

**GENERAL TERMS AND CONDITIONS OF PURCHASE**

**1. Applicability.** The following General Terms and Conditions of Purchase (the "Terms"), shall apply when referenced in any Purchase Order (as further defined herein) issued by BADER de México, S. en C. por A. de C.V. and/or Corporativo BADER y CIA., S. en C. por A. de C.V. and/or Servicios BADER y CIA., S. en C. por A. de C.V. and/or its affiliates and/or its parent company (hereinafter collectively referred to as "Buyer"), or in any other documentation, and shall prevail over any terms and conditions set forth in any documentation issued by the seller ("Supplier"), including, but not limited to, agreements, contracts, quotations, proposals or any other kind of communications related to the Products (as further defined herein). For the avoidance of doubt, quotations shall be free of charge and without commitment for the Buyer. Amendments and additions require the written form. In the event that the Buyer refers to a communication that includes the terms and conditions of business of the Supplier or a third party or refers to conditions of that kind, this does not constitute agreement to the validity of those terms and conditions of business. Unless expressly stated on the face of the Purchase Order or in a signed agreement, Buyer is not required to purchase Products (exclusively from Supplier).

**2. Purchase Order.** Each purchase order issued by Buyer ("Purchase Order") is an offer to Supplier for the purchase of goods and/or services ("Products") and shall include and shall be governed by these Terms. Only when a Purchase Order duly issued by Buyer is accepted by Supplier, Supplier will be obligated to sell the Products required by Buyer and Buyer will be obligated to pay Supplier the price of such Products, subject to these Terms. In the event of discrepancy or inconsistency between the terms and conditions of a Purchase Order and these Terms, these Terms shall prevail. Supplier accepts the Purchase Order, including these Terms, which together forms a contract (a) by commencing any work under the Purchase Order; (b) by accepting the Purchase Order in writing; or (c) by performing any other conduct that recognizes the existence of a contract with respect to the subject matter of the Purchase Order. Buyer's Purchase Order is limited to and conditional upon Supplier's acceptance of these Terms exclusively. All documentation issued by Supplier in connection with a Purchase Order, including, but not limited to, invoices will have to include the number of the respective Purchase Order.

**3. Pricing, Freight and Packaging.** Unless otherwise is expressly established in the Purchase Order, prices for the Products should be set forth in accordance with INCOTERMS 2010 referred expressly in the respective Purchase Order. If by way of exception freight is to be eligible by Supplier, Buyer shall only accept the most favorable freight charges. Unless agreed otherwise, the Products to be supplied shall be packed appropriately according to custom and usage.

**4. Delivery, Quantity and Timing.** Product deliveries are integral part of the Purchase Order, are governed by these Terms and are not independent contracts. Time and quantities are of the essence under the Purchase Order. Supplier agrees to 100% on-time delivery of the quantities and at the times specified by Buyer, as stated in the Purchase Order. Buyer is not obligated to accept or receive early deliveries, late deliveries, partial deliveries or excess deliveries. Unless otherwise agreed in writing by Buyer, the risk of loss passes from Supplier to Buyer upon delivery to Buyer's transportation carrier (or if shipment is by Supplier or common carrier, then upon delivery to Buyer's designated facility), but title passes to Buyer only upon total payment of the Products to Supplier.

**5. Payments and invoicing.** Payment of invoices issued by Supplier and accepted by Buyer shall be made in the currency expressly stated in the Purchase Order. Unless expressly stated in a Purchase Order by Buyer with regards to local Suppliers (within Mexico), payments will be made according to the Payment Schedule (*Calendario de Pagos*) of the Buyer in force and effect, which is made an integral part hereof and which the Supplier declares to know in detail ("Payment Schedule"), and with regards to international Suppliers, the payments will be made according to the Purchase Order. In case of a faulty delivery Buyer shall be entitled to hold back payment proportionate to the value until due performance has been made. Total price also includes storage, handling, packaging and all other expenses and charges of Supplier including payment of all obligations and applicable taxes, save for the value added tax (IVA) which shall be broken down separately by Supplier in all invoices issued. Buyer is not and shall not be liable for the payment of any taxes in charge of Supplier.

