



SUPPLIER MANUAL

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Most recent changes are noted in blue/italicized.

FOREWORD

It is our strong belief that one of the key building blocks for a successful Supplier-Customer partnership is effective communication. With this conviction in mind, we have developed this booklet to provide our current and potential Suppliers with the information needed to gain business, maintain a successful Supplier-Customer relationship and meet all of Steere Enterprises, Inc. requirements. For a current copy of our full Terms and Conditions, please see Appendix A at the end of this document.

For further detailed information or to obtain additional copies of this manual, please contact the Steere Purchasing Department.

Supplier Communication and Visits

Steere Enterprises believes in and encourages early and active Supplier involvement. Suppliers should not hesitate to ask for advice or assistance. Primary interfaces in our organization are through the Buyer, Project Engineer and Quality Engineer. We reserve the right to visit your location at any time. These visits may include our Customers as well. We will provide as much advance notice as possible.

Supplier Selection

Steere Enterprises uses a multi-discipline approach for selecting Suppliers. Our customers also provide input for Supplier selection. For sourcing business with Suppliers not currently in the supply base, one or more of the following methods will be utilized to assess the Supplier's capability. The methods of assessment and final selection will be determined by Purchasing.

- Pre-source questionnaire (self-evaluation) with follow-up of deficiencies
- Third party quality system assessments
- Onsite assessment by Steere Enterprises
- Customer pre-selection

Tooling Capacity

Steere Enterprises is required to provide capacity verification information to our customers at the time of program launch. Steere reserves the right to verify capacity of our Suppliers as necessary to satisfy Customer requirements. At a minimum, Suppliers are required to submit planned tooling capacity information during the quotation process by completing the "Tooling Capacity" portion of the Steere quotation form. Suppliers who choose to submit quotations using their own format must include, at a minimum, the following capacity information:

- Number of parts per hour
- Number of production days per week
- Number of overtime hours per week available
- Number of parts per shift
- Number of shifts per day

Advanced Quality Planning

Suppliers should follow the AIAG Publication APQP (Advanced Product Quality Planning and Control Plan) Manual to develop parts and processes for Steere Enterprises. Based on the criticality of the part, quality history with the Supplier and unique expectations, Steere Enterprises may identify specific Advance Quality Planning requirements for the Supplier.

Communication between Suppliers and Steere during the Advanced Quality Planning stage is critical. The key contacts for the Supplier during this process are the Quality Engineer, Project Engineer and Buyer. Any issues affecting timing or cost must be directed to and approved by the Buyer.

Suppliers should provide products that are environmentally friendly. Consideration should be given to the full lifecycle of their products.

Contingency plans must be developed to address any incident which may lead to a deviation or disruption from normal business operations. A risk assessment process shall be implemented to identify areas within the supply chain which could affect the ability of meeting Steere's requirements in the event of said deviation/disruption.

Production Part Approval

Suppliers to Steere Enterprises are required to follow the AIAG Publication PPAP (Production Part Approval Process) Manual. The PPAP date will be communicated to the Supplier by the Buyer.

The submission level for all PPAPs unless otherwise communicated will be Level 3 as per the AIAG Publication PPAP. This document identifies what is necessary to retain and submit based on the submission level. If a product you currently ship to Steere Enterprises is going to be used in a new application, is older than one year, you change facility locations or implement a process change on the product then you must provide a new PPAP submission.

Parts cannot be used in production at Steere Enterprises without PPAP Approval.

Special Characteristics

Steere Enterprises designates special symbols for certain characteristics on their drawings that affect customer satisfaction and/or safety, legal or environmental issues. All Suppliers are required to have controls in their processes and designs for these characteristics. This will be demonstrated through the FMEA and Control Plan activities. Steere Enterprises uses symbols such as 'K's and 'Q's (or as designated by the Customer) to denote special characteristics.

The symbol 'Q' denotes a special characteristic for which strict conformance to specification is required to meet the requirements of fit, function and/or reliability to justify specific treatment in a Control Plan. A minimum short term capability of 5 Sigma (1.67 PPK) is required.

The symbol 'K' denotes a special characteristic for which the benefits of a centered process and reduced variability justify the addition of statistical controls. A minimum capability of 5 sigma (1.67 PPK) is required for short term and 4 Sigma (1.33 CPK) for long term studies. Lack of capability will require 100% sort or proof test.

Any exceptions to this must be discussed with the appropriate Steere Quality Engineer.

Statistical data for all special characteristics must be kept on file by the Supplier and available for review by Steere personnel. This information must be forwarded to Steere Enterprises upon request.

Material Reporting Requirements

Due to current requirements throughout the automotive industry, Steere requires all Suppliers to submit material content information as a part of PPAP submission. Suppliers are required to supply the following material content information (regardless as to whether they have restricted substances):

1. Restricted substances using GMW3059
2. Material data using the IMDS reporting system. Note: Suppliers should submit IMDS information directly to Steere's IMDS Company ID number **(18632)**.
3. Confirm compliance to any and all specifications listed on the drawing related to substances of environmental concern.

