



**WALOR GENERAL TERMS OF PURCHASE**  
**2024 version**

These General Terms of Purchase shall apply to all purchases made by any affiliated entity of Buyer (as defined hereunder) for Goods (as defined hereunder) from Seller.

If any purchasing terms and conditions printed on the back of a Purchase Order are different from these General Terms of Purchase, these General Terms of Purchase shall prevail.

## Definitions

The following terms used in these General Terms of Purchase have the following meanings:

**“Buyer”** means any entity that is controlled by WALOR NORTH AMERICA INC. that is submitting a Purchase Order to Seller.

**“Contract Documents”** means the documents identified in Section 1 “Scope” that bind Buyer and Seller for each Purchase Order and resulting Releases.

**“Forecasts”** means estimates or projections of Buyer’s future quantity requirements for the Goods.

**“Goods”** means all parts, components, raw materials, molds, tools or other goods or services purchased by Buyer from Seller through the issuance of a Release.

**“Production Tools”** means materials, machinery, equipment, tools, dies, test and assembly fixtures, gauges, jigs, (casting) patterns, cavities, molds, consigned material for production or repair and other items furnished by Buyer (or Buyer’s customers), either directly or indirectly, to Seller or to any sub-supplier of Seller for the purpose of the manufacture of the Goods under a Purchase Order, and including any replacements, additions, fixtures, modifications, adjustments, combination works or other accessories thereto that arise in the course of the performance of the Purchase Order, whether they constitute integral elements of the Production Tools or detachable elements of the Production Tools.

**“Purchase Order”** means a written order issued by Buyer confirming its intention to purchase Goods in accordance with the price defined therein. The Purchase Order incorporates all terms and conditions of the Contract Documents.

**“Release”** means a written instruction under which Buyer orders and specifies the quantities, delivery locations and shipment dates for the Goods in accordance with the Purchase Order.

**“Scheduling Agreement”** means a long-term contract issued by Buyer that outlines the expected quantities of Goods to be delivered over a specific period with predetermined delivery locations and shipment dates.

**“Seller”** means the supplier entity identified as such on the Purchase Order.

## 1. Scope.

A. All Purchase Orders will be governed by the following Contract Documents, which will be provided to Seller upon request:

- these General Terms of Purchase
- WALOR Ethical Code
- WALOR Supplier Quality Manual
- WALOR Supply Chain and Logistics Requirements

B. In addition, and if applicable, the Purchase Order may be supplemented by one or more of the following Contract Documents, which will be linked in the applicable Purchase Order:

- The Additional Country Terms of Purchase that define the overriding terms and conditions that will apply to Purchase Orders when Seller is located in one of the countries to which such Additional Country Terms of Purchase apply.
- A Business Nomination Agreement that defines the anticipated volumes, applicable prices, payment terms, the quality and delivery targets, and other related terms and conditions applicable to the Purchase Orders.
- A Specific Requirements File that defines the technical requirements and specifications for the Goods.
- A Tool Statement that defines the specific Production Tools made available to Seller for the production of the Goods.

C. The terms and conditions of sale of the Seller shall not apply, even if such terms and conditions of sale have been brought to the attention of Buyer and even if Seller has mentioned in its proposal, quotation, invoice or other correspondence or document that the terms and conditions of sale of Seller apply to the sale of Goods. Any deviation, modification, substitution, supplementation or other alteration or derogation to these General Terms of Purchase must either be set forth in one of the Contract Documents defined under Section 1(A) or (B) above or must be agreed in writing in a separate document between the parties.

## **2. Purchase Order and Releases.**

A. Supplies of Goods will be covered by a Purchase Order. The Purchase Order may be sent by courier, mail or any electronic means (EDI). The Purchase Order will be considered accepted upon receipt by Buyer of a signed copy of the Purchase Order; if Buyer has not received such signed copy within five (5) business days of the Purchase Order date, Buyer may consider that Seller has accepted the Purchase Order. The Purchase Order will also be deemed accepted if Releases issued under the Purchase Order are performed by Seller.

