotive materials, parts and systems, of the same type as the Parts, materials, components or systems referenced herein, and adapting the same for use in various automobile manufacturers' vehicles, and is aware of the safety requirements of such Parts, materials, components and systems and the expected hazards involved in the design, development, manufacture, and use of such items in a vehicle.

(c) The specifications, design characteristics and dimensions and other pertinent information with regard to the system and the vehicle environment in which the materials, Parts, components or a resulting system will or may be used have been set by or evaluated by Vendor, and Vendor has participated in the design, manufacture, construction, formulation, development of standards and specifications, preparation, processing, assembly, inspection, testing, certifying, warning, instructing or labeling, or determination of the sufficiency or appropriateness of the design, dimensions, clearances, testing, material selection or safety considerations in deciding to use, or finalizing aspects of the Part's, material's, component's or system's use for the purpose of its incorporation into the customer vehicle and any KSR system. Vendor further has designed the Part or any material, component or system for sale to KSR, to be used by KSR or in KSR's system or to adapt to such system or the vehicle environment (including but not limited to assuring adequate clearances). All responsibility for work, information and actions described in this subsection (c) has been assumed and undertaken solely by Vendor. The parties agree KSR has not furnished specifications to Vendor; any specifications pertaining to items ordered hereunder have been set by Vendor or KSR's customer.

(d) Vendor has made the decision that it desires KSR to use and has accepted as appropriate for KSR usage the Part, materials, components or systems as described in the documents and limited specifications attached or referenced in this Agreement, all of which are the requirements of and are required by Vendor; and Vendor represents that it is aware of the properties of the items being sold, including potential hazards or adverse effects of its use, and that Vendor has used appropriate specifications and product characteristics, including materials and manufacturing techniques, for manufacture of the same, and has made any recommendations it found necessary on changes to the specifications and product characteristics, based on the information available to Vendor on the proposed use of the Parts, materials, components and systems, and Vendor has determined that any other or additional requirements that could be incorporated or used are impractical and unnecessary.

(e) Vendor will, in design, testing and use of the Parts, components, materials and systems, and manufacture and assembly of the same and its sale and subsequent dealings with KSR, its customers, their dealers and any of their customers or governmental agencies, comply with all applicable laws, government safety standards, regulatory authority and industry group standards and recommendations, and will fully test and analyze, design and have approved, validated and certified, as is advisable or required under the circumstances, the materials and Parts, each component, the systems and the coordination and integration and interface of such systems with the customer vehicle in which it is to be used, and will make such changes, improvements, and revisions, and inform KSR of the changes needed, as a result of such work, or of any recalls, warranty claims, defects discovered, or experience with such items in the vehicles after sale. Vendor provides KSR with a warranty that KSR will obtain unencumbered title to goods sold to KSR hereunder. Liability for defects pursuant to the Commercial Code is fully applicable to the acquirement of title to goods under this Agreement.

(f) Vendor acknowledges that it assumes all responsibility for ensuring, at its sole cost, that all testing and analysis as is needed to meet QS9000 requirements or any other quality certification standards KSR's customer or KSR requires, on Parts, components, materials, systems and processes incorporating or involving any product sold by Vendor to KSR for the customer vehicles hereunder will be properly completed, and satisfied, by KSR, whether or not KSR is or has been certified as meeting such certification requirements apart from this contract. The KSR-Vendor Terms and Conditions only apply as set forth in this Agreement, and no term or condition that is not stated in this Agreement shall be deemed to apply simply because it appears in a standard set of terms and conditions.

**27. Ingredients Disclosure and Special Warnings and Instructions.** If requested by KSR, Vendor shall promptly furnish to KSR in such form and detail as KSR may direct (a) a list of all ingredients in the goods purchased hereunder, (b) the amount of one or more ingredients, and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the goods purchased hereunder, Vendor agrees to furnish to KSR sufficient warning and notice in writing (including appropriate labels on goods, containers and packaging) of any hazardous material which is an ingredient or part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, KSR and respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the goods, containers and packing shipped to KSR.

**28. Taxes.** Vendor and KSR agree that are liable for payment of any and all taxes and charges set by applicable laws.