Additionally, annual submission of Conflict Minerals data is required upon request via the most current version of the Conflict Minerals Reporting Template (available at www.conflictreesourcing.org).

The supplier is under the obligation to use only production processes, working conditions and materials conforming to the requirements of all valid legal HSE regulations or state and federal regulations. All products delivered to Steere must meet all relevant HSE regulations and technical standards valid in the country of production and country of use.

Supplier Request for Change

For temporary (unplanned) deviation, Suppliers are required to obtain written authorization from Steere Enterprises prior to shipping any parts that do not meet Steere drawings and specifications.

For permanent changes, Suppliers are required to obtain written authorization from Steere Enterprises **prior to initiating** any product, process change or change of manufacturing location. Suppliers will be required to submit a project plan including proposals for timing, testing/validation, and bank quantities.

When the affected product is shipped to Steere, it must be clearly identified as having a change identified.

Traceability

The Supplier must maintain a traceability system, such that all materials, components and assemblies supplied to Steere are traceable to their production lots, and therefore, the material used in them.

Material Identification, Control and Packaging

Steere Enterprises requires Suppliers to package parts so as to protect them from damage during transportation and storage, and to clearly identify them. The product container identification must include Steere's product number and Engineering Revision levels, quantity, lot number, description and vendor name.

Record Retention

Production part approvals, tooling records, purchase orders and amendments are to be maintained for the length of time that part is active for production and service requirements plus one calendar year. Quality performance records (e.g. control charts, inspection and test results) shall be retained for a minimum of one calendar year after they were created.

Nonconforming Material

Like our Customer, Steere's expectation is "Zero Defects." It is the responsibility of the Supplier to provide 100% defect-free product to Steere Enterprises. However, if a Supplier responsible defect is found at Steere or our Customer, Steere will notify the Supplier verbally of the condition. A sample part may follow as required.

Written confirmation of the short term corrective action including containment is required within 24 hours of notification. Long term corrective action is required within 14 calendar days. These reports should be sent directly to the appropriate Quality Engineer. Exceptions to this will be based on severity of condition and will be communicated at the time of complaint.

The Supplier is also required to notify Steere Enterprises in the event that non-conforming product has been shipped to Steere. It will be expected that the Supplier call and participate in an immediate containment plan.

The Supplier is also responsible for containment efforts resulting from a nonconformance. Costs incurred due to a defective condition causing non-standard work from a Steere perspective will be charged back to the Supplier. It is Steere's expectation that the Supplier provide support to contain product at Steere.

Discovery of an internal issue will trigger containment of inventory at Steere. At a minimum, this will require a 2 hour sample audit of on-hand stock. Full sorting will be implemented should any defects be found during this initial inspection. When containment efforts are conducted by Steere on behalf of the Supplier, a standard fee of

\$35/manhour will apply, in addition to a \$250 administrative fee for processing. Additional fees for failed containment (\$500 per occurrence) and responsiveness negligence (\$1,000 at Steere's discretion) may be assessed as well. Note any external issues (Steere Customer) directly attributable to Supplier will result in corresponding charges being cascaded down to said Supplier.

If a supplier fails to respond to a notice of non-conformance within 24 hours, Steere reserves the right to contact a third party sort group for the issue and debit all applicable charges to the supplier.

Special Processes

All Supplier special processes (at all tier levels) shall be assessed annually to determine their effectiveness using the corresponding AIAG manuals. These include:

- Heat treating – CQI-9
- Plating – CQI-11
- Coating – CQI-12
- Welding – CQI-15
- Soldering – CQI-17
- Molding – CQI-23
- Casting – CQI-27

The aforementioned assessments can be at either the first or second party level, but must be conducted by a qualified assessor. A qualified assessor is one who is knowledgeable in heat treating, plating or coating processes. This knowledge can be acquired through education, training or work experience. The Supplier should submit qualification criteria or records for the assessor with the completed assessment.

Where items in any of the assessments are identified as “not satisfactory” or “needs immediate action” the Supplier must also have a risk containment action that immediately protects all components from being shipped to Steere, regardless of the tier level.

Results of this annual assessment should be submitted to the appropriate Quality Engineer.

Ongoing Supplier Performance Assessment

Quality System

All Suppliers will be encouraged to satisfy one of the following quality system requirements:

- Third party certification to IATF16949:2016 or ISO 9001:2015 (with IATF systems, or development towards them, in place)
- Acceptable quality system audit by Steere Enterprises
- Acceptable review of second party (OEM Customers) IATF16949 audit

Preference will be given to those Suppliers possessing third party certification.

Supplier Development & Rating

Approximately once a month, Steere rates all production suppliers for quality (internal or external rejections) and Delivery (Total Shipments / On Time Shipments). A cumulative total will be assigned and compared to the following scale.

