

ANNEXURE A

JOYSON KSS HOLDINGS NO.2 S.A.R.L. AND JOYSON KSS AUTO SAFETY S.A. AND TAKATA CORPORATION CASE NUMBER: SM325Mar18

CONDITIONS

1. DEFINITIONS

The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings –

- 1.1 **"Acquiring Firms"** means Joyson KSS Holdings No.2 S.A.R.L. and Joyson KSS Auto Safety S.A, subsidiaries of Ningbo Joyson;
- 1.2 **"Approval Date"** means the date referred to in the Commission's merger clearance certificate (Form CC15);
- 1.3 **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.4 **"Commission Rules"** means the Rules for the Conduct of Proceedings in the Competition Commission;
- 1.5 **"Competition Act"** means the Competition Act 89 of 1998, as amended;
- 1.6 **"Conditions"** means these conditions;
- 1.7 **"Days"** means any calendar day which is not a Saturday, a Sunday or an official public holiday in South Africa unless otherwise described in the Conditions;
- 1.8 **"Implementation Date"** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merging Parties;
- 1.9 **"KSS"** means KSS Holdings Incorporated;
- 1.10 **"LRA"** means the Labour Relations Act 66 of 1995 (as amended);
- 1.11 **"Merger"** or the "Proposed Transaction" means the acquisition of control by the Acquiring Firm over the Target Firm;

- 1.12 **"Merging Parties"** means collectively the Acquiring Firms and the Target Firm;
- 1.13 **"NQF 6"** means a qualification comprising a National Diploma / Advanced Certificate as per the National Qualifications Framework regulated in terms of the National Qualifications No. 67 of 2008 of 2008;
- 1.14 **"Ningbo Joyson"** means Ningbo Joyson Electronic Corporation;
- 1.15 **"NUMSA"** means the National Union of Metalworkers of South Africa;
- 1.16 **"Protected Employees"** means 181 (one hundred and eighty one) employees of Takata SA who do not hold a tertiary qualification (NQF 6 or above) and/or who have a gross monthly salary of less than or equal to R30 000 (thirty thousand rand), as determined with reference to Exhibit A hereto;
- 1.17 **"Takata"** means Takata Corporation;
- 1.18 **"Takata SA"** means Takata South Africa Proprietary Limited;
- 1.19 **"Target Firm"** means Takata;
- 1.20 **"Tribunal"** means the Competition Tribunal of South Africa; and
- 1.21 **"Tribunal Rules"** means the Rules for the Conduct of Proceedings in the Competition Tribunal.

2. CONDITIONS

- 2.1 The Merging Parties shall not retrench any Protected Employees as a result of the Merger for a period of 2 (two) years from the Implementation Date.
- 2.2 For the sake of clarity, retrenchments do not include:
- (i) voluntary retrenchment and/or voluntary separation arrangements;
 - (ii) voluntary early retirement packages;
 - (iii) unreasonable refusals to be redeployed in accordance with the provisions of the Labour Relations Act of 1995, as amended;
 - (iv) resignations or retirements in the ordinary course of business;
 - (v) retrenchments lawfully effected for operational requirements unrelated to the Merger; and

(vi) terminations in the ordinary course of business, including but not limited to dismissals as a result of misconduct or poor performance.

3. MONITORING COMPLIANCE WITH THE CONDITIONS

- 3.1 The Merging Parties shall inform the Commission of the Implementation Date within 5 (five) Days of it becoming effective.
- 3.2 The Merging Parties shall circulate a copy of the Conditions within 5 (five) Days of the Approval Date to all employees of Takata SA and their employee representatives.
- 3.3 As proof of compliance herewith, the Merging Parties shall within 5 (five) Days of circulating the Conditions, provide the Commission with an affidavit by the Chief Executive Officer (or an equivalent senior manager, such as a managing director) of Takata SA attesting to the circulation of the Conditions and attach a copy of the said notice.
- 3.4 The Acquiring Firm shall, on an annual basis within 1 (one) month of the first and second anniversary of the Implementation Date, submit a report to the Commission confirming its compliance with the condition set out in clause 3, above. The report shall indicate, *inter alia*, the number of unprotected employees and skills levels of employees retrenched within that period and the reasons for such retrenchments. This report shall be accompanied by an affidavit by a Chief Executive Officer (or an equivalent senior manager, such as a managing director) of Takata SA confirming the accuracy of the report.
- 3.5 All correspondence in relation to the Conditions shall be submitted to the following email address: mergerconditions@compcom.co.za.

4. BREACH

In the event that the Commission determines that there has been an apparent breach by the Merging Parties of any of the above Conditions, this shall be dealt with in terms of Rule 39 of the Rules for the Conduct of Proceedings in the Commission read together with Rule 37 of the Rules For the Conduct of Proceedings in the Tribunal.

5. DURATION OF THE CONDITIONS

The Conditions will terminate upon fulfilment by the Merging Parties of their obligations contained herein, but in any event on the second anniversary of the Implementation Date.

6. VARIATION OF THE CONDITION

- 6.1 The Merging Parties may at any time, on good cause shown, apply with or without the Commission's consent to the Tribunal for any of the Conditions to be waived, relaxed, modified and/or substituted, provided that "good cause" shall not include any circumstances giving rise to the request for variation which are reasonably capable of being mitigated in another manner, or which could reasonably have been foreseen at the Date of Approval of these Conditions. The Commission will not be precluded from opposing such application.
- 6.2 The Commission may at any time, on good cause shown, apply to the Tribunal for the Conditions to be waived, relaxed, modified and/or substituted. The Merging Parties will not be precluded from opposing such application.