

HARMAN BECKER AUTOMOTIVE SYSTEMS MANUFACTURING KFT
TERMS AND CONDITIONS FOR DIRECT PROCUREMENT
(Revised Effective March 2017)

1. Documents. These Terms and Conditions are being issued in connection with a request for quotation, award letter, purchase order, release, purchase agreement, or similar document issued to Seller by **Harman Becker Automotive Systems Manufacturing Kft**, or one of its affiliated companies (“Buyer”). Any reference to an “Order” in these Terms and Conditions includes any request for quotation, award letter, purchase order, release, purchase agreement, or similar document issued to Seller by Buyer. In connection with an Order issued to Seller, Buyer may also have delivered to Seller a copy of its Supplier Quality Manual. If Buyer has delivered a copy of its Supplier Quality Manual to Seller, Seller agrees to comply with all of the requirements of the Supplier Quality Manual. If these Terms and Conditions are not consistent with any of the requirements of the Supplier Quality Manual, then the requirements of the Supplier Quality Manual will control. Except for paragraphs 9 (“Termination at Buyer’s Option”) and 11 (“Cancellation for Default or Breach; Buyer’s Remedies”) of these Terms and Conditions, if any other provision of these Terms and Conditions is inconsistent with the specific provisions of any Order, then the specific provisions of the Order will control. If the specific terms of any Order are inconsistent with the Supplier Quality Manual, then the specific provisions of the Order will control. Seller agrees to comply with all of the requirements of the Supplier Code of Conduct. The Supplier Code of Conduct is accessible at <http://www.harman.com/supply-chain>. These Terms and Conditions, together with the Supplier Code of Conduct, the Supplier Quality Manual, and any request for quotation, purchase order, release, purchase agreement, or similar documents issued to Seller by Buyer, constitute one agreement and may not be treated as separate contracts.

2. Acceptance. Any Order is an offer to Seller by Buyer and does not constitute an acceptance of any offer to sell or proposal made by Seller. Any reference to any offer to sell or proposal made by Seller is solely for the purpose of incorporating the description and specifications of goods and services contained in such offer to sell or proposal to the extent that such description and specifications do not conflict with the description and specifications contained in the Order. Seller’s delivery of goods, written acceptance, commencement of any work under the Order, or any other conduct by Seller which recognizes the existence of a contract with respect to the subject matter of the Order will constitute Seller’s acceptance of an Order, including these Terms and Conditions. Any additional or different terms and conditions proposed by Seller are rejected by Buyer and are not part of the Order, unless specifically accepted by Buyer in writing. Seller’s failure to obtain a written acceptance from Buyer will be conclusive evidence of acceptance of these Terms and Conditions by Seller and rejection by Buyer of Seller’s terms and conditions.

3. Shipping. (a) Seller must properly pack, mark, and store the goods that are the subject of the Order (“goods”) in accordance with the requirements of Buyer (as specified in the Supplier Quality Manual and any Order) and any carrier. (b) Seller will bear all costs of packing, marking, and storing of the goods, including any expenses incurred by Buyer as a result of improper packing, marking, or storing, unless otherwise stated in the Order. (c) Seller must reimburse Buyer for expenses incurred by Buyer as a result of improper packing, marking or shipping and for the return of rejected goods. (d) Unless otherwise provided in the Order, Seller must arrange for and bear all costs of shipping the goods, including, without limitation, the cost of customs duties, insurance, and freight. (e) All shipments must be accompanied by packing slips showing Seller’s name, order numbers and quantities. (f) If Seller submits paper invoices, original bills of lading, express receipts, etc., signed by carrier, must be attached to Seller’s invoice and mailed not later than the day after shipment. If Seller submits invoices through EDI or other electronic means, original bills of lading, express receipts, etc., signed by carrier, must be retained in Seller’s records and delivered to Buyer on demand. (g) Risk of loss will pass to Buyer upon delivery to Buyer’s facility or such other location specified on the face of the Order, except that risk of loss for excess quantities delivered to Buyer will only pass upon acceptance of such excess by Buyer. (h) Buyer may

require shipment by more expeditious method, at Seller's expense, if Seller fails to meet the required time for delivery.