- *Good Ranking: 175-200 Points*
- *Acceptable Ranking: 150-174 Points*
- *Bad Ranking: 0-149 Points*

When a supplier meets an “Good Ranking,” a self-assessment will be sufficient. Suppliers who are on the “Acceptable” range will be subject to a periodic scheduled audit (at Steere’s discretion). Suppliers in the “Bad” rank can be audited annually (at Steere’s discretion) until an “Average” or above rank is achieved.

In addition, Supplier Development Audits will be sent to suppliers in which Steere intends to visit for them to complete as a self-assessment. Steere reserves the right that if it is not feasible to assess a supplier due to distance, low-volume of sales or being a mandated supplier that an in-person audit and assessment will not need to be performed.

Delivery

Delivery Performance is monitored monthly by Steere Purchasing. Performance is calculated as follows:

- The Supplier begins each month with a score of 100 (Target 95% Or Above)
- Deductions are taken for early and late deliveries. The deduction is scaled against the gap between the due date and the actual date received. Any delivery received more than 5 days prior to the requested date will be rejected and returned at the Supplier’s expense.

Suppliers with poor delivery performance are issued corrective action requests to address the poor performance.

Appendix A: Standard Terms and Conditions of Purchase

- 1. AGREEMENT OF PURCHASE.** Unless otherwise provided in a written agreement between Steere Enterprises, Inc. and its affiliates and subsidiaries, as applicable in each case, (“Buyer”) and the seller (“Seller”), the terms and conditions set forth in this document are intended to establish standard terms and conditions of purchase for all purchases of products and services by Buyer from Seller, and all such purchases are made expressly conditional upon these terms and conditions. This document, together with the purchase orders, Specifications, and all supplements and attachments thereto issued by Buyer from time to time, shall constitute the entire agreement (“Agreement”) between Buyer and Seller for each such purchase. In the event of any inconsistency between these standard terms and conditions and the provisions on the purchase order or on any supplement attached thereto, the provisions contained on the purchase order or on such supplement shall control. Seller’s acknowledgement, commencement of performance to furnish the Products or Work, or any conduct by Seller which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute acceptance by Seller of the Agreement and all of its terms and conditions. Additional or different terms provided in Seller’s acceptance of Buyer’s offer which vary in any degree from any of the terms herein are hereby objected to and rejected. If this Agreement shall be deemed an acceptance by Buyer in response to an offer by Seller and if any terms herein are additional to or different from any terms of such offer, then the issuance of this Agreement by Buyer shall constitute an acceptance expressly conditioned upon Seller’s assent to all of the terms and conditions of this Agreement. These standard terms and conditions of purchase may be modified from time to time by Buyer upon notice to Seller. Each such modification shall be binding upon Seller with respect to all purchases occurring after the date of such modification. Except as otherwise described herein, no modification or termination hereof or waiver of any of the obligations hereunder shall be effective unless in writing and signed by the party against whom such modification, termination or waiver is sought to be enforced.

For purposes of this Agreement: (a) “Data” means documentation, manuals, maps, plans, schedules, Specifications, software, reports, drawings, designs and other relevant information; (b) “Buyer’s Site” means the location designated by Buyer for which the Work or Products are intended, to which the Work or Products are to be delivered, or where the Work is to be carried out; (c) “Products” mean all materials, equipment, supplies and other goods intended for Seller to provide under this Agreement; (d) “Specification(s)” means the portion of this Agreement that describes the Work to be delivered by Seller under this Agreement, including dimensions, components, technical and non-technical requirements and characteristics, standards, performance requirements, and tolerances; (e) “Subcontractor” means any person or entity having a contract with Seller or its Subcontractors for the performance of any part of the Work; (f) “Work” means all services, labor, Data, and other obligations intended for Seller

to perform or supply under this Agreement, as specified in the work scope, together with miscellaneous expendable job supplies, installation related equipment, tools, transportation, and facilities necessary for the performance of Seller's obligations under this Agreement.

2. WARRANTY.

(a) **GOODS:** Seller warrants that the Products sold hereunder will conform to contract Specifications, drawings, samples, or other descriptions furnished to Buyer by Seller, and will be of good design, material, and workmanship, free from defect, and will satisfactorily perform the functions for which intended. Seller further warrants that the Products ordered hereby shall be delivered free of the claim of any person arising from patent or trademark infringements or any other claim to title. Seller shall defend any suit that may arise in respect thereof, and Seller shall save Buyer harmless from any loss which may be incurred by the assertion of any such rights. Such indemnity shall survive acceptance of Products and payments therefore by Buyer. Seller agrees that all of its warranties shall survive performance and acceptance of and payment for the Products and shall inure to the benefit of Buyer, and to all subsequent buyers of the Products.

(b) **SERVICES:** Seller shall perform the Work in a good and workmanlike manner, and in accordance with good industry practices. Seller shall furnish all materials, equipment, tools, labor, supervision, supplies, facilities, services and transportation necessary for the successful completion of the Work. Seller shall cooperate, consult, and coordinate with Buyer in the performance of the Work, and shall provide such Work in a timely manner compatible with Buyer's schedule. Seller shall, prior to the start of the Work, provide to Buyer a schedule describing its plan of operation for the Work and all testing and deliverables of Seller hereunder. Buyer may request written reports from Seller at any time during the performance of the Work describing progress, schedule status, cost Data and other matters pertaining to the Work.