B. From time to time, Buyer may provide Seller with Forecasts. Forecasts are not binding on Buyer and Buyer makes no representation, warranty, guaranty or commitment regarding any Forecasts. Buyer will only be obligated to purchase Goods and Seller will only be obligated to supply Goods upon the issuance of a Release.

C. Once a Purchase Order has been accepted, Seller commits to deliver the quantities of Goods set forth in a Release to Buyer. If the quantity requested in a Release exceeds the volumes set forth in the Forecast, Seller shall notify Buyer within five (5) business days following receipt of such Release if it cannot fulfill the supply of the additional volumes; in the absence of such notification, the Seller will be deemed to have committed to deliver the additional volumes set forth in the Release to Buyer.

D. By accepting the Purchase Order, the Supplier undertakes to provide and/or produce Supplies according to the Contract Documents.

## **3. Price.**

A. Prices charged for Goods will be stated in the Purchase Order and are not subject to increase for any reason including increases in raw material or component costs, labor costs, market fluctuations, foreign currency exchange rate fluctuations, or any other costs.

B. Seller will ensure that the prices charged to Buyer for the Goods remains competitive with the prices for similar goods available to Buyer from other sellers. If the Seller is determined by Buyer not to be competitive, Buyer shall be entitled to resource the Goods to a more competitive source without breaching the Purchase Order or otherwise incurring any liability in accordance with the provisions of Section 12(B).

C. Seller will participate in Buyer's cost savings and productivity programs and initiatives and will implement Seller's own cost savings and productivity programs and initiatives to reduce Seller's prices.

D. If the computation of the price charged for Goods includes an amortized payment or reimbursement to Seller for expenses incurred in relation with, for example, tooling, machinery and equipment, and/or research and development studies (the total amount agreed by Buyer and Seller to be paid or reimbursed to Seller being hereafter referred to as the "**Amortized Amount**"), once Seller has received repayment or reimbursement of the Amortized Amount from Buyer, the price for the Goods will, immediately and automatically be decreased by an amount equal to the per-Good portion of the Amortization Amount.

#### **4. Invoices.**

A. All invoices for Goods shipped pursuant to each Purchase Order must show the Purchase Order number and Release number, quantity of Goods in the shipment, number of cartons or containers, Seller's name, and bill of lading number.

B. Seller shall issue the invoice following transfer of ownership of the Goods as set forth in Section 7 hereof. The invoice must be sent through one of the following electronic formats:

- PDF file, sent by email.
- Structured EDI messages in accordance with the Buyer Supply Chain and Logistics Requirements.

Seller must also send the invoice to Buyer's billing address shown on the front of the Purchase Order.

C. Buyer reserves the right to return all invoices or related documents submitted incorrectly. Buyer will not be considered to be in late payment regarding any such returned invoices.

#### **5. Payment Terms.**

A. Absent any different mandatory payment terms set forth in the Purchase Order, Scheduling Agreement or Release hereto, payment shall be due on the 10<sup>th</sup> day of the third month following the month in which Buyer receives a correct invoice in accordance with the provisions of Section 4. Buyer shall have the right to decide to make the payments by electronic funds transfers, ACH, or other means. If a payment date falls on a non-business day, payment will be made on the following business day.

B. Any payment by Buyer of the invoice will not be deemed as an acceptance of the Goods or the invoiced amount.

C. If a customer of Buyer directs that Seller be Buyer's source for the Goods: (i) payment from Buyer for the Goods will be due to Seller only after and to the extent of Buyer's actual receipt of payment from such customer for Buyer's products into which the Goods are incorporated; and (ii) any extension of such customer's payment terms to Buyer will automatically extend, by the same amount of time, the payment terms between Buyer and Seller. The customer and the Supplier will be responsible for the negotiation of commercial terms, and Supplier will forthwith inform Buyer of any change in commercial terms during the term of the Purchase Order, including the corresponding approval of the customer. Except as expressly set forth herein, Buyer disclaims any and all liability for the commercial terms agreed upon between Seller and such customer and Seller acknowledges and agrees that Buyer shall not be responsible for any obligations, representations, or warranties made by Seller to such customer.