4. Invoices and Payment. Seller must deliver invoices as directed in the Order or other instructions received from Buyer. Invoices must include order number, symbol number and plant and other information sufficient to enable Buyer to easily identify subject goods or services. Separate invoices are required for each individual shipment. If time for payment is not otherwise stated on the Order, the payment terms will be net 60 days. Time for payment will not begin until correct and complete invoices are received and Seller's cash discount privileges to Buyer will be extended until such time as payment is due. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens, encumbrances or claims on the goods or services under the Order. Seller agrees that all of its accounts with Buyer (whether arising under an Order or any other agreement or arrangement between Buyer and Seller) will be administered on a net settlement basis and that Buyer may set off and recoup debits and credits, including Buyer's attorney fees and costs of enforcement, against any of Seller's accounts regardless of the basis for such debits or credits and without additional notice. In this paragraph 4, "Buyer" includes all of Buyer's affiliated companies. Seller warrants that the prices for the goods or services sold to Buyer under the Order are no less favorable than those that Seller currently extends to any other customer for the same or similar goods or services in similar quantities. If Seller offers a lower price for the same or similar goods or services to any other customer during the term of an Order, then, to the extent permitted by law, Seller will immediately offer Buyer the same price for the goods or services on the same terms and conditions as was offered to the other customer. Seller warrants that the prices shown on the Order are complete and that no additional charges of any type, including, without limitation, sales or other taxes, V.A.T. or fees will be added without Buyer's express written consent. Seller will provide detailed cost information for the bill of materials and any value-added services for each product in the format and detail specified in Buyer's request for quotation.

5. Quantity; Releases; Delivery; Excusable Delay. (a) Quantities listed in each Order as estimated are Buyer's best estimate of the quantities of goods it might purchase from Seller for the contract term specified in the Order. Any estimates or forecasts of production volumes or program durations are subject to change from time to time, with or without notice to Seller, and will not be binding upon Buyer. Orders issued for Buyer's automotive operations are based on orders received by Buyer from its customers and volumes may fluctuate based on customer orders. Unless otherwise expressly stated in the Order, Buyer makes no representation, warranty, guaranty or commitment of any kind or nature, whether express or implied, to Seller in respect of Buyer's quantitative requirements for the goods or the term of supply of the goods. (b) Unless otherwise expressly stated in the Order or an agreement, if no other quantity is stated on the face of the Order or if the quantity is blank or states the quantity as zero, "blanket," "see release," "as scheduled," "as directed," "subject to Buyer's releases" or similar terms, then Seller will supply at least 10% of Buyer's requirements for goods in such quantities as identified by Buyer as firm orders in material authorization releases, manifests, broadcasts or similar releases (collectively, "releases") that are transmitted to Seller during the term of the Order, and Seller will supply all such goods on such dates and times, at the price and on the other terms specified in the Order. If the Order covers services, Buyer is required to purchase such services to the extent expressly stated in a Statement of Work signed by Buyer. If "price" is stated as 1.000 on an Order covering installment performance of a fixed total quantity, then quantity is 1 and the number shown under "quantity" is the price. Buyer may require Seller to participate in electronic data interchange or a similar inventory management program, at Seller's expense, for notification of releases, shipping confirmation and other information. Releases are part of the Order, are governed by these Terms and are not independent contracts. Seller accepts the risk associated with lead times of various raw materials and components if they are beyond those provided in releases. (c) Delivery or performance must be made at the time and in the quantities specified in the Order, and time is of the essence. Buyer's automotive operations and its automotive customers operate on a "just-in-time" inventory system. Goods ordered for Buyer's automotive operations must be delivered on time and in the correct quantity to avoid disruptions in the production schedules of the Buyer's automotive operations and its automotive customers. If no delivery date is specified or otherwise provided for, delivery must be made within a reasonable time. Time and quantities are of the essence of the Order.

Neither party will be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, provided (i) the delayed party must give prompt notice of such delay and (ii) during the period Seller is delayed, Buyer, at its option, may purchase goods from other sources and reduce the quantities set forth in the Order and will have no liability to Seller, or have Seller provide the goods from other sources in quantities and at times requested by Buyer and at the price set forth in the Order. In the event any delay lasts for more than one day, or if Seller cannot provide adequate assurance that any delay will cease within one day, Buyer may immediately cancel the Order without liability.

6. Inspection and Audit; Other Information. Buyer will have the right to enter Seller's facility at reasonable times to inspect the facility, goods, material and any property of Buyer covered by the Order and Seller's records relating to the Order. Buyer may, either directly or through a third party that Buyer designates, conduct inspections, verifications and audits of Seller's compliance with the Order, the Supplier Quality Manual, and the Supplier Code of Conduct. The fact that Buyer may have inspected, tested or failed to inspect or test any goods will not affect any rights of Buyer under the Order. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, will not constitute acceptance of any work-in-process or finished goods. Nothing in the Order will relieve Seller from any obligation to inspect or test the goods. If Seller is to be paid other than on a lump sum basis, Buyer will have the right at reasonable times and upon reasonable notice to audit such of Seller's records as are reasonably necessary to verify the amounts due Seller, and Seller must make such books and records available to Buyer or its designees and provide copies of such books and records to Buyer or its designees upon request. Upon request by Buyer, Seller must promptly deliver to Buyer the following financial and other information: (a) upon receipt of the Order, Seller's financial statements for the two most recently ended fiscal years (audited, if available); (b) within 90 days after the end of each fiscal year, Seller's financial statements for the most recently ended fiscal year (audited, if available); (c) within 15 days after the end of each fiscal quarter, Seller's financial statements for the most recently ended fiscal quarter; and (d) any other information that Buyer may reasonably require to demonstrate that Seller will be able to perform its obligations under the Order (including but not limited to production schedules, accounts receivable agings, accounts payable agings, and organizational charts). All financial statements (including interim financial statements) delivered to Buyer under this paragraph: (a) must be certified to Buyer by Seller's chief executive officer and chief financial officer unless they are audited financial statements; (b) must include a balance sheet, income statement, and cash flow statement; (c) must be prepared in accordance with generally accepted accounting principles consistently applied; (d) if Seller is a subsidiary or other business unit of another organization, must include financial statements (consolidated or combined) for the total organization and separate financial statements for the specific business unit.