3. REMEDIES. If any Products or Work do not comply with the warranties set forth in Section 2 above, Buyer may, at its sole option, and in each case at Seller's sole expense: (a) reject such Products or Work; (b) require Seller to repair or correct such Products or Work as necessary to render them in conformance with the foregoing warranties, and consistent with Buyer's time schedule; (c) return such Products or Work and receive a full refund of the contract price; or (d) make any corrections required to cause such Products or Work to fulfill the foregoing warranties and charge Seller for the costs incurred by Buyer thereby. Seller shall reimburse Buyer for all expenses reasonably incurred by Buyer in connection with a breach of the foregoing warranties (including transportation, storage, administrative, and other incidental expenses of Buyer). The remedies set forth in this Agreement are cumulative, and shall not preclude any other remedy available to Buyer at law or in equity.

4. AUDIT RIGHTS. Buyer shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain

copies of the relevant portion of the books, records, and telephone recordings of Seller and/or its Subcontractor's only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under this Agreement. Seller shall keep records of all charges, disbursements, and expenses incurred by it hereunder, and its compliance with laws regulating employee benefits, quality assurance, environmental and safety activities.

- 5. SELLER'S PERSONNEL.** In satisfying its obligations hereunder, Seller shall operate as and have the status of an independent contractor, and shall not act as or be an agent or employee of Buyer. As an independent contractor, Seller shall be solely responsible for the end result of its work and as such shall maintain daily control over its workers and the means and methods used to accomplish the end result. Seller shall be solely responsible for the employment of workers and shall indemnify, defend and hold Buyer harmless from any claim, demand, loss, cost, expense, or suit alleging the violation or claimed violation of any local, state or federal law, rule or regulation relating to the safety and employment of workers, or requiring the employer to withhold taxes or similar charges from employees' pay. Nothing in this Agreement or in the performance of the Seller's obligations required hereunder shall be construed to create a partnership, joint venture or other joint business arrangement between Buyer and Seller. Seller shall require all persons performing any Work at Buyer's Site to be trained in and to comply with policies, procedures and directives applicable to activities at Buyer's Site, including security, environmental protection, worker health and safety, sexual harassment, access, use of controlled substances, and similar activities. At Buyer's request, Seller shall submit to Buyer the credentials of any of Seller's employees assigned to perform the Work hereunder. During the performance of such Work, Buyer may object to, and Seller shall remove and replace, any Seller employee who, in Buyer's opinion, does not meet appropriate criteria for performance of the Work.
- 6. BUYER'S SITE, FACILITIES AND OPERATIONS.** Unless otherwise specified, Seller will provide all temporary buildings, lavatories, storage facilities, and water and power sources required for its own use or that of its Subcontractors, if any. If Seller, any of its Subcontractors, or any of its or their employees use any equipment, facilities, office space, equipment or tools which are owned, rented or leased by Buyer or Buyer's other contractor(s), Seller hereby assumes the entire responsibility and liability for all injuries, claims, damages, or losses whatsoever resulting from the use of such equipment, facilities, or apparatus. Seller shall take the necessary precautions to decrease the probability of accident and to avoid delay in completion of Seller's obligations required hereunder, and shall comply with all federal, state, and local laws and regulations with regard to the safe performance. Seller shall dispose of all rubbish resulting from Seller's obligations required hereunder, and shall restore any damage caused to Buyer's Site. When operating at Buyer's Site, Seller and its Subcontractors shall use only the area designated by Buyer, shall enter and leave the premises through designated access ways, and shall park only in parking areas designated by Buyer. Seller

shall conduct its obligations hereunder so as to minimize interference with the operations of Buyer's Site and with other work in progress. Buyer shall have the right to control access to Buyer's Site, and shall have the right to check all persons and vehicles entering and leaving the site and carry out such control of persons and vehicles as deemed necessary.

7. DELIVERY.

(a) Time is of the essence in this Agreement. Shipment shall be to the location directed by Buyer. Invoicing, delivery terms, shipping and packing instructions shall be provided to Seller through an attachment to, or printing on the face of, the purchase order. In the absence of such instructions, the delivery terms for Products shall be FOB Seller's facility for domestic orders and DDP Seller's facility for international orders. All shipping terms shall have meaning set forth in the Uniform Commercial Code for domestic sales or in INCOTERMS 2010, as published and promulgated by the International Chamber of Commerce, for international sales. Unless expressly agreed to otherwise in writing, total deliveries against this order shall not exceed the quantities ordered. No overruns will be accepted without Buyer's prior written approval. Seller's failure to make timely delivery, or Seller's breach of any of the other terms and conditions of this Agreement, shall constitute sufficient cause of Buyer at its option, in addition to any other remedy, Buyer may have, to cancel this Agreement, either in whole or in part, to refuse any goods, and to charge Seller for any damages or losses Buyer may sustain as a result of Seller's default. Any failure by Buyer to exercise this option with respect to any installment shall not constitute a waiver of such options with respect to subsequent installments.