D. If Buyer disputes any charge under this Agreement, Buyer may withhold payment of such disputed charge, subject to the requirements that Buyer (i) gives Seller written notice of the dispute on or before the date on which payment of the disputed amount would otherwise be due, and (ii) pays all undisputed portions of the invoice in accordance with the terms of this Agreement. The notice shall identify the disputed charge(s) and shall describe the dispute in reasonable detail. Seller will not be entitled to suspend or terminate the provision of Goods on the grounds of nonpayment of a disputed amount. The parties shall cooperate in good faith to promptly resolve any disputes so identified

#### **6. Quality, delivery and packaging.**

A. Quantity and quality of the Goods are of the essence for Buyer. The Goods must satisfy and conform to the quantities, specifications, standards, drawings, samples and descriptions, including as to quality, performance, fit, form, function and appearance, as defined in the Contract Documents. If the quantity or quality of the Goods does not meet the requirements defined in the Contract Documents, Buyer may suspend payment to Seller until such time as the Goods meet those requirements.

B. Time of delivery of the Goods is of the essence to Buyer. If the Seller has become aware that a delivery date cannot be met for whatever reason, Seller shall promptly notify Buyer and explain the reasons and forecasted duration of such delay. Seller shall actively seek any acceleration measures in order to mitigate the consequences of late delivery.

C. Seller will adhere to shipping directions specified on the Purchase Order or Releases. Premium shipping expenses and/or other related expenses necessary to satisfy Buyer's delivery schedules will be Seller's sole responsibility unless: (i) the delay or expense was solely the result of Buyer's material breach of the Purchase Order (not caused by Seller); and (ii) Seller provides Buyer with written notice of any such breach by Buyer within ten (10) days after the occurrence thereof.

D. Except as otherwise specified in the Purchase Order, Scheduling Agreement or Release, delivery of the Goods shall be made on FCA terms (INCOTERMS 2020). Seller will deliver the Goods, cleared for export, at a specified place (including Seller's own premises). The Goods can be delivered to the carrier nominated by Buyer.

E. Notwithstanding any agreement concerning payment of freight expenses, delivery will not have occurred and risk of loss will not have transferred to Buyer until the Goods have been received at the specified delivery location.

F. Without prejudice to Buyer's right to reject or revoke acceptance of those Goods that do not conform to the warranties under Section 8 hereof, even if the nonconformity does not become apparent to Buyer until the manufacturing, processing or assembly stage or later, at its option, Buyer may inspect (but has no duty to inspect) the Goods before any of those stages. In the event of rejection or revocation of acceptance, and without prejudice to any other remedies that Buyer may have under these General Terms of Purchase, Seller must examine the rejected or revoked Goods within eight (8) calendar days of receipt of notification of rejection or revocation, and replace nonconforming Goods with conforming Goods. Following the expiration of this time period, in the absence of such replacement, Buyer shall be entitled to return the rejected or revoked Goods to Seller and purchase the same quantity of Goods from an alternative source, at Seller's expense and risk.

G. Buyer's (conditional) acceptance of Goods and Buyer's payment for Goods will not be deemed a waiver or limitation of any of Buyer's rights and remedies should the Goods fail to conform to any of the warranties defined in Section 8 hereof, and will not limit or impair Buyer's right to seek any available remedy, or relieve Seller's responsibility for any defects.

H. All packaging must conform to Buyer's standard packaging requirements at the expense of Seller. Seller will: (i) properly pack, mark and prepare Goods in accordance with Buyer's requirements; (ii) route shipment in accordance with Buyer's instructions; (iii) make no charge for handling, packaging, storage, transportation (including duties, taxes, fees, etc.), cost of vehicle or other transport expenses unless otherwise approved by Buyer in writing; (iv) provide Buyer with shipment papers showing the Purchase Order number and Release number, Buyer's part number, Seller's part number where applicable, quantity of pieces in shipment, number of cartons or containers in shipment, Seller's name, the bill of lading number and the country of origin; and (v) promptly forward to Buyer the original bill of lading or other shipment receipt for each shipment identification of the Goods on packing slips, bills of lading and invoices in order to enable Buyer to easily identify the Goods purchased.