7. Changes. (a) Changes to the Order or to the design or specifications of the goods or services and payment of extra charges will be permitted only when authorized by Buyer in writing signed by Buyer. (b) Buyer at any time in writing may change the design or specifications of the goods or services or other matters affecting the scope of Seller's work, or the method of packing and shipping, or the place of delivery, and Seller agrees to comply with such changes promptly. If any such change affects cost or time of delivery or performance, Buyer will equitably adjust the price or delivery terms of the Order after receipt of documentation in such form and detail as Buyer may direct. Any changes to the Order must be made in accordance with paragraph 18.

8. Warranties; Recalls. In addition to what is required by applicable law, Seller warrants that all goods and services covered by the Order will: (a) conform to the specifications, drawings, samples or descriptions furnished to or by Buyer; (b) be of good quality and workmanship; (c) be free of defects in design (unless Buyer provided the design), materials and workmanship; (d) be merchantable; (e) be fit for the particular purposes intended by Buyer; and (f) comply with all applicable environmental, occupational, safety, health and other laws, rules and regulations applicable to the design, function or use of the goods. Seller acknowledges that Seller knows of Buyer's intended use and expressly warrants that all goods covered by the Order which have been selected, designed, manufactured or assembled by Seller,

based upon Buyer's stated use, will be fit and sufficient for the particular purposes intended by Buyer and will have been tested to the standards provided by Buyer, and comply at all times with the standards provided by Buyer. Seller must immediately notify Buyer of any errors in specifications or drawings provided by Buyer which are patent or which are otherwise known to or should have been discovered by Seller. Seller further warrants that it has clear title to the goods and that the goods will be delivered free and clear of liens and encumbrances. Seller is aware that any components or assemblies that Seller sells to Buyer will be sold, either separately or incorporated into other products manufactured by Buyer, to original equipment manufacturers. In addition to the other warranties made by Seller in this paragraph 8, Seller warrants that all goods sold to Buyer under the Order will comply with all warranties made by Buyer in connection with the resale of the goods to the original equipment manufacturer, whether separately or incorporated into other goods. If an original equipment manufacturer makes a claim against Buyer regarding goods sold by Buyer which arises out of, results from or otherwise relates (directly or indirectly) to a breach of any warranty made by Seller in these Terms and Conditions or in the Order, then (i) Seller will have, in addition to any other obligations Seller may otherwise have under these Terms and Conditions or the Order, all of the obligations that Buyer would have to the original equipment manufacturer and (ii) Buyer will have, in addition to any other remedies it may otherwise have, all of the rights and remedies with respect to Seller resulting from such breach that the original equipment manufacturer has against Buyer. Seller will indemnify and hold Buyer harmless from the cost of any recall campaigns or other corrective service actions (whether initiated by Buyer, Buyer's customer, or any governmental agency) that are required to rectify nonconformities in the goods that are the result of defects in design (to the extent that Seller furnished the design), materials, and workmanship. Seller warrants that all materials incorporated into all goods comply with the laws regarding slavery and human trafficking of all countries in which Seller does business.

9. Termination at the Buyer's Option. (a) In addition to any other rights of Buyer to cancel or terminate the Order and regardless of any other language in the Order, Buyer may terminate its purchase obligations in whole or in part, at any time and for any reason, by written notice of termination to Seller. Buyer will have such right of termination notwithstanding the existence of an excusable delay under paragraph 5. (b) Upon such termination Buyer's obligation to Seller will be: (i) the order price for finished work and completed services that conform to the requirements of the Order, (ii) Seller's actual costs of work-in-process and parts and materials that Seller produced or acquired in connection with the Order and transferred to Buyer, (iii) Seller's actual costs of immediately terminating subcontracts and settling claims of subcontractors, and (iv) Seller's actual costs of protecting Buyer's property that is in Seller's possession. Buyer will make no payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized in delivery releases or schedules nor any undelivered goods which are in Seller's standard stock or are readily marketable. Buyer's obligations upon termination will not exceed those Buyer would have had to Seller in the absence of termination. (c) Seller must furnish to Buyer, within one month after the date of termination, Seller's termination claim, which must consist exclusively of the items for which Buyer may be responsible under paragraph 9(b). Buyer may audit Seller's records, before or after payment, to verify Seller's termination claim. (d) Buyer will have no obligation to Seller if Buyer cancels its purchase obligations because of breach or default by Seller under paragraphs 10 and 11.

