



Sales General Terms and Conditions for Automotive Seat
Fabrics and Covers

Recitals

These Sales General Terms and Conditions for Automotive Seat Fabrics and Covers shall be applied exclusively between the parties described in "Annex 1 Contract Details" herein, except as agreed upon by written agreement by both parties and they shall be construed pursuant to clause 7.9 herein.

The offer, order confirmation, and sale order acceptance for any products covered herein are conditioned to terms of this agreement. Any other terms proposed by the purchaser different from those herein shall be considered refused by the seller, except if otherwise consented in writing by the seller.

These conditions shall govern every and any individual sales contract between the seller and purchaser, excluding any other terms and conditions that may be proposed by the purchaser, except if consented in writing by the seller.

Any typographic, material or other oversight errors in any sales literature, quotations, price lists, offer acceptance, invoice or other information document issued by the seller is subject to correction, without characterizing any liability by the seller or acquisition of rights by the purchaser.

The provisions of this Sales General Terms and Conditions for Automotive Seat Fabrics and Covers extend to the standard contractual conditions used in a contract agreed upon during regular business.

1. Seller Offers

Except as otherwise indicated, any seller quotations or offers become non-binding within 4 (four) weeks, starting from the date the quotation or offer was issued by the seller.

2. Contract Between the Parties

2.1. Order Acceptance

No order sent by the purchaser shall be deemed accepted by the seller unless and until it is confirmed in writing by the seller or representative thereof within 7 (seven) days after the request.

2.2. Price

Item prices will be quoted by the seller.

2.3. Price Definition

The purchaser will be charged for the gross length minus the allowance of discreet defects of length and area (net procedure). Except for allowances agreed upon in writing by both parties, discreet defects are calculated as 10 cm per defect; length defects are calculated with 50% of the affected length, whereas area defects toward folds are calculated with the respective affected length. The measurement will be made according to standard ISO 22198:2006.

2.4. Price Changes

The seller reserves its right to, provided the purchaser is notified at any moment before delivery, increase the prices of items to reflect cost hikes to the seller resulting from any factor outside its control, including, but not limited to exchange rate variations, exchange rate regulations, tariff changes, significant increase in material costs or other manufacturing costs, inflation, government actions and tax changes or any other changes to the delivery date.

2.5. Quantity & Quality

Quantity, quality, description and any other item specifications are those set forth in the seller quotation (if accepted by the purchaser) or within the purchaser period (if accepted by the seller). Any specifications, sales literature, quotations, etc. are strictly confidential and shall not be disclosed to third parties, unless specifically authorized by the seller.

Product specifications and descriptions shall be defined in the PPAP jointly by both parties.

2.6. Additional Costs

Unless otherwise stated in writing, all prices are given by the seller in the condition of Ex WORKS (EXW AUNDE <Rua Itápolis, 85 – Vila Bandeirantes – Poá – SP – Brazil - Zip code 08559-450; or Estrada do Pinheirinho, 6110 – SL1 – Itaquaquecetuba – SP – Brazil – ZIP CODE 08593 > Incoterms 2010). When the seller agrees to delivery items outside the purchaser facilities, the purchaser is responsible for the payment of all seller's freight, packaging and insurance expenses.

2.7. Taxes and Fees

The quotation price does not include taxes, which the purchaser shall pay additionally to the seller pursuant to current legislation. The same is applied to any tariffs, if applicable.

2.8. Cooperation

The purchaser is responsible before the seller to ensure the accuracy of terms and specifications of any order submitted by the purchaser and to provide the seller with all required information related to the items, in timely manner, to ensure that the seller can honor the agreement pursuant to items terms.

2.9. Contract Transfers

This contract and any other contract or agreement between the parties cannot be sold, assigned or transferred to third parties, even if they are companies of the same group as the purchaser or the seller, without the previous written consent of the other party.