## 7. Intellectual Property.

A. Intellectual Property Rights. The term "**Intellectual Property Rights**" means inventions, patents (including utility patents and design patents), trade secrets, trademarks, service marks, trade dress, industrial designs, labeling, packaging, mask works, copyrights, know-how, software, database rights and other proprietary intellectual property rights. The term "**Background Intellectual Property Rights**" means the Intellectual Property Rights of either Buyer or Seller existing prior to an applicable Purchase Order, as well as any improvements thereto, and may include blueprints, designs, specifications, drawings, photographs, artwork, copy layout and electronic data. The term "**Foreground Intellectual Property Rights**" means any and all Intellectual Property Rights pertaining to the Goods, Production Tools or other materials, machinery, equipment, tools, dies and toolings that are either developed by Buyer alone, by Buyer and Seller jointly, or by Seller alone as requested by Buyer in connection with any Purchase Order. Foreground Intellectual Property Rights do not include any Background Intellectual Property Rights.

B. Background Intellectual Property Rights. Each party will retain exclusive ownership of its Background Intellectual Property Rights. Buyer grants to Seller a limited license to use Buyer Background Intellectual Property Rights to the extent necessary and appropriate for the manufacture of Goods. Apart from this limited license, Buyer does not transfer to Seller any rights in its Background Intellectual Property Rights, and Seller may not use the same other than to produce and supply Goods to Buyer. Notwithstanding the foregoing, Seller grants to Buyer and its customers the right to resell, on a worldwide basis, Goods purchased from Seller in vehicles, automotive systems, equipment or assemblies. To the extent that Seller Background Intellectual Property Rights are, in whole or in part, incorporated into, embodied in, or represented by any Goods, Seller confers to Buyer an irrevocable, worldwide, royalty-free, non-exclusive, and sublicensable right and license to use, distribute, reproduce, modify, and prepare derivative works of such Background Intellectual Property Rights of Seller with full rights to authorize others to do the same.

C. Foreground Intellectual Property Rights. All Foreground Intellectual Property Rights are owned by Buyer. Seller hereby assigns to Buyer all of Seller's right, title and interest in and to all Foreground Intellectual Property Rights. Seller may only use the Foreground Intellectual Property Rights to produce and supply Goods to Buyer.

D. Seller warrants that all Goods covered by each Purchase Order do not and will not infringe upon, violate or misappropriate the Intellectual Property Rights of any third party. Seller will defend, hold harmless and indemnify Buyer and its customers against all claims, demands, losses, suits, damages, liability and expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments) arising out of any lawsuit, claim, demand or action for actual or alleged direct or contributory or vicarious infringement of, or inducement to infringe, any Intellectual Property Right by reason of the manufacture, use, sale, offering for sale, importation or distribution of the Goods (including such claims where Seller has provided only part of the Goods). Whenever the Goods infringe on third party intellectual property rights, Seller shall either (a) promptly replace or modify the Goods or any part thereof, without loss of material functionality or performance, to make them non-infringing or (b) promptly procure for Buyer the right to continue using the Goods; any costs associated with implementing these alternatives will be borne by Seller. If none of the above solutions is available, Buyer may terminate the Purchase Order for cause in accordance with Section 12(A) hereof. Seller waives any claim against Buyer and its customers, including any hold-harmless or similar claim, whether known or unknown, contingent or latent, in any way related to a claim asserted against Seller or Buyer for infringement of any Intellectual Property Rights, including claims arising out of compliance with specifications furnished by Buyer.

E. Seller will not assert or transfer to any third party a right to assert against Buyer or its customers any Intellectual Property Rights that Seller has or may have that are applicable to the Goods used or furnished under the Purchase Order.

F. Seller will not sell or otherwise dispose of any Goods that incorporate any Intellectual Property Rights of Buyer to any party other than Buyer unless specifically authorized by Buyer in advance and in writing.