10. Breach; Default. The following constitute events of breach or default by Seller: (a) Seller's failure to timely perform services or deliver conforming goods as specified by Buyer; (b) Seller's other failure to perform, observe or comply with or repudiation of any provisions of the Order, including Seller's warranties; (c) Seller's failure to make progress so as to endanger timely and proper completion of services or delivery of goods; (d) Seller's failure or threat not to deliver goods or perform services in connection with the Order; (e) Seller's failure to correct a failure to meet reasonable quality requirements within 10 days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying the failure; (f) Buyer cancels for breach any other Order issued by Buyer to Seller in accordance with the terms of such other Order (whether or not such other Order is related to the Order); (g) Seller's entering or offering to enter into a transaction that includes a sale of a substantial portion of its assets used for the production of goods for Buyer or a merger, sale or

exchange of stock or other equity interests that would result in a change in control of Seller, (h) Seller's failure to remain competitive with respect to quality, technology, delivery, service or pricing of the goods; (i) if the Order is governed by New York law under paragraph 24, Seller's insolvency or the filing of a voluntary or involuntary petition of bankruptcy by or against Seller, or the appointment of a receiver or trustee for Seller, or the execution of an assignment for the benefit of Seller's creditors, provided that such petition, appointment or assignment is not vacated or nullified within fifteen (15) days of such event; (j) if the Order is governed by the laws of The Peoples' Republic of China under paragraph 24, upon the bankruptcy, insolvency, dissolution, or liquidation of supplier, or the appointment of a receiver or equivalent officer in respect of the assets of Seller, or if Seller ceases to carry on business or fails to pay its debts as they become due; or (k) Seller's material noncompliance with the Order, the Supplier Quality Manual, or the Supplier Code of Conduct.

11. Cancellation for Default or Breach; Buyer's Remedies. If an event of breach or default by Seller occurs, Buyer will: (a) have all rights and remedies afforded by applicable law; (b) be entitled to reduce quantities under the Order to the extent Buyer rejects goods as nonconforming; (c) have the right to cancel all or any part of the Order, and Buyer will have no liability to Seller; and (d) be entitled to collect from Seller all of its damages, costs and expenses associated with Seller's breach, including incidental and consequential damages, court costs and attorneys' fees. In any action brought by Buyer to enforce Seller's obligations in connection with the production or delivery of goods or for possession of property, Seller acknowledges and agrees that monetary damages are not a sufficient remedy for any actual, anticipatory or threatened breach of the Order and that, in addition to all other rights and remedies that Buyer may have, Buyer will be entitled to specific performance and injunctive equitable relief as a remedy for any such breach. All rights and remedies reserved to Buyer under the Order are cumulative and in addition to all other or further remedies provided in law or equity. Buyer's payment for or acceptance of any goods under the Order will not discharge Seller from its obligations or constitute a waiver of any of Buyer's rights. Unless Buyer makes a written request, Seller may not replace nonconforming goods. Nonconforming goods will be held by Buyer for disposition in accordance with Seller's instructions at Seller's risk and expense. Seller's failure to provide written instructions within three days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity, will entitle Buyer, at Buyer's option, to charge Seller for storage and handling, or to dispose of the goods, and Buyer will have no liability to Seller. Payment for nonconforming goods will not constitute an acceptance of such goods, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects. Seller will have no right to cancel all or any part of the Order.

12. Bailed Property. All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer either directly or indirectly to Seller to perform the Order, or for which Seller has been reimbursed by Buyer, will be and remain Buyer's property. Seller will not move the property to another location without the prior written consent of Buyer. All such items must be clearly marked as the property of Buyer. Seller will bear the risk of loss of such items and must take all necessary measures to preserve Buyer's title. Seller will be responsible for any damage to such property in Seller's possession or control, including damage that occurs despite Seller's exercise of reasonable care, other than reasonable wear and tear. Such items must be properly maintained by Seller and used only for the purpose of performing the Order. Upon the request of Buyer, Seller must immediately release such property to Buyer or deliver such property to Buyer's carrier at Seller's premises. Seller will cooperate with Buyer's removal of the property from Seller's premises. Buyer will have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect to such property. Where permitted by law, Seller waives any lien which Seller might otherwise have on any of Buyer's property.

13. Security Interest. Seller hereby grants to Buyer a security interest in all materials, work in process and finished goods to the extent of Buyer's payments, including advances made in the future, and Seller agrees that Seller's interest in such collateral is subordinated to Buyer's security interest. In the event of default by Seller, Buyer will have all rights of a secured party under applicable law. Seller authorizes

Buyer to make filings of all financing statements necessary to perfect such security interest and to protect Buyer's ownership of its property under paragraph 12.