2.10. Withdrawal of the Purchase Order Extemporaneously by the Purchaser

In case the purchaser withdraws from the purchase order of items for any reason, the purchaser is obliged to buy from the seller finished products equivalent to 4 (four) weeks of production and similar raw materials or semi-finished products for additional production of 16 (sixteen) weeks. Such values are recorded after maturity and paid by the purchaser within 6 (six) months after such maturity, respectively.

2.11. Discontinued Products (End of Production/Discontinued)

In case of gradual product elimination, end of production or discontinuation for any reason, the purchaser is obliged to inform the seller 180 (one hundred and eighty) days in advance, otherwise the purchaser shall bear all item obsolescence and/or raw material costs committed by the seller.

2.12. Obsolete Material Payments

The parts shall set a maximum term of 8 (eight) weeks for the verification and payment of obsolete products, after the last production of the end of product series (EOP). If the purchaser fails to pay for the obsolete items to the seller within this term, the seller is authorized to promote the necessary compensations to repair the financial damages caused by the purchaser.

3. Product Production

3.1. Supply Chain Issues

The seller shall undertake to meet its contractual obligations with clients within the agreed term. However, the seller may not be hold accountable for any damage arising from production delays and, therefore, for the delivery in case of a seller vendor default. In this case, the seller shall inform the purchaser as soon as possible.

3.2. Delivery Calls

3.2.1. General

In case the purchaser and the seller agree to schedule deliveries, the purchaser shall present the seller with a delivery schedule in advance.

The items delivery dates shall be specified in product releases notified by the purchaser to the seller, except otherwise stated in writing. The seller shall confirm in writing to the seller within 2 (two) business upon release receipt that the items will be as requested by the purchaser. The seller reserves the right to deliver the items with an allowance, for more or less, of 15% (fifteen percent) of the quantity in relation to the open delivery times.

3.2.2. Product Purchase and Delivery Scheduling

When sending a purchase order or a purchase schedule, the purchaser agrees to the following criteria:

- For the first 4 (four) weeks: requests are 100% (one hundred percent) solid, without variation conditions in the amount of ordered finished products;
- From the 5th (fifth) to the 8th (eighth) week: requests are 85% (eighty-five percent) solid, without variation conditions in the number of finished products over this percentage, for more or less, unless expressly authorized by the seller;
- From the 9th (ninth) to the 16th (sixteenth) week: the purchase is responsible for sending its sales forecasts in advance, aware that the seller will use this period to purchase raw materials or semi-finished products that will be used the finished products desired by the purchaser. If the purchaser terminates or amends, for any reason, the contract between the parties, the purchaser must buy the requested amounts from the seller.

- Products under special conditions are listed in Appendix 1.4 "PRODUCTS", considering their unique conditions.

3.2.3. Minimum Purchase Amounts

The purchaser undertakes to observe the minimum volumes by production order (MOQs) informed in the seller quotation document, as per Annex 1 herein. The seller is automatically authorized to send the minimum production batches informed in the quotation letter when sending requests outside the specified volume without previous consent by the purchaser.

3.3. Seller Production Downtime

The purchaser acknowledges that the seller makes invests to acquire materials and that the purchaser wishes to buy based on purchase forecasts supplied by the purchaser, without limiting to the RFQ Letter (Quotation Request) but to the forecast sent through the EDI system (Electronic Data Interchange), in daily, weekly, monthly or annual entries or upon request via email or letter. It is hereby agreed between the parties that interruptions in production caused by matters beyond the seller's control and for which the purchaser is responsible shall be fully and immediately charged to the purchaser upon proper substantiation of the costs incurred by the seller, whether material (including, but not limited to raw materials or finished products), operating costs (including, but not limited to fixed costs and labor) or financial (including, but not limited to interest on invested capital).

3.4. Allowances in Invoiced Amounts

Pursuant to INMETRO Ordinance no. 149 of 03/24/2011, the seller reserves the rights to delivery up to 2% (two percent) higher or 2% (two percent) lower (length) of the amount indicated in delivery notes without any price adjustments, whereas the amount delivered is considered as the requested amount.

