

General Terms of Purchase

1. Scope

Unless otherwise agreed upon with Valeo's Purchasing Department (the "Purchasing Department"), these General Terms of Purchase shall apply to all purchases made by Valeo whether they be for tools, machines or equipment, parts, raw materials, other materials, or services (the "Supply" or the "Supplies").

2. Orders

2.1. Purchase Order

Supplies must always be the subject of a purchase order (the "Order"), valid either for an unlimited period of time (the "Open Order") or for a limited period of time (the "Closed Order"). Orders shall be made by mail, fax, or any electronic means that has been agreed upon.

2.2. Acceptance of the General Terms of Purchase

These General Terms of Purchase shall be deemed accepted upon receipt of the acknowledgment of receipt attached to the Order, which is to be returned to the Purchasing Department by the supplier (the "Supplier") by mail, fax, or any electronic means that has been agreed upon, at the latest within eight (8) business days from the Order date. These General Terms of Purchase shall prevail over the Supplier's terms of sale. In the absence of an acknowledgment of receipt, the beginning of the performance of the Order shall be deemed as an express acceptance of these General Terms of Purchase and shall automatically entail the Supplier's waiver of its own terms of sale.

Acceptance of these General Terms of Purchase shall automatically mean that the Supplier undertakes to comply with the Valeo Production System and the Valeo Quality System, as well as any other Quality control procedure(s) that may be implemented during the Order. Provided that Valeo shall notify the Valeo Production System, the Valeo Quality System, or any other Quality control procedure(s) in an appropriate manner to the Supplier.

2.3. Supplier's Specific Obligations

2.3.1 The Supplier, a professional in its field, is perfectly aware of the demands and requirements of the Automobile Industry, in particular in terms of quality, cost, and deadlines. The Supplier shall deliver the Supplies in compliance with this Industry's standards and customary practices, as well as with laws, regulations and standards in force concerning health, safety, environmental protection, and labor laws, in particular in each of the countries where the Supplies are manufactured and the vehicles, on which they are used, sold. The Supplier shall hold harmless and defend Valeo from and against any claims arising out of breach of these provisions and shall bear all the direct and indirect consequences thereof, in such a way that Valeo shall never be troubled.

2.3.2 The Supplier shall deliver the Supplies in compliance with all other documents that govern the relations between Valeo and the Supplier in connection with the Supply and that are complementary to these General Terms of Purchase, in particular the drawings, specifications, list of requirements, etc (the "Documents").

2.3.3 At Valeo's first request, the Supplier undertakes to make any modification to the Supply, to provide any and all information about the Supplies or the Order, and to attest to the country of origin of the Supplies and the composition of what is used in the Supplies.

2.3.4 The Supplier shall not modify the Supply in any way, in particular by changing its components, materials, the process(es) used for it, or its place of manufacture without prior approval, within the meaning given in the Valeo Quality Procedures and by customary rules and practices in the Automobile Industry.

- 2.3.5 The Supplier agrees to deliver the Supply for the needs of the spare parts' market for a period of ten years after the sale of the last vehicle of the model(s) in the range on which said Supply was used.
- 2.3.6 In order to permanently maintain the competitiveness of both the Supply and the Valeo products in which said Supply is used, the Supplier agrees to implement measures to increase productivity continuously. The minimum level of annual productivity for the Supply shall be established by mutual agreement.
- 2.3.7 Acceptance of the Order shall automatically bind the Supplier to strictly comply with the delivery deadline shown either on the Closed Order or on the delivery schedule sent by EDI, WebEDI, or by fax in the event of an Open Order. No early delivery shall be accepted without prior agreement and expenses therefor shall be borne by the Supplier.

The Supplier shall indemnify and compensate Valeo for all direct and indirect costs resulting from failure to respect the delivery deadline, in particular those related to shutdowns of production or assembly lines at Valeo's facilities or those of its customer(s). Furthermore, Valeo shall have the option of canceling the Order in accordance with Article 13.2 herein. Any extra cost caused by being forced to order Supplies from a third party shall be borne by the Supplier.