14. **Proprietary Rights.** Seller will indemnify, defend and hold harmless Buyer, its officers, directors, employees, agents, representatives, or successors and its customers and users from and against any claims, demands, losses, suits, damages, liability and expenses (including reasonable attorneys' fees) arising out of any suit, claim, or action for actual or alleged, direct or contributory, infringement of, or inducement to infringe on, or misuse or misappropriation of any present or future patent, patent application, copyright, trademark, industrial design right, utility right, chip mask right, trade secret or other proprietary right by reason of the manufacture, use or sale of the goods or services provided to Buyer by or through Seller. Seller's obligations will apply even though Buyer furnished all or any portion of the design. Seller grants Buyer, with respect to (i) the goods ordered under the Order, (ii) any inventions or operating software developed in the course of Seller's activities under the Order, and (iii) any patents owned or controlled by Seller which cover any application of the technology embodied in the information or data Seller acquires or develops in the course of Seller's activities under the Order, a worldwide, nonexclusive, royalty-free, permanent, paid-up, irrevocable license, with a right to sublicense, to repair and have repaired, to reconstruct and have reconstructed, to make and have made, to sell and have sold, to market and have marketed, and to use and have used, such goods, inventions, operating software and patents, and additionally in the case of software, to decompile and reverse engineer. When goods are made to Buyer's plans or specifications, the design, plans and specifications will be deemed Buyer's and may not be used by Seller for any purpose except the performance of the Order and may not be disclosed to any other person without Buyer's written permission. If the goods specified in the Order bear a trademark or trade name or other identifying mark of Buyer, no such goods, whether the result of rejects or overruns or otherwise, may be sold or otherwise disposed of to anyone other than Buyer.

15. **Service and Replacement Parts.** At Buyer's request, Seller will sell to Buyer (a) the goods necessary to fulfill Buyer's service and replacement parts requirements for such goods at the prices specified in the Order plus any actual cost differential for packaging, and (b) if such goods are assemblies, service and replacement parts of the assemblies at prices such that the total price of all parts of the assembly does not exceed the price of the assembly specified in the Order less assembly costs, plus any actual cost differential for packaging.

16. **Indemnification.** Seller will indemnify, defend and hold Buyer, its officers, directors, employees, agents, representatives, or successors and its customers and users harmless from all claims, damages and expenses (including legal/attorneys' fees) arising out of (a) Seller's breach, (b) any defect in the goods or services, (c) the design of the goods (whether or not defective) and (d) errors, omissions, negligence or other wrongful conduct of Seller or its agents or subcontractors. In any matter to which this paragraph 16 applies, Buyer and its customers and users will have the right to select and retain counsel of their own choosing, all at Seller's expense, and to participate in the defense.

17. **Insurance.** Seller must at all times carry and maintain insurance coverage in reasonable amounts covering workers compensation, employer's liability, comprehensive general liability (including products/completed operations and blanket contractual liability), and automobile liability. Seller must also insure all property owned or paid for by Buyer on Seller's premises (including work in process for which Buyer has paid, whether or not title has passed) against loss or damage to the full extent of its insurable value, without deductible, at Seller's cost, and must designate Buyer as the loss payee. Seller must provide evidence of such coverage to Buyer upon request.

18. **Entire Agreement; Modifications.** Seller agrees that the Order, including the Supplier Quality Manual, these Terms and Conditions, and any attachments, exhibits or supplements attached to the Order or other matter incorporated into the Order by specific reference, constitutes the entire agreement between Seller and Buyer with respect to its subject matter and supersedes all prior or contemporaneous oral or written discussions, understandings, representations and agreements. The agreement may be modified

only by a writing signed by an authorized representative of Buyer. Acceptance of deliveries or payment by Buyer will not be deemed acceptance or approval of any modifications proposed by Seller.

19. Severability. If any provision of the Order should be determined by a court of competent jurisdiction to be invalid, the invalidity of such provision will not affect the validity of the remainder of the Order.

20. Assignment and Subcontracting. Seller may not assign the Order, or any part of the Order, or subcontract any of its substantive duties under the Order, without Buyer's prior written approval. Such approval will not release Seller from any of its obligations under the Order. Seller acknowledges and agrees that Buyer has issued the Order on its own behalf and on behalf of its affiliated companies. Accordingly, Buyer and each of its affiliated companies will have the right to make purchases under the Order.

21. Taxes. Unless otherwise specified in the Order, the price includes all taxes, duties, tariffs and similar assessments.