The measurement method must comply with **NBR12005 OF 04/1992 - Fabric Materials - Determination of Fabric Length.**

If the delivered amount is outside the 2% (two percent) allowance, the purchaser may adjust the price accordingly, however subject to a previous notice of such deviations to the seller in due time. The purchaser must allow the seller to measure the total length of uncut products again through bed or floor measurements. Based on such measurement, the purchaser and the seller must set the final value for the invoiced price adjustment. For positive deviations (over 2%), the seller is paid by the purchaser.

For negative variations, the seller provides a credit note of the respective amount to the purchaser. The seller expressly rejects any deviation projection on the total amount of items delivered to the purchaser.

3.5. Certifications

The seller confirms to have the certifications listed in "Appendix 1 Contract Details" herein.

3.6. Trade Secrets

The purchaser and the seller must undertake to ensure the confidentiality and feasibility/safety in the treatment of specific business information. They are

responsible for ensuring that no trade secret is disclosed to non-authorized third parties in their respective business areas.

3.7. Design Changes

The seller reserves the right to make any amendments to the specification of items necessary to meet any applicable legal requirements or, when the items are supplied in accordance with seller specifications, that will not materially affect their performance quality.

4. Product Delivery

4.1. Deliveries

Items are picked by the purchaser at the seller's facilities, at any moment after the seller has notified the purchaser that the items are ready for pickup or, if the delivery site is agreed upon with the seller, the seller delivers the item in such place. The seller sets a deadline of 3 (three) days for the purchaser to pick up the materials, reserving the right to delivery on its own and charge for the corresponding freight in case the purchaser fails to do so.

4.2. Product Inspection

The purchaser shall inspect the packaging, amount, labels and physical integrity of the items upon delivery. In case of a defect arising from the points above, the purchaser must inform the seller upon delivery. Failure to do so shall be construed as consent for the item defects.

4.3. Product Identification

Seller products are tagged with an Odette transportation label at the purchaser's request. However, other transportation labels cannot be processed by the seller.

4.4. Risk Transfer

The risk of item damage or losses shall be transferred to the purchaser as follows:

- For items to be delivered outside seller facilities, upon delivery or, if the purchaser does not receive the items due to mistakes, when the seller has proposed the item delivery;
- For items to be delivered within seller facilities ("Free Carrier", Incoterms 2010), the seller notifies the purchaser when the items are available for pickup.

4.5. Application of Incoterms 2010

Any Incoterms clause provided for herein shall be construed as an Incoterms 2010 clause. If the parties individually agree upon any other clause using Incoterms, this clause shall also be construed as an Incoterms 2010 clause.

4.6. Delivery Date

If, for any reason, the seller fails to meet the delivery date, the purchaser is entitled to notify the seller in writing to set a new reasonable delivery date of the items; if this deadline expires, the purchaser may terminate the contract.

The purchaser is also entitled to remedy, at the seller's expense, of the damage incurred by the purchaser due to the seller's failure. Damage indemnification can

only be claimed by the purchaser if the seller (or its representatives) intentionally or by fault (imprudence, negligence or malpractice) fails to observe the contract. The indemnification amount is limited to the sale price of the items.

4.7. Acceptance Standards

If the purchaser rejects the delivery in the due date, the seller shall, however, condition any delivery to the payment as if the items were delivered. The seller shall provide storage for the items at the purchaser's risk. If required by the purchaser, the seller shall hire a product insurance at the purchaser's expense.

4.8. Freight Costs

Freight is not included in the seller's item prices, unless otherwise specified in writing. In case it is included, this adjustment does not include any additional freight costs (including, but not limited to air and express freight) due to purchaser-made changes.

4.9. Packaging

All seller products are stored in proper domestic transportation packaging in trucks under normal circumstances. Special air or sea freight packaging for exports are subject to additional costs, under consultation, that are under the purchaser's responsibility.