3. Intellectual and Industrial Property Rights

- 3.1 The Supplier shall be personally responsible for the validity of the intellectual and industrial property rights related to the Supplies, as well as the free use of the Supplies as regards the intellectual and industrial property rights of any third party. The Supplier shall hold Valeo harmless from any complaint and/or claim made by a third party.

In the event a third party would initiate proceedings requesting that the use, marketing, or sale of the Supplies be forbidden, limited, or modified, the Supplier shall be solely liable for the consequences resulting from these proceedings that may give rise to payment of damages, including any negative effect they might have on Valeo's corporate reputation. The Supplier shall indemnify and compensate Valeo for all damage sustained as a result of the partial or total failure to perform any contract(s) binding Valeo to its customer(s) in relation to the Supplies, including any damage payments that Valeo might owe to its customer(s) for failing to fulfill its commitments and the extra cost caused by any modification needed for the Supplies and/or the tools involved.

Furthermore, Valeo shall have the option of canceling the Order in accordance with Article 13.2 herein.

- 3.2 In the event the Order is cancelled for any reason whatsoever, the Supplier hereby authorizes Valeo to complete or cause to be completed the tools and equipment in order to ensure or cause to be ensured their maintenance and/or to manufacture the parts for which they are intended, notwithstanding any intellectual and/or industrial property rights which the Supplier may claim and which the Supplier hereby waives using against Valeo or any third party mandated by Valeo in connection with this. Furthermore, the Supplier shall, at first request, provide all drawings, technical documents and know-how related to the tools, equipment, and/or parts.

4. Prices, Invoicing, and Payment Terms

4.1. Prices

Applicable prices shall be those shown on the Order. They shall be firm and may not be revised and shall be understood "Delivery Duty Paid", or "DDP", (as defined in Incoterms 2000 or any subsequent Incoterms that may be substituted for Incoterms 2000), place of delivery. They may not be modified in any way whatsoever without the express agreement of both parties. Neither of the two parties may suddenly stop performing the Order. The party whose price proposal was

refused after negotiations in good faith may terminate the Order subject to the conditions set forth herein, but in the event of termination by the Supplier, Valeo must be able to ensure the continuation of the performance of its obligations to its customer(s) until manufacture of the Supply that is the subject of the terminated Order begins once again at another supplier's facilities.

4.2. Invoicing and Payment Terms

All the details shown on the Order that allow the Supplies to be identified and checked shall be shown clearly on the invoice. The invoice must mandatorily be sent to the address shown on the face of the Order.

Unless stipulated otherwise, the Supplies shall be payable by bank-to-bank transfer within sixty (60) days from the date of delivery of the Supplies. Valeo shall have the option of offsetting amounts owed to it by the Supplier for any reason whatsoever in connection with the Order.

5. Packaging and Shipping Documents

The Supplier shall deliver the Supplies in a packaging that is adapted to the type of Supplies involved, the way they are shipped, and the way they will be stocked, in order to deliver them in perfect condition.

Each packaging unit must legibly show on the outside the notices required by the applicable shipping regulations, as well as any instructions for special conditions required for stocking. These notices shall show the Order number, the batch number, the exact name of the Supplies, the sender and recipient's exact names and addresses, the quantity delivered, and the gross and net weight. Two (2) exact copies of the delivery slip shall accompany the delivery and shall enable the Supplies to be identified, checked as to their quantity, and if applicable, shall include any material safety data sheets.

The Supplier shall be financially responsible for any damage (breakage, missing items, partial damage, etc.) to the Supply as a result of inappropriate or inadequate packaging.

6. Delivery

6.1 Supplies shall be delivered to the place of delivery shown on the Order. The date of delivery shall be defined according to the applicable Incoterms as provided for in article 4.1 above, unless Valeo refuses the Supplies pursuant to article 6.2 below.

6.2. Valeo reserves the right to refuse the Supplies by ordinary letter, fax, or any other electronic means agreed upon in the event the delivery deadline is not respected or that delivery is incomplete or contains more Supplies than ordered or does not comply with the Order and/or the Documents.

6.3 Any Supply that is refused shall be returned to the Supplier at its own expense and risks within eight (8) days from the date of the notice of refusal of delivery.