22. Compliance; Supply Chain Transparency. (a) Seller must comply with all applicable laws, regulations, rules and orders, including laws regarding slavery and human trafficking. Seller will, upon request by Buyer, provide any information required by Buyer to permit Buyer to comply with all applicable laws, including U.S. export control laws. (b) Without limiting anything else in this paragraph 22 or otherwise, Seller will (i) provide to Buyer any information or access that Buyer requires in the course of Buyer's compliance with the California Supply Chain Transparency Act (Cal. Civ. Code § 1714.43) or any similar rule of law, regardless of whether such law applies to Seller, (ii) cooperate with Buyer in evaluating and addressing risks of human trafficking and slavery in all parts of Buyer's supply chain with which Seller is associated, (iii) cooperate with Buyer audits of Seller and Seller's direct and indirect suppliers to evaluate compliance by Seller and Seller's direct and indirect suppliers with Buyer's standards for trafficking and slavery in supply chains, (iv) certify that materials incorporated into all goods comply with the laws regarding slavery and human trafficking of the country or countries in which Seller does business, (v) comply with Buyer's accountability standards and procedures for regarding slavery and trafficking, (vi) provide to its personnel training, or cause such personnel to receive training from Buyer, regarding human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products. It is the expectation of the Buyer that the Seller has adopted policies and procedures that aim to reduce its effects on the environment and natural resources including the proper and legal disposal of waste. (c) Pursuant to the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and Form SD associated with Section 13(p) of the Securities Exchange Act of 1934, Seller shall comply with Buyer's Conflict Minerals Policy available at www.harman.com and with all expectations and requirements mandated thereunder (the "Policy"). Seller represents and warrants that, to its knowledge, no Conflict Minerals (as defined in the Policy) contained in any good subject to any Order, originated from the Democratic Republic of the Congo or an adjoining country, unless the Conflict Minerals were processed by a facility listed as compliant pursuant to the Conflict-Free Sourcing Initiative Conflict-Free Smelter Program or the London Bullion Market Association Responsible Gold Programme. Seller agrees to respond, or cause its subcontractors and sub-suppliers to respond, as applicable, promptly to information requests from Buyer regarding the uses, sources and chain of custody of Conflict Minerals. Any failure to comply with this subparagraph (c) could lead Buyer to source from alternative suppliers.

23. FCPA and Anti-Bribery Laws. As used in this paragraph 23, the term "Anti-Bribery Laws" means the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act 2010, or any similar law or regulation. Seller must not act in any fashion or take any action that will render Buyer or any of its affiliates liable for a violation of the Anti-Bribery Laws, which prohibit the offering, giving or promising to offer or give, directly or indirectly, money or anything of value to any official of a government, political party or instrumentality to assist Seller or Buyer in obtaining or retaining business or in carrying out Seller's duties and activities under the Order. Additionally, Seller agrees not to receive or accept any

payments or other benefits from any parties associated with the performance of its duties and payments or other benefits from any parties associated with the performance of its duties and activities under the Order. Seller agrees that failure to comply with the Anti-Bribery Laws, or receipt of payment or other benefits could compromise the integrity of the work performed and, therefore, Buyer would have the right to terminate the Order immediately. Seller agrees that if any developments cause a representation or certification previously provided to Buyer, whether in a due diligence questionnaire or other document, regarding Anti-Bribery Laws to no longer be accurate or complete, it will promptly inform Buyer, in writing, of the causes and extent of the changes.

24. **Governing Law.** If Seller and Seller's ultimate parent company are organized and existing under the law of The Peoples' Republic of China, then the formation, existence, construction, performance, validity and all aspects of the Order will be governed by the laws of The Peoples' Republic of China, without regard to its conflicts of laws principles. In all other cases, the formation, existence, construction, performance, validity and all aspects of the Order will be governed by the laws of The State of New York of The United States of America without regard to its conflicts of laws principles. Regardless of which law governs the Order, Buyer and Seller agree that the United Nations Convention on Contracts for the International Sale of Goods (1980) is excluded and will not apply to the Order or the transactions contemplated by the Order. If the Order is governed by New York law, any action to resolve any dispute that has not been resolved by negotiations between executives of Buyer and Seller must be commenced in the state or federal courts sitting in the Borough of Manhattan of the City of New York. Buyer and Seller submit to the personal jurisdiction of those courts and waive any defense that jurisdiction or venue in those courts is inappropriate or inconvenient. If the Order is governed by the laws of the PRC, then, except with respect to a dispute involving the validity of any patent, which dispute will be resolved by a court of competent jurisdiction, any Dispute must be submitted to China International Economic and Trade Arbitration Commission for arbitration at Shanghai, PRC, which arbitration will be conducted in accordance with such Commission's arbitration rules in effect at the time of applying for arbitration. The arbitral award is final and binding upon Buyer and Seller. The award may be enforced by a court of competent jurisdiction without regard to geographical location. Notwithstanding the provisions of this paragraph 24, either Buyer or Seller may seek from any court of competent jurisdiction any interim or provisional relief before, during, or after any such arbitration. Seeking or complying with an order of a court granting such interim or provisional relief does not constitute a waiver of the dispute resolution provisions of this paragraph 24.

25. **Waiver.** Seller waives and releases any right to claim against Buyer consequential damages or liabilities including, without limitation, loss of profit, loss of business, depletion of goodwill or similar loss.