4.10. Processing and Storage

The seller shall make every effort to provide the fabrics, covers, tubes and packaging according to the purchaser's specifications. However, the seller reserves the right to use its own specification if deemed more cost-effective, ensuring the product's technical integrity.

4.11. Disposal of Packaging

If there is a local provision mandating the seller to return any item packaging for recycling purposes, the seller shall ensure the packaging recycling sent with the items. Therefore, the purchaser shall send the item packaging to the seller's address at DDP AUNDE <Rua Itápolis, 85 – Vila Bandeirantes – Poá – SP – Brazil – Zip code 08559-450; or Estrada do Pinheirinho, 6110 – SL1 – Itaquaquecetuba – SP – Brazil – Zip code 08593 > Incoterms 2010). > (Incoterms 2010).

If the purchaser fails to return the item packaging, the purchaser assumes all responsibilities required by law for packaging disposal, assuming the obligation to keep the seller indemnified in the event that he is assessed, fined or sued by third parties or the Public Authorities.

5. Deductions & Warranty

5.1. Marked Defects

The purchaser acknowledges that there is no possibility of the seller products being 100% (one hundred percent) free of defects. Therefore, previously marked defects by the seller shall not be considered as "defects" of the product itself. Discreet defects are highlighted with a marker in the defect region and a "fix pin" on the product's side. The markings shall be limited to the exact defect size.

In case of unmarked defects, the purchaser shall inform the batch traceability, which must be validated by the seller and subsequently reimbursed through the bonus policy.

5.2. Defect-limited Warranty

The seller ensures that all items delivered under this document's rules are free from material and labor defects, compliant with all applicable specifications and, to the extent detailed designs were not supplied by the purchaser, they are free from design defects and fit for the purchaser's purposes.

The aforementioned warranty is given by the seller and is subject to the following conditions:

- The seller is not responsible for any item defects arising from any design or specification supplied by the purchaser.
- The seller shall not pay for eventual defects subject to the warranty if the total item price is not paid as of the payment's maturity.
- The aforementioned warranty does not extend to parts, materials or equipment manufactured by or on behalf of the purchaser, unless such warranty is given by the manufacturer to the seller.

Some of the seller's products require special storage, transportation or processing conditions. For any warranty claims, the purchaser must prove to the seller that the seller's products were not treated under such special conditions.

This warranty does not cover product defects or damage from improper installation or maintenance, misuse, negligence or any other situation beyond normal business use.

Any purchaser claim based on any defect in item quality or condition or non-compliance with the specifications shall be notified to the seller within 30 (thirty) days from the date of delivery.

By sending a claim for seller evaluation, the purchaser shall inform the product's tracking number. If the purchaser fails to do so, the claim shall be deemed invalid by the seller.

The purchaser is entitled to demand the delivery of any spare item, repair or proportional purchase price reduction, provided the terms of each individual sales agreement are observed.

When any valid claim is received, the seller is entitled, at its own criteria, to replace the items free of charge or to repair them. If the seller is not ready or unable to repair or replace the items, the purchaser is entitled, at its own criteria, to claim a price reduction or contract termination.

The warranty for defects shall be specified as follows:

- Warranty for defects in received items;
- Warranty for defects accrued in the processing of semi-finished products;

- Warranty for defects occurred in the processing of finished products in the assembly line or during operational tests after installation.

In case of defect, the purchaser shall prepare an inspection report containing the item and batch number and the seller is notified properly. In case of unmarked defects, the purchaser shall retain the parts of the items delivered at their facility for seller inspection, which will take place in regular intervals. An inspection (junk), including defect analysis, shall take place at the purchaser's site. Purchaser and seller shall equally split the junk inspection costs.

Based on the acceptance results of a) the inspection report or b) purchaser facility inspection, the seller is responsible for the following costs:

- Fabric rolls and cut parts: 100% of the purchase price.
- Semi-finished and finished products: In case of evident marked defects: nothing; in case of obvious, unmarked defects, the seller assumes the product costs at the price of sale;

In case of latent defects, the seller is responsible for 100% of the series purchase price, valid only for fabric rolls.