(b) Buyer shall not be liable for delay in accepting or for failure to accept goods hereunder, if such delay or failure is due to causes beyond the reasonable control of Buyer, including but not limited to, acts of God, war, mobilization, civil commotion, riot, embargo, acts of a public enemy, fire, flood, wind, transportation tie-up, strike, slowdown, or labor disturbance of any kind or act/failure to act by any Government, foreign or domestic. Any such delay or failure shall give Buyer the right, at its option, to cancel all or such portion of this Agreement as it may elect.

8. TITLE AND RISK OF LOSS. Seller warrants title to all Products sold hereunder and bears the risk of loss or damages to the Products purchased under this Agreement until they are delivered in conformity with this Agreement at Buyer's delivery point specified in the purchase order or hereunder. Upon such delivery, title shall pass from Seller and Seller's responsibility for loss or damage shall cease, except for loss or damages resulting from Seller's negligence. Passing of title shall not constitute acceptance of the Products by Buyer.

9. DEFECTIVE OR DAMAGED PRODUCTS. Notwithstanding prior inspection, payment for, or use of the Products, Buyer shall have the right, exercisable within a reasonable time after receipt, to reject any Products which do not conform to the requirements of this Agreement. Buyer, at its option and at the expense and

risk of Seller, may either return such rejected Products to Seller or hold them for such disposal as Seller shall indicate, without notice to any other person whatever, notwithstanding any assignments by Seller of this Agreement or of any sums hereunder. Any payments made on such rejected Products shall be immediately refunded to Buyer. Seller shall pay transportation charges both ways on rejected Products. Buyer's rights under this paragraph shall be in addition to and shall not be deemed to diminish its rights under Section 2 hereof entitled, "Warranty" and Section 3 hereof entitled, "Remedies." In case of a dispute as to whether Products meet contract Specifications, Seller or Buyer may designate a mutually acceptable independent testing company and/or surveyor to make an examination and in such case said testing company's and/or surveyor's findings shall be conclusive and binding on both parties (the expense of which examination shall be borne by Seller with respect to each item found not to conform to Specifications and by Buyer with respect to each item found to conform to Specifications).

10. RECALLS. Seller is liable for all costs or damages associated with any voluntary or involuntary recall of defective or potentially defective Products or any products containing or incorporating such Products including, but not limited to, recalls by a customer, regulatory agency or in accordance with applicable laws or regulations. Seller will be solely responsible for administering any recall or will fully participate in the administration of any recall conducted by Buyer or its customer in relation to Seller's Products as Buyer may so direct. Each party will cooperate in making available records and other information reasonably required by the other party in connection with any recall. This Section 10 will survive any termination or expiration of this Agreement and apply for at least the same duration as Buyer's obligation to its customer(s).

11. CONTRACT PRICE AND PAYMENT. The contract price or unit prices stated in the purchase order represent the fixed, full amount payable by Buyer under this Agreement. The purchase order may not be filled at a higher price than last quoted to Buyer without Buyer's written approval. Unless otherwise specified in the purchase order, no additional charge will be allowed for labor, supervision, equipment, materials, supplies, tools, field and office overhead, facilities, utilities, services, transportation, boxing, packaging, crating, cartage, and any other of Seller's costs. Returnable containers shall be returned freight collect. Unless otherwise specified in the purchase order, Seller shall pay all taxes, duties, licenses, permits, and all other fees and charges imposed by any governmental entity with respect to this Agreement and the Products or the Work. The contract price shall include all contributions for unemployment compensation, workers' compensation, social security, and other employee benefits, and for the cost of any insurance required by this Agreement. Buyer will not be responsible for charges for any work performed for any other contractor, Subcontractor, equipment manufacturer or supplier. Payments by Buyer shall not be deemed evidence of acceptance by Buyer of the Products or the Work.

12. WITHHOLDING. If Buyer has a claim under this Agreement, or under any other agreement between Buyer and Seller, regardless of when it is discovered, including a claim that: (a) Seller's invoice is erroneous; (b) the Product or Work is deficient, defective, or incomplete; (c) a third party claim has been asserted or there is reasonable evidence indicating the possibility of a claim; (d) Seller fails to make a payment as and when due to a Subcontractor or supplier for materials, labor or equipment; or (e) Buyer, another contractor, Subcontractor, or other party suffers damage or injury which is attributable to Seller; then Buyer may, without notice, withhold payment of, or set off the amount of its claim, costs or loss against, any amount invoiced to it.