Buyer shall pay the invoices that meet i) all applicable legal requirements, ii) terms of the Payment Schedule and iii) those established in the Purchase Order. Without the prior written consent of Buyer that cannot be withheld unreasonably, Supplier will not be entitled to assign or transfer his/its obligations derived from the Purchase Order. In the event that Buyer approves an

assignment or transfer, Supplier will remain liable of the Products, including guarantees and/or claims thereto, unless Buyer expressly states otherwise in writing.

**6. Inspection, Rejections and Warranty of Products.** If defective Products are shipped to and rejected by Buyer, the quantities under the Purchase Order will be reduced unless Buyer otherwise notifies Supplier in writing. In addition to other remedies available to Buyer: (i) Supplier agrees to accept return, at Supplier's risk and expense at full invoice price, plus transportation charges, and to replace defective Products as Buyer deems necessary, and/or (ii) Supplier will reimburse Buyer for all reasonable expenses that result from any rejection or correction of defective Products. Payment for nonconforming Products is not an acceptance, does not limit or impair Buyer's right to assert any legal or equitable remedy, and does not relieve Supplier's responsibility for latent defects. The foregoing warranty terminates after expiry of **24 months** from the date Buyer accepts the Products insofar as another agreement in writing has not been made.

**7. Product liability; Insurance.** At Buyer's request and during the term of commercial relationship with Supplier derived from a Purchase Order, Supplier will be obligated to maintain, at his/its own expense, an appropriate liability insurance covering product liability with an insured sum of at least US\$1,000,000 (one million 00/100 US dollars). At Buyer's request, Supplier will send Buyer a copy of the insurance policy.

**8. Force Majeure.** Any delay or failure of either party to perform its obligations will be excused if and to the extent that the party is unable to perform specifically due to an event or occurrence beyond its reasonable control and without its fault or negligence, including, but not limited to, restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority, embargoes, fires, explosions, natural disasters, riots, wars, sabotage and acts of God. The change in cost or availability of materials, components or services based on market conditions, Supplier actions, strikes or contract disputes will not excuse performance, and Supplier assumes these risks.

**9. Confidentiality.** All terms of the Purchase Order are deemed proprietary and confidential information of Buyer. Supplier agrees to keep all proprietary or confidential information of Buyer in strictest confidence, and further agrees not to disclose or permit disclosure to others, or use for other than the purpose of the Purchase Order, any proprietary and confidential information of Buyer. Supplier's obligations under this Section will continue for a period of 10 years from the termination date of any Purchase Order and will permeate to the subcontractors that, as the case may be, Supplier utilizes for the fulfillment of his/its obligations.

**10. Representations and warranties; Law Compliance.** Supplier expressly warrants and guarantees to Buyer, to Buyer's successors, assigns and customers, that all Products delivered to Buyer will: i) conform to the specifications, standards and descriptions as required by Buyer; ii) not infringe proprietary rights of third parties either domestic or foreigners; iii) be suitable and sufficient for the purposes intended by Buyer and iv) conform to all applicable domestic and foreign laws, including orders, regulations, ordinances and standards that relate to the manufacture, labeling, transport, import, export, licensing, approval or certification of the Products, including but not limited to requirements of rules and standards of the VDA (Associate of German Automobiles Manufactures) and ISO/TS 16949 (most recent version), respectively IATF 16949 (after 14.09.2018) where applicable. Likewise, Supplier is obligated to comply with any laws relating to environmental matters, hiring, wages, hours and conditions of employment, discrimination and occupational health, and any other applicable requirements.

**11. Technical Assistance and Support.** When requested by Buyer Supplier will provide technical assistance and support to the designated personnel of Buyer for such purposes, for the correct assembly, installation, operation and use of the Products, according to Buyer's requirements. At Buyer's request, Supplier shall make available to Buyer, without additional cost, service manuals and other literature necessary for the correct assembly, installation, operation and use of the Products.