5.3. Limitation of Liability

The seller shall not be liable for any direct, indirect, incidental, punitive, loss of profits, or damages incurred as a result of loss of a chance and/or reputational and/or institutional damages on account of defects in any product, nor for failure to deliver in whole or in part, nor for damages resulting from its use or for any other causes.

5.4. Returns

No return shall be accepted by the seller without a return authorization. If the purchaser and the seller fail to agree on the return, they shall inspect the items together at the purchaser's facility to decide on the return.

Unauthorized returns are considered as acceptance default, with consequences provided for in clause 4.7 herein.

5.5. Administrative Charges

No administrative charge of any type shall be allowed related to eventual quality and/or logistic issues, except upon formal agreement between the parties.

6. Payments

6.1. Payment Conditions

Unless otherwise specified, the purchaser shall pay for the item price, with no deductions, 30 (thirty) days after the invoice is issued. Different payment terms from 30 days shall be negotiated between the parties.

The purchaser, at its own risk, shall transfer the required funds for the invoice payment to the seller.

Payment is made only through bank wire transfers and is considered done only on the date of credit of such funds to the seller account. The credit bond issue, including, but not limited to checks and bill of exchanges shall not be considered as failure to meet the purchaser's payment obligations.

6.2. Compensations

Unless it has been determined by court order or unequivocally acknowledged in writing by the seller, no compensation of any kind is permitted by the buyer between the amounts it claims to be owed and the amounts owed to the seller.

6.3. Deductions

Any deduction amount made by the purchaser without the seller's previous consent is subject to interest charges with clause 6.8 herein.

6.4. Payment Transactions

Payment is made in BRL (Brazilian Reais) for sales to purchasers based in Brazil, or USD (US Dollars) or EUR (Euros) for international sales, observing the provisions of clause 6.1 herein.

If interested, the seller may require the purchaser to submit a letter of credit issued by a seller accepted financial institution.

6.5. Payment Transaction Costs

All transaction fees of payment funds to the seller are at the purchaser's responsibility.

6.6. Sale with Domain Reservation

The seller reserves the right of item ownership until the price is fully paid by the purchaser.

Without prejudice, item risk pursuant to clauses 2.6 and 4.4 herein is transferred to the purchaser in EX WORKS or FREE CARRIER conditions.

Once the purchaser is in default, the seller, at its sole discretion, it may bring an action against the purchaser for the collection of overdue installments or may recover possession of the items.

Until item ownership is transferred, the purchaser shall keep the items with the seller's fiduciary agent and keep the items properly stored, protected and insured.

Until item ownership is transferred to it, the purchaser shall be entitled to resell or use the item in the normal course of its business, but shall account to the seller for the proceeds from the sale or otherwise of the items, including insurance revenues, and shall keep all such revenues separate from any resources or property of the purchaser and third parties.

If the items are processed or remodeled by the purchaser and if such processing is made with items of which the seller does not own, the seller becomes co-owner of such items. The same applies if the seller items are completely remodeled and mixed with other items.

If third parties decide to pledge or otherwise dispose of the items, the purchaser shall promptly notify the seller to allow them to seek a court order according to

the Brazilian Civil Process Code. If the purchaser fails to do so, it shall be held accountable for any damages caused to the seller.

The seller shall, at the purchaser's request, release any part of the warranty if such amount kept in favor of the purchaser exceeds the amount of the seller's warranted claims. It is at the seller's criteria to release the parts of a warranty that are more convenient.

6.7. Payment Defaults

If the purchaser fails to pay for the full price on maturity, the seller, without prejudice of any other rights shall, at its own criteria, be entitled to:

- withhold any other purchaser delivery; and/or
- terminate, by fair dismissal, the agreement; and/or
- charge interest and monetary adjustment on the outstanding amounts according to clause 6.8 herein; and/or
- after a 2 (two)-month payment delay (consecutive or not), the new purchaser payment deadline is immediately converted into COD ("Cash of Delivery") until full payment is made.