## **8. Warranties.**

A. Seller warrants that all Goods will conform to all specifications, standards, drawings, samples and/or descriptions, quality requirements, performance requirements, and form and function requirements defined in the Contract Documents, and will be fit for any particular purpose disclosed by Buyer; in the absence of such disclosure, Seller warrants that the Goods are fit for their ordinary use as part of an automotive system. Seller warrants that all Goods will be new, merchantable, safe and free from any defects in design, material and workmanship. Seller warrants that all Goods are compliant with all industry standards, laws and regulations in force in countries where the Goods or vehicles equipped with such Goods are to be sold, including in particular safety regulations. Seller warrants that the Goods are free and clear of all liens, claims, interests and other encumbrances.

B. All warranties will be effective for the longer of (i) the warranty periods agreed between Buyer and its customer, which are considered incorporated herein by reference; (ii) 36 months from the date of delivery of the Goods to Buyer or 60,000 miles of the vehicle where Buyer's component parts or assembled goods (into which the Goods are incorporated) are installed, whichever occurs the first. Notwithstanding any expiration of a warranty period set forth in this Section, the Goods shall remain subject to all statutory remedies, express or implied, provided by applicable law.

C. All warranties inure to the benefit of Buyer, its successors and assigns, and to any purchasers of products (including vehicles) in which the Goods are incorporated.

D. Buyer's approval of Seller's designs, materials, processes, drawings, specifications or the like will not be construed to relieve Seller of any warranties, nor will a waiver by Buyer of any required specification as to any particular Goods constitute a waiver of any such requirements for the remaining Goods to be delivered unless so stated by Buyer in writing.

E. Upon non-compliance of the Goods with the above warranties, and without prejudice to any other remedies that Buyer may have under these General Terms of Purchase, Seller must examine the defective or non-conforming Goods within eight (8) calendar days of receipt of notification from Buyer, and repair or replace nonconforming Goods with conforming Goods. Following the expiration of this time period, in the absence of such repair or replacement, Buyer shall be entitled to purchase the same quantity of Goods from an alternative source, at Seller's expense and risk.

F. Seller shall bear all costs and expenses related to warranty claims and returns, including but not limited to costs and expenses incurred by Buyer as a result of inspection, testing, storage, transportation, disassembly and reassembly, including costs charged to Buyer by its customers.

G. Seller acknowledges that its liability in relation to breach of warranties will be defined on the basis of results of expert analyses carried out on a representative batch of samples of Goods that will be provided by Buyer's customers. If these analyses establish the presence of an epidemic defect, i.e. an equivalent defect affecting at least five (5%) percent of Goods within such batch, Buyer may assert its warranty rights and remedies to all Goods that have been supplied by Seller, and Seller hereby expressly waives its right to perform its warranty obligations only in relation with defective or non-conforming Goods that have been returned from the field.

H. Seller will immediately notify Buyer in writing if Seller learns of any facts, circumstances or conditions, the existence of which causes or threatens to cause a breach of any warranties or interruption in Seller's production of Goods.

I. When a customer of Buyer determines, through the application of reference procedures that are customary in the automobile industry, that the Goods fail to meet the warranties, such findings will likewise extend to the Seller. Buyer will invite Seller to participate in such procedure. Buyer may defend any claim that any Goods supplied by Seller are in breach of warranty, and Seller acknowledges that such defense is in the interest of both Seller and Buyer. Seller waives the right to argue that the fact that Buyer took any such position in any way limits Buyer's right to assert a claim against Seller in relation with the foregoing.

## **9. Liability.**

A. Seller will indemnify and hold harmless Buyer from any claims, losses, damages, costs and expenses that are related in any way to or arise in any way from the breach by Seller of any of the requirements of the Purchase Order, the violation of any law or other regulations, or the negligence of Seller in the performance of its duties under a Purchase Order, including without limitation non-delivery or late delivery of the Goods, inappropriate packaging of the Goods, breach of warranties, or defective supplies. Such claims, losses, damages, costs and expenses may arise from, without limitation: (i) the analysis, inspection, sorting, monitoring, handling, containing, storing and as the case may be, disassembly, reassembly, transportation, disposal or destruction of such nonconforming Goods; (ii) production interruptions; (iii) equipment break-downs or deteriorations; (iv) claims made by Buyer's customers, including as the case may be recall campaigns or other corrective field service actions; and (v) claims for personal injury (including death) or property damage suffered by third parties.