13. CHANGES. Buyer may at any time, by written notice, make changes to the scope of services to be provided hereunder, the contract Specifications, or the terms of shipment, packing, time and/or place of delivery, quantity, acceleration, sequencing, or the general scope for the Products or Work specified in this Agreement. Seller shall submit the proposed cost or credit to Buyer for any such changes within fifteen (15) working days after receipt of the written order for Buyer's approval. Such changes shall not proceed and shall not be binding upon Buyer without Buyer's written approval. Seller's performance of additional work as related to the changes shall in no way be a basis of claims involving loss of efficiency on any work performed or to be performed under this Agreement. Performance of extra work shall not be a basis for schedule extensions unless such extensions are agreed upon at the time of award of the additional work. Buyer may authorize minor changes in the Work or Products not involving an adjustment in the contract price or time for performance, which are consistent with the overall intent of the Agreement.

14. INDEMNITY. Seller shall indemnify, defend, and hold harmless Buyer, its subsidiaries and affiliates, and their respective agents, employees, successors, assigns, and indemnitees (the "Indemnified Parties"), from and against any and all losses, costs, damages, claims, liabilities, fines, penalties, and expenses (including, without limitation, attorneys' and other professional fees and expenses, and court costs, incurred in connection with the investigation, defense, and settlement of any claim asserted against any Indemnified Party or the enforcement of Seller's obligations under this Section 14) (collectively, "Losses"), which any of the Indemnified Parties may suffer or incur in whole or in part arising out of the Work or the Products, the presence of Seller and/or its Subcontractors at Buyer's Site, or the actions or omissions of Seller and/or its Subcontractors under this Agreement, including, without limitation, Losses relating to: (a) actual or alleged bodily or mental injury to or death of any person, including, without limitation, any person employed by Buyer, by Seller, or by any Subcontractor; (b) damage to or loss of use of property of Buyer, Seller, any Subcontractor, or any third party; (c) any contractual liability owed by Buyer to any third party; (d) any breach of or inaccuracy in the covenants, representations, and warranties made by Seller under this Agreement; (e) any costs or damages associated with any voluntary or involuntary recall of defective or potentially

defective Products or any products containing or incorporating such Products as more fully provided in Section 10 hereof; and/or (f) any violation by Seller or any Subcontractor of any ordinance, regulation, rule or law of the United States or any political subdivision or duly constituted public authority; provided, however, that Seller's indemnity obligations under this paragraph shall not apply to any Losses to the extent initiated or proximately caused by or resulting from the sole or concurrent negligence or willful misconduct of any of the Indemnified Parties. Seller, for itself, its successors, assigns, and Subcontractors, hereby expressly agrees to waive any provision of any workers' compensation act or other similar law whereby Seller could preclude its joinder by Buyer as an additional defendant, or avoid liability for damages, contribution, or indemnity in any legal action brought against any Indemnified Party. Seller's obligation to Buyer herein shall not be limited by any limitation on the amount or type of damages, benefits or compensation payable by or for Seller under any worker's compensation acts, disability benefit acts, or other employee benefit acts on account of claims against Buyer by an employee of Seller or anyone employed directly or indirectly by Seller or anyone for whose acts Seller may be liable.

15. INSURANCE. So long as Seller has any obligation under this Agreement towards Buyer, Seller shall carry a comprehensive general liability insurance policy, including contractual coverage with respect to the indemnity provisions of this Agreement, and if any work hereunder is to be performed by a Subcontractor, Sellers Protective Liability, with minimum limits of \$2,000,000 per occurrence, combined single limit, for bodily injury and property damage. Seller shall also carry comprehensive automobile liability insurance, including non-ownership and hired car endorsement, with minimum limits of \$1,000,000 per occurrence, combined single limit, for bodily injury and property damage. Buyer shall be named as an Additional Insured on all such policies. In addition, Seller shall carry statutory workers compensation coverage on its employees including employer's liability insurance with limits of at least \$1,000,000, or such higher amount as required by law. All of the above policies shall include a waiver of subrogation with respect to Buyer. All insurance included in this paragraph shall be deemed to be the primary coverage for all purposes hereof and Seller shall furnish Buyer with certificates of insurance including a provision that Buyer will receive thirty (30) days' written notice prior to cancellation or material change of the coverage.

16. WAIVER OF LIEN RIGHTS. To the extent permitted by law, Seller, for itself and anyone else acting or claiming through or under it, does hereby expressly waive and relinquish all right to file a mechanics' or materialmen's lien, and agrees that no mechanics', materialmen's, or similar lien shall be filed or maintained against any property where the Work is to be performed, or any interest of Buyer in such property, by or in the name of Seller or any Subcontractor, materialman or laborer acting or claiming through or under Seller for Work performed or Products or materials furnished in connection with this Agreement. Every Subcontract for

any portion of the Work shall contain an undertaking by the Subcontractor similar in effect to this Article.