26. **Special Provisions Applicable To Development Work.** (a) Documents produced or acquired by Seller during experimental or development work under the Order will belong to Buyer. (b) Seller must furnish to Buyer, without restrictions of use or disclosure, the information and data Seller acquires or develops during experimental or development work specified in the Order. With respect to inventions which Seller conceives or first reduces to practice during such work, Seller grants to Buyer a permanent, paid-up, royalty-free, nonexclusive, worldwide, irrevocable license, with a right to sublicense, to make, have made, use, have used and sell, have sold, market, have marketed, and additionally, in the case of software, decompile and reverse engineer, manufactures, compositions, software and machines, and use and have used processes covered by patents on such inventions. (c) At Buyer's request, Seller must furnish to Buyer other information and data of Seller which Buyer deems necessary to understand and apply such information and data and grant to Buyer permanent, paid-up, royalty-free, nonexclusive, worldwide, irrevocable licenses, with rights to sublicense, to make, have made, use, have used and sell, have sold, market, have marketed, and additionally, in the case of software, decompile and reverse engineer under any other patents owned or controlled by Seller which cover any application of such information and data.

27. Special Warnings. Prior to and with the shipment of goods purchased under the Order, Seller must furnish Buyer sufficient warnings and notice in writing (including appropriate labels on goods, containers and packing) of any hazardous material which is an ingredient or a part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, Buyer and their 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 Buyer.

28. No Implied Waiver. The failure of either party at any time to require performance of the other party of any provision of the Order will in no way affect the right to require such performance at any time in the future, nor will the waiver of either party of a breach of any provision of the Order constitute a waiver of any succeeding breach of the same or any other provision.

29. Relationship of Parties. Seller is solely an independent contractor of Buyer and neither party will be the servant, agent, partner or joint venturer of the other.

30. Quality Assurance. Seller must comply with all quality standards and quality assurance procedures specified by Buyer, including those contained in Buyer's Supplier Quality Manual.

31. Duty Drawback Rights. Any Order includes all related customs duty and import drawback rights, if any (including rights developed by substitution and rights which may be acquired from Seller's suppliers), which Seller can transfer to Buyer. Seller agrees to inform Buyer of the existence of any such rights and upon request to supply such documents as may be required to obtain such drawback.

32. Advertising; Confidentiality. Seller may not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer goods or services, or use any trademarks or trade names of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer will have the right to cancel the undelivered portion of any goods or services covered by the Order and will not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation. All information provided by or on behalf of Buyer to Seller or its employees, agents, subcontractors, or representatives may be used only for the purpose of fulfilling an Order, and must be held by Seller, and Seller must cause its employees, agents, subcontractors, and representatives to hold such information, in strictest confidence until such time as the information becomes public through no fault of any of them.

33. Technical Information Disclosed to Buyer. Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information which Seller has disclosed or may in the future disclose to Buyer in connection with the goods or services covered by the Order. Seller must furnish to Buyer, or any other party designated by Buyer, without restrictions on use or disclosure, all information and data Seller acquires or develops in the course of Seller's activities under the Order.

34. Trademarks. Buyer grants to Seller a nonexclusive, personal, nontransferable license in the countries in which Seller manufactures goods to use Buyer's trademarks, service marks, trade names, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, and trade dress by which Buyer products are identified and publicized (the "Trademarks") solely for the purposes of, and in connection with, the manufacture and supply of goods under the Order to Buyer. Seller will not use any other trademark, trade name, logo or service mark in combination with any of the Trademarks. Seller may not use any translation or transliteration of the Trademarks. All uses of the Trademarks must appear identical in substance to the Trademarks as they appear in any instructions received from Buyer. Seller will comply with Buyer's quality control policies and procedures. Seller agrees to adhere to all graphic, verbal, thematic, and other standards, specifications, guidelines, and requirements for the use of the Trademarks provided by Buyer. Seller will permit inspection of Seller's operations and provide Buyer with product specimens and related items upon Buyer's request. Buyer will have the right to immediately terminate this Agreement in the event Seller fails to adhere to Buyer's quality control policies and

procedures. Seller acknowledges and agrees that Buyer owns all right, title and interest in and to the Trademarks worldwide, and that Seller will not acquire and may not claim any rights in or title to the Trademarks or any translations or transliterations of the Trademarks adverse to Buyer. If at any time Seller acquires any rights in, or trademark applications or registrations for or including the Trademarks, or trade names or domain names for or incorporating the Trademarks, upon Buyer's request and at no expense to Buyer, Seller will assign all such rights, applications, registrations or domain names to Buyer. Seller's use of the Trademarks will inure to the benefit of Buyer. Seller is estopped from challenging the validity of the Trademarks or from asserting any claim adverse to Buyer. Upon expiration, termination, or cancellation of the Order, all licenses and rights granted by Buyer to Seller will terminate and Seller will immediately discontinue all use of the Trademarks and, at Buyer's option, either (1) deliver to Buyer or another party specified by Buyer or (2) immediately destroy all materials bearing the Trademarks.