**12. Resources; Indemnities.** The rights and remedies reserved to Buyer in the Purchase Order will be cumulative with and in addition to all other or legal or equitable remedies. To the fullest extent permitted by law, Supplier will defend, indemnify and hold harmless Buyer, Buyer's partners, agents, officers, employees, successors and assignees, against all damages, losses, claims, liabilities and expenses (including reasonable attorneys' and other professional fees, settlements and judgments) arising out of or resulting from any defective Products, or from any negligent or

wrongful act or omission of Supplier or Supplier's agents, employees or subcontractors, or any breach or failure by Supplier to comply with any of Supplier's representations, warranties, or other terms and conditions of a Purchase Order (including any part of these Terms). Furthermore, Supplier shall reimburse Buyer for any incidental or consequential damages caused by Supplier's breach or by nonconforming Products.

**13. Termination.** Buyer may terminate all or any part of the Purchase Order, without need of judicial resolution and without liability to Buyer, if Supplier: (a) repudiates, breaches or threatens to breach any of the terms of the Purchase Order; (b) fails or threatens not to deliver Products or perform services in connection with the Purchase Order; (c) 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 **15 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; or (d) suffers insolvency proceedings regarding its/his assets or judicial or out-of-court composition proceedings, suspension of payments or bankruptcy, or in the event that any corporate or judicial proceeding arises which affects or it is likely to affect its/his current financial capacity or its/his capacity to comply with its/his obligations to Buyer and, in general, (e) does not comply with any of these Terms.

**14. Offset, Recoupment.** Buyer will have the right to offset against or to recoup from any payment or other obligation owed to Supplier, in whole or in part, any amounts due to Buyer or its affiliates or subsidiaries from Supplier or its affiliates or subsidiaries.

**15. General Provisions.**

Supplier and Buyer are independent contracting parties and nothing in the Purchase Order will make either party the employee, agent or legal representative of the other for any purpose. The Purchase Order does not grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

The Products purchased under the Purchase Order may be identified as industrial processing and may be exempt from sales taxes. In such case, the tax identification number and/or other exemption information will be stated in the Purchase Order, or are otherwise provided by Buyer.

The obligations of Supplier to Buyer survive termination of the Purchase Order, except as otherwise provided in the Purchase Order. These Terms, the Purchase Order, together with the attachments, exhibits, supplements or other terms of Buyer specifically referenced therein, constitutes the entire agreement between Supplier and Buyer with respect to the matters contained in the Purchase Order.

The parties agree to comply with the current legislation on Protection of Personal Data in Possession of Private Parties, therefore they ensure that they will treat as confidential the personal data that could be accessed as a result of these Terms by implementing security, administrative, technical and physical measures that allow to protect personal data against damage, loss, alteration, destruction or use, or unauthorized access or treatment. Therefore, the parties agree to maintain confidentiality regarding the information provided, that obligation shall continue even after the termination of the business relationship between the parties as a result of a Purchase Order. Likewise, they must take the steps necessary and sufficient to ensure that the privacy notice referred to in the foregoing law, will be respected at all times.

The parties hereby agree that these Terms shall be construed and interpreted in accordance with the applicable laws of the State of Guanajuato, submitting themselves to the jurisdiction and venue of the competent courts in the City of Leon, Guanajuato, Mexico, waiving any right that they have or may have, to elect another forum, as a result of their current or future domiciles.

These Terms are applicable and effective from March 19th 2013, and are subject to changes or amendments at any time without notice. The current version of these Terms can be requested at the telephone number +52 477 1524600, or through the email address [info@bader-leather.com](mailto:info@bader-leather.com) or in the website: <http://www.bader-leather.com> Both the English and the Spanish versions of these Terms, shall be binding for Supplier. Notwithstanding the foregoing, in the event of discrepancy, the Spanish version shall prevail.

**Revised July 25th, 2017.**