17. TERMINATION.

(a) Termination for Breach or Nonperformance. Buyer may terminate all or any part of the Agreement, without liability to Seller, if Seller: (i) repudiates, breaches or threatens to breach any of the terms of the Agreement; (ii) fails or threatens not to deliver Products or perform Work in connection with the Agreement; (iii) fails to make progress or to meet reasonable quality requirements so as to endanger timely and proper completion or delivery of Products and does not correct the failure or breach within ten (10) days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying the failure or breach; (iv) enters or offers to enter into a transaction that includes a sale of a substantial portion of its assets used for the production of Products for Buyer or a merger, sale or exchange of stock or other equity interests that would result in a change in control of Seller; (v) becomes insolvent, makes an assignment for the benefit of creditors, suffers or permits the appointment of a receiver, trustee in bankruptcy or similar officer for all or parts of its business or assets; or (vi) avails itself of or becomes subject to any bankruptcy proceeding under the laws or any jurisdiction relating to insolvency or the protection of rights of creditors. Seller shall indemnify the Buyer against any claims from third parties resulting from termination. Seller shall also repay immediately the costs already incurred and monies unduly paid by Buyer, without prejudice to Buyer's right to claim full compensation.

(b) Government Contracts. Buyer expressly reserves the right, in the event this Agreement is entered into pursuant to a prime contract with the Government or to a subcontract thereunder, to terminate the work under this Agreement in whole or in part at any time by written notice to the Seller stating the extend and effective date of such termination, in which event the rights and obligations of the parties hereto shall be determined in accordance with the Termination Provisions approved for use in Fixed-Price Orders, of Subcontracts for the manufacture of supplies under Government War Contracts, as amended and in effect on the date of such terminations.

(c) Other Termination Rights. In addition to any other rights of Buyer to cancel or terminate the Agreement, Buyer may, at its option, terminate all or any part of the Agreement at any time and for any reason by giving thirty (30) days' advance written notice to Seller. Seller shall not have any right to claim compensation as a result of termination under this Section unless Seller informs Buyer in writing within seven (7) days from delivery of the notice of termination that production of the Products had already commenced before receipt of the notice of termination. In such case, Buyer shall be entitled to choose between taking delivery of the Products already produced and compensating Seller for the reasonable costs already incurred. In the case of supply of Work, no other compensation shall be due than the payment of the work already performed. NOTWITHSTANDING ANY OTHER PROVISION HEREIN, IN THE EVENT OF A TERMINATION UNDER THIS SECTION, BUYER WILL HAVE NO OBLIGATION FOR AND WILL NOT

BE REQUIRED TO PAY SELLER, DIRECTLY OR ON ACCOUNT OF CLAIMS BY SELLER'S SUBCONTRACTORS, FOR LOSS OF ANTICIPATED PROFIT, UNABSORBED OVERHEAD, INTEREST ON CLAIMS, PRODUCT DEVELOPMENT AND ENGINEERING COSTS, TOOLING, FACILITIES AND EQUIPMENT REARRANGEMENT COSTS OR RENTAL, UNAMORTIZED CAPITAL OR DEPRECIATION COSTS, FINISHED GOODS, WORK-IN-PROCESS OR RAW MATERIALS THAT SELLER FABRICATES OR PROCURES IN AMOUNTS EXCEEDING THOSE AUTHORIZED IN THE AGREEMENT, OR GENERAL ADMINISTRATIVE BURDEN CHARGES FROM TERMINATION OF THE AGREEMENT. Buyer's obligation upon termination under this Section will not exceed the obligation Buyer would have had to Seller in the absence of termination. Buyer will have no obligation for payment to Seller under this Section if Buyer terminates the Agreement or portion thereof because of a default or breach by Seller.

18. LAW AND JURISDICTION. This Agreement is to be governed by and interpreted in accordance with the substantive law of the State of Ohio. The parties hereby expressly exclude the applicability of the United Nations Convention on Contracts for the International Sale of Goods, if the same would otherwise apply here. Buyer and Seller agree that any legal suit, action, or proceeding to collect payment due hereunder from Buyer, or otherwise arising out of or relating to this Agreement may (and, if against Buyer, must) be instituted in a State or Federal Court in the City of Akron, County of Summit, and State of Ohio, and Seller waives any objection which it may have now or hereafter to the laying of the venue of any such suit, action or proceeding and hereby irrevocably submits to the jurisdiction of any such court in any such suit, action or proceeding.

19. COMPLIANCE WITH LAWS.

(a) During the performance of this Agreement, Seller shall strictly comply with all federal, state, and local laws, rules and regulations, administrative and executive orders, and government procurement regulations applicable to the Products/Work and this Agreement, including without limitation, the Fair Labor Standards Act of 1938, as amended, the Equal Opportunity Clause, Sec. 202, Executive Order 11246, and all regulations and orders issued thereunder.

(b) In the event this Agreement is entered into pursuant to a prime contract with the Government or to a subcontract thereunder, Schedule A attached hereto and made a part hereof, shall govern Buyer's purchase of Products or Work from Seller hereunder and Schedule A is expressly incorporated herein. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions set forth in Schedule A, the terms and conditions set forth in Schedule A shall govern.