If the seller chooses to continue operations with the purchaser, this action shall not constitute a waiver of any of its rights arising from the purchaser's default, nor shall it affect seller court orders against the purchaser arising from such default.

6.8. Interests and Monetary Adjustment

The values herein are added to a 2% (two percent) fine, with monetary adjustment, based on IGP-M and with interested added at a 1% (one percent) rate per month, calculated *pro rata die*.

6.9. Purchaser Insolvency

If civil insolvency, extrajudicial or judicial restructuring, self-default or purchaser default is filed, the following clauses shall apply:

6.9.1. Early Due Date

Automatic and early maturity of the purchaser's financial obligations to the seller, regardless of judicial or extrajudicial requests or notices. Outstanding deliveries by the seller shall be paid in advance by the purchaser.

6.9.2. Deliveries

The seller may suspend any other deliveries or terminate the contract if the purchaser fails to pay for the items in advance.

7. General Clauses

7.1. Entire Agreement

This document and its attachments contain the entire agreement and understanding regarding the subject matter of this document between purchaser and seller and specifically supersede any prior understanding between them regarding the subject matter of this document, which shall become null and void as of the date of execution of this document.

7.2. Document Changes

This document cannot be amended, except with full and written agreement between seller and purchaser.

7.3. Document Costs

Each party is responsible for all legal, accounting or other costs and expenses for the observance of their obligations herein established.

7.4. Breach of Commercial Rights

If the items are manufactured or any other process is applied to the items by the seller according to the specifications submitted by the purchaser, the purchaser shall indemnify the seller for all losses, damages, costs and expenses arising from or against the seller in connection with the payment or payment agreement by the seller during the liquidation of any other claim of breach of any patent, copyright (design, trademark or other industrial or intellectual rights or any other person that results from the seller's use of the purchaser's specifications).

7.5. Communication

Communication between the parties with legal or contractual implications can be made in writing, by fax or email.

Considering that email communications are not fully reliable, the receipt of any seller communication is only confirmed by a purchaser response email.

7.6. Invalidation and Independence of Clauses

If any provision herein is considered null, void, invalid or unfeasible, no other provision herein shall be affected as consequence and, therefore, the remaining provisions herein shall remain in full effect as if such null, void, invalid or unfeasible provision was not contained herein.

7.7. Unforeseeable circumstances or Force Majeure

Neither party shall be liable for failure to perform its obligations hereunder or under any purchase order issued hereunder to the extent that such failure results from any act constituting unforeseeable circumstances or force majeure, including but not limited to war, fire, earthquake, strike, accident, epidemic, *factum principis* or any cause beyond the reasonable control of seller and/or purchaser.

7.8. Definition of Terms Used in this Contract

The meaning of the following terms used herein is described below, unless otherwise specified or within another context:

- document: this paper;
- seller: AUNDE group, as mentioned in Annex 1 No. 2;
- purchaser: client, as mentioned in Annex 1 No. 3;
- parties: seller and purchaser;

7.9. Applicable Law

This contract shall be governed by and drawn up in accordance with the laws of the Federative Republic of Brazil and, in the case of a purchaser based in another country, the rules of the United Nations Convention on Contracts for International Sale (CISG) shall apply.

7.10. Jurisdiction

All questions concerning the interpretation and fulfillment of the obligations provided for herein, as well as disputes arising from this document, shall be resolved before the court of the purchaser's headquarters or, at the seller's discretion, before any other competent court in accordance with Brazilian or international law.

Annex 1 - Contract Details

1. Effective Date

2. AUNDE Group

Name: AUNDE Brasil SA

Address:

Contact:

Certifications:

3. Purchaser

Name:

Address:

Contact:

4. Products

5. MOQs