The Supplier shall indemnify and compensate Valeo for any extra cost related to its failure to perform its obligation to deliver Supplies that conform exactly to the Order (rejects, stocking, sorting, interim costs, re-work, breakage of tools, breakdowns, and/or line stoppage at Valeo or its customer's facilities, yard campaigns, penalties, ordering Supplies including tools from a third party, etc.).

Valeo shall in addition have the option of canceling the Order in accordance with Article 13.2 herein.

7. Warranties

- 7.1. The Supplier, a professional in its field, is bound by an absolute and determinate result as regards the Supplies [*obligation de résultat*] and in connection with this, assumes full responsibility and liability for the Supplies, their design, the manufacturing processes used to produce them, the technical choices to be implemented for their production, and their fitness for the particular purpose for which they are intended. The Supplier warrants that it is perfectly aware of this, no matter what assistance Valeo may have provided during the development stage of the Supplies.

The Supplier warrants the Supplies against any non-conformity to the Order and/or the Documents from the time of delivery, whether the defect is the result of an error in design, materials, or manufacturing, as more generally, against any hidden or obvious defects.

- 7.2 Should Valeo, its customer(s), or competent authorities decide to recall a Supply or a product in which any Supplies have been used, the Supplier shall indemnify Valeo for all damage sustained.
- 7.3 The Supplier shall hold Valeo harmless from any loss, personal injury, material, consequential and incidental damages, including any damage to Valeo's reputation, and shall indemnify Valeo against any direct and indirect costs arising out of breach of Supplier's obligation to deliver Supply free from defect, and if applicable, out of related breach of Valeo's obligations to its customer(s) (reimbursement or free replacement of the defective Supply, labor expenses, sorting, interim costs, exceptional shipping, line stoppage at Valeo or at the facilities of its customer(s), yard campaigns, recalls, penalties, cost of ordering Supplies from a third party, including tools, etc.). Any provision that might limit or decrease this liability is null and void.

8. Insurance

The Supplier shall take out an insurance policy with a reputedly solvent insurance company, in compliance with Valeo conditions and shall provide proof thereof at first request. This insurance shall in no event constitute a limitation of the Supplier's liability.

9. Non-transferrability [*Intuitu Personae Contract*] - Subcontracting

- 9.1 The Supplier may not sell or transfer all or any part of the Order, even free of charge, without Valeo's prior express authorization.
- 9.2 In the event direct or indirect control of the Supplier is changed or its business is sold or transferred, Valeo shall have the option of canceling the Orders in progress in accordance with Article 13.2 herein.
- 9.3 The Order may not be subcontracted by the Supplier, whether in full or in part, directly or indirectly, without Valeo's prior express authorization.

Should the Supplier be authorized to subcontract all or any part of the Order to a third party, the Supplier shall remain solely and fully responsible and liable to Valeo for performance of the Order and these General Terms of Purchase. The Supplier shall compensate and hold Valeo harmless from any claim from the subcontractors.

10. Confidentiality

- 10.1 All information provided to the Supplier by Valeo or one of its affiliates or representatives, including, but not limited to, technical, industrial, commercial, or financial information, no matter how said information may have been provided (orally, in writing, or other), including but not limited to the designs, drawings, descriptions, specifications, reports, microfilms, computer disks, software and documentation related thereto, samples, prototypes, etc. shall be confidential (the "Information").

The Information shall also include information of which the Supplier's employees or agents, suppliers, subcontractors, representatives, and/or permanent or temporary collaborators may become aware during the Order.

- 10.2 The Information may only be used in connection with the Order. The Supplier shall take all measures to ensure that no Information is disclosed or revealed to a third party.

Any failure to comply with this obligation of confidentiality shall result in the application of Article 13.2 herein.

- 10.3 This obligation of confidentiality shall remain in effect for a term of five (5) years after termination of the Order for any reason whatsoever. Once the Order is finished, the Supplier shall, at first request, return to Valeo all documents related to the Order, whether confidential or not, without keeping any copy unless Valeo has granted its prior, express authorization to do so.