35. Continuing Obligations; Termination or Cancellation. Seller's obligations under the Order (including its obligations under paragraph 15) will continue for as long as Buyer's obligations to its customers continue. Accordingly, no termination or cancellation of the Order by Seller (including any termination or cancellation in breach of the Order and any termination or cancellation otherwise permitted under applicable law) will be effective as long as (a) the program for which the Order is issued is in development, (b) the program for which the Order is issued is in production, or (c) Buyer has an obligation to deliver service or replacement parts for the program for which the Order is issued.

36. Waiver of Jury Trial. Each of Buyer and Seller acknowledges that the right to a trial by jury is a constitutional right. Each of Buyer and Seller also acknowledges that the constitutional right to a trial by jury may be waived. After consulting with their respective attorneys or having the opportunity to do so, Buyer and Seller knowingly and voluntarily waive all rights to a trial by jury regarding any dispute whatsoever that may arise in connection with the Order.

Supplemental Provisions Applicable to Tooling

37. Tooling Order. If the Order relates to tooling or related capital items, Seller will design and fabricate, rework, or acquire from such sources as Buyer has given prior approval, and install the tools, dies, fixtures, molds), or patterns, described in the order ("Tooling"), subject to these Terms and Conditions.

38. Samples, Status. Seller must, at its own expense, manufacture a reasonable number of sample parts on the Tooling for inspection or testing by Buyer to ensure the capability of the Tooling to produce parts which meet applicable industry quality standards and Buyer's quality standards. In addition to Seller's obligations under paragraph 8, to the extent technically feasible, the Tooling must be designed and fabricated to be sufficiently durable to support the manufacture of all production and service requirements through the production and service lifetime of the part and also permit the production of Buyer's subsequent service and replacement requirements. The Tooling will be deemed to be completed when the necessary samples have been submitted and approved by Buyer. Buyer may request Seller to furnish semi-monthly (or more frequently at Buyer's option) status reports on the construction or acquisition of the Tooling. Each status report must identify the Tooling, identify the subcontractors working on the Tooling, if any, and designate the percentage of completion of the work. Seller will notify Buyer immediately upon becoming aware that the Tooling may not be completed by the completion date specified in the Order and Seller must furnish to Buyer a schedule of the actions that Seller will take, at Seller's expense, to achieve completion on the specified completion date.

39. Title, Identification. All right, title, and interest in and to any part of the Tooling will pass to Buyer as soon as it is acquired or fabricated in accordance with the Order. None of the Tooling may be used in the production, manufacture or design of any goods or materials except to the order of Buyer. All Tooling in the possession of Seller will be deemed to be bailed property. Seller will (i) properly house and maintain such property on Seller's premises, (ii) prominently mark it Property of Buyer, (iii) refrain from commingling it with the property of Seller or with that of a third party, and (iv) adequately insure it

against loss or damage. Seller will indemnify Buyer against any claim adverse to Buyer's ownership of the Tooling, except as such claims may result from any acts or omissions of Buyer. To the extent permitted by law, Seller waives its right to object to the repossession of the Tooling by Buyer in the event Seller is involved in bankruptcy proceedings. While in its possession, Seller, at Seller's expense, must maintain the Tooling in first class condition and immediately replace any items which are lost or destroyed or become worn out. All repaired or replaced Tooling will be the property of Buyer. Wear and repair of the Tooling is Seller's responsibility. None of the Tooling may be removed from Seller's premises without Buyer's written consent. Seller must keep such records in relation to the Tooling as Buyer may reasonably require. Seller may not sell or otherwise convey any product using Buyer's Tooling to any party other than Buyer, except where specifically authorized by Buyer in writing. Seller's responsibility under this paragraph continues beyond the expiration date of the related parts Order. If the Tooling is not utilized to produce any parts for Buyer for a period of five years, Seller must so notify Buyer and request instructions as to the disposition of the Tooling. If Seller subcontracts all or any portion of the manufacture of the Tooling, Seller must so notify Buyer in advance and obtain for Buyer all of the rights contained in this paragraph from each such subcontractor used by Seller.

40. Tooling Invoices, Payment. Upon completion of Tooling, and upon approval by Buyer of the initial samples manufactured by Seller, Seller will furnish an invoice to Buyer at the billing address on the face of the Order. Payment for Tooling will be made in accordance with Buyer's normal payment terms unless stated otherwise on the Tooling Order. If the Order designates that it is not competitively placed or based on affordable targets, Buyer's payment obligation will be no more than the specified maximum, if any, for (i) Seller's actual costs for purchased materials and services (including purchased Tooling and portions thereof), and (ii) Seller's actual cost for direct labor and overhead. Seller must establish a reasonable accounting system that enables ready identification of Seller's cost.