(c) Seller warrants that neither any of the Products provided to Buyer nor their manufacture, fabrication, construction, transportation or use shall violate or cause Buyer to be in violation of any law, code, ordinance, regulation, standard, rule, requirement or order. Without limiting the foregoing, Seller certifies and

guarantees that all Products: (i) will conform with all applicable consumer product safety standards under the U.S. Consumer Product Safety Act; (ii) will not be a misbranded or banned hazardous substance within the meaning of the U.S. Federal Hazardous Substances Act; and (iii) will not, under normal use, be in violation of, or cause Buyer to be in violation of, the U.S. Occupational Safety and Health Act of 1970, and standards, rules and regulations thereunder, the U.S. Resource Conservation and Recovery Act, the U.S. Clean Air Act, the U.S. Clean Water Act, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, the U.S. Toxic Substances Control Act, the U.S. Hazardous Materials Transportation Act or of any other laws, standards, rules, regulations, requirements or orders relating to the environment. In addition, without limiting the foregoing, all Work at Buyer's job site shall be performed in accordance with the Buyer's safety and other standards. Seller shall promptly take, at its sole expense, all action necessary to make all Products comply with the applicable laws, codes, ordinances, regulations, rules, standards, requirements or orders after Seller receives a notice from Buyer or another third party that some violation exists with respect to the Products. If Seller fails to promptly take such action, Buyer may take all such action at Seller's expense. (d) Seller shall be liable for the payment of any penalties and/or fines imposed as a result of the failure of any Product provided by or for Seller hereunder to comply with any of the above requirements.

20. INTELLECTUAL PROPERTY RIGHTS. The Work and all Data associated with the Work, whether or not patentable, registrable as a copyrightable Work, or registrable as a trademark or service mark, shall become the property of Buyer and Buyer shall own all intellectual property rights therein (including the rights to any patent, trademark or service mark, trade secret, and copyright therein). Seller hereby agrees that any materials and works of authorship conceived or written by Seller during the term of this Agreement that pertain in any material respect to the Work shall be done as "work made for hire" as defined and used in the Copyright Act of 1976, 17 USC §1 et seq., and that Buyer, as the entity for which the Work is prepared, shall own all right, title and interest in and to such materials, including the entire copyright therein. To the extent that any such materials are not deemed to be a "work made for hire," Seller will assign to Buyer ownership of all right, title, and interest in and to such materials, including ownership of the entire copyright therein. Seller warrants that the Products furnished hereunder, and the normal use thereof, do not infringe or misappropriate any patent, copyright, trademark, service mark, trade secret, or other intellectual property right of any third party. Seller will indemnify, defend, and hold harmless Buyer against any losses arising out of any suit or proceeding alleging that the Products infringe or misappropriate any patent, copyright, trademark, service mark, or trade secret.

21. TOOLS, DIES, ETC. All special tools, dies, patterns, jigs or fixtures supplied by Buyer or paid for by Buyer remain the property of Buyer and Seller agrees to comply promptly with any disposal or shipping instructions furnished by Buyer.

Should Seller ever have in its possession any such property, including also any kind of property belonging to Buyer, Seller agrees to maintain and protect such property at its expense from damage, fire and casualty of every kind and to indemnify Buyer for all loss or damage to such property while in Seller's possession.

22. CONFIDENTIALITY. Seller agrees that it will keep confidential, and will not copy, the features of any equipment, tools, patterns, designs, drawings, engineering data or other technical or proprietary information furnished by Buyer. All such items shall remain Buyer's property and Seller shall use the same only in the production of items under this Agreement or under other orders from Buyer and not otherwise, unless Buyer's written consent is first obtained. Upon completion or termination of this Agreement, Seller agrees to return promptly all such items or to make such other disposition thereof as Buyer may direct.

23. ASSIGNMENT AND SUBCONTRACTS. Seller may not assign any rights or claims, or delegate any duties under this Agreement, in whole or in part, without the prior written consent of Buyer, which may be withheld at Buyer's sole discretion. In the event of any assignment or delegation permitted hereunder, Seller shall continue to be liable for the performance of its obligations hereunder.

24. LIMIT OF LIABILITY. IN NO EVENT SHALL BUYER HAVE ANY LIABILITY, WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), WARRANTY OR ANY OTHER LEGAL OR EQUITABLE GROUNDS, FOR ANY PUNITIVE, CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL OR INCIDENTAL LOSS OR DAMAGE ARISING FROM OR RELATED TO THIS AGREEMENT, INCLUDING LOSS OF DATA, PROFITS, INTEREST OR REVENUE OR INTERRUPTION OF BUSINESS, EVEN IF BUYER HAS BEEN INFORMED OF OR MIGHT OTHERWISE HAVE ANTICIPATED OR FORESEEN THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

25. LANGUAGE. The parties to these Terms declare that they have requested that these Terms and all ancillary documents be prepared in the English language. Les Parties déclarent qu'elles ont demandé que cette entente et tout document s'y rapportant soient préparés en anglais.