11. Transfer of Ownership/Risks

- 11.1 The title to the finished Supplies shall transfer to Valeo upon their delivery unless Valeo refuses the Supplies as per Article 6.2. Any stipulation reserving ownership rights shall be null and void.

The Supplier hereby agrees to use all means to individualize said supplies.

- 11.2 During the Order and prior to delivery, Valeo reserve the right to audit all manufacturing processes for the Supplies and the Supplies themselves on the Supplier's premises or those of its subcontractors, if applicable. The Supplier hereby agrees to grant Valeo free access to its premises at any time and to ensure that Valeo has free access to its subcontractors' premises and to give Valeo the possibility of testing the Supplies without said testing limiting in any way the Supplier's liability or warranties.

- 11.3 Risks of loss of the Supplies shall be transferred upon transfer of the title to the Supplies (except in case of refusal by Valeo), no matter what delivery conditions may be shown on the Order.

12. Molds, Tools, and Other Specific Equipment

- 12.1 All molds, tools, and other specific equipment provided by Valeo for the needs of the Supplies (the "Equipment") shall remain Valeo's exclusive property. The same shall be true for Equipment created at Valeo's request and on its behalf, as it is created, including the related industrial or intellectual property rights.

In all cases, the Equipment shall be deemed to have been left on deposit at the Supplier's premises for the purpose of the Order, even in the absence of any specific loan agreement or deposit slip. The Equipment may only be used for the needs of the Order and may not be lent, made available to a third party, reproduced, or copied. At the Supplier's expense, the Equipment shall be marked by an easily visible non removable identity plate that shall state "Property of Valeo – may not be sold, transferred, or pledged" [*Propriété VALEO - incessible et insaisissable*"] and it may not be pledged and/or granted as security. The Equipment may be taken back by Valeo at any time.

- 12.2. As bailee of the Equipment, the Supplier shall warrant its perfect servicing, well-keeping, verification, and maintenance so as to prevent in particular any deviations in the manufacturing process or breakdown in supply, and shall provide a precise and detailed inventory of it at Valeo's first request and as often as necessary. Likewise, the Supplier shall be responsible for replacing the Equipment in the event of loss, theft, destruction, or premature wear and tear. In connection with this, the Supplier shall take out all necessary insurance policies covering risks and damage that the Equipment may cause to third parties and shall provide proof of said insurance at Valeo's first request.

Upon termination of the Order for any reason whatsoever, the Equipment shall be returned to Valeo in full ownership at Valeo's first request.

13. Termination - Cancellation

13.1. Termination

13.1.1 The Open Order is placed for an unlimited period of time and the quantities for which Valeo commits itself shall be those shown on the delivery schedules. Valeo may terminate the Open Order at any time by certified letter with return receipt subject to prior notice of three (3) months. The notice period may be reduced by express agreement of the parties in the event of an emergency. During the notice period, the Order must be performed in accordance with the contractual terms and conditions that are in effect at the time of notice of termination is sent, in particular regarding price. Termination of the Order shall not give rise to any indemnity or compensation being owed to the Supplier for any reason whatsoever.

13.1.2 The Closed Order is placed for a limited period of time and may not be renewed.

13.2. Cancellation

The Order shall be terminated without any formality upon Valeo's notice in writing by way of certified letter with return receipt to the Supplier if the Supplier fails to perform or observe any of its contractual obligations, provided that the Supplier fails to remedy in part or in total such breach within eight (8) days of receipt of such notification requiring it to do so. Valeo shall have the right to pursue any and all remedies for such breach as are permitted by applicable law.

14. Miscellaneous

14.1 If any of the provisions of these General Terms of Purchase shall be held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

14.2 Failure by Valeo at any time to exercise any of its rights under these General Terms of Purchase, the Order and/or the Documents shall not be deemed a waiver thereof, nor shall such failure in any way prevent Valeo from subsequently asserting or exercising such rights.

14.3 The Supplier shall make no reference to its commercial relations with Valeo without Valeo's prior express authorization.

14.4 In the event of a dispute, Korean law shall be the governing law and exclusive jurisdiction shall be granted to the Daegu District Court. The Vienna Convention of 1980 on the International Sale of Goods shall not apply.

Updated: February 2005