B. In the event of a claim by a third party against Buyer which may be the subject of indemnification as set forth above under Paragraph (A), Buyer shall provide notification to Seller. At the request of Buyer, Seller will provide Buyer with reasonable assistance in the defense of the claim, in particular by providing all relevant material and documentation.



## **10. Changes and Recall.**

A. Buyer reserves the right at any time to direct Seller to make changes to the Goods including, but not limited to, changes in the design (including drawings and specifications), processing, methods of packing and shipping and the date or place of delivery of the Goods or to otherwise change the scope of the work covered by the Purchase Order including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes. Price and/or timing for delivery of Goods resulting from changes pursuant to this Section will be equitably adjusted by Buyer following Buyer's receipt from Seller of sufficient documentation regarding Seller's costs and/or production timing resulting from such changes.

B. Any change (i) in subcontractors of Seller or suppliers of Seller, or (ii) in the processes or procedures used by Seller in its production of Goods must be approved by Buyer in advance and in writing.

C. In the event that any Goods provided by Seller to Buyer are subject to a recall, whether initiated by Seller, Buyer, or any governmental or regulatory authority, Seller shall be solely responsible for all costs and expenses associated with the recall, including but not limited to notification to affected parties, retrieval and transportation of the recalled Goods, repair, replacement, or refund of the recalled Goods, disposal of the recalled Goods, any fines or penalties imposed by authorities, and any other costs reasonably incurred by Buyer as a result of the recall. Seller shall fully cooperate with Buyer in all matters relating to the recall and shall indemnify, defend, and hold harmless Buyer and its affiliates from any claims, liabilities, damages, losses, costs, and expenses arising out of or in connection with the recall. Seller shall maintain adequate insurance coverage to cover the costs and liabilities associated with a product recall. The provisions of this section shall survive the termination or expiration of this Agreement.

## **11. Seller's Insolvency.**

Buyer may immediately terminate each Purchase Order without any liability of Buyer to Seller upon the occurrence of any of the following or any other similar or comparable event: (i) insolvency of Seller; (ii) Seller's inability to promptly provide Buyer with adequate and reasonable assurance of Seller's financial and operational capability to perform timely any of Seller's obligations under any Purchase Order; (iii) filing of a voluntary petition in bankruptcy by Seller (or a comparable insolvency event); (iv) filing of an involuntary petition in bankruptcy against Seller (or a comparable insolvency event); (v) appointment of a receiver or trustee for Seller/Seller's assets; or (vi) execution of any assignment for the benefit of creditors of Seller.

## **12. Termination.**

### **A. Right to Terminate for Default.**

(1) Without prejudice to any other available legal remedies, Buyer may terminate, without the necessity for recourse to any court and without any liability to Seller, all or any part of a Purchase Order, if the Seller fails to perform or observe any one of its contractual obligations and has not remedied such failure within thirty (30) days after receipt of a written notice to that effect from Buyer, including if such is the result of a Force Majeure Event as further defined in Section 22 hereof. Termination may be pronounced with immediate effect when it is apparent from the circumstances or from a statement or behavior of the Seller (a) that it has become impossible for Seller to perform or observe its obligations for a period of at least thirty (30) days, (b) that Seller declines to perform or observe its obligations. In addition, Buyer may terminate all or any part of a Purchase Order with immediate effect in the event of Seller's failure to comply with any one of the following essential clauses: (a) Section 19 "Compliance with Laws and Code of Conduct", or (b) Section 30 "Confidentiality". Finally, Buyer may terminate all or any part of a Purchase Order with immediate effect if Seller repeatedly fails to perform or observe its contractual obligations under Sections 6(A) and/or 6(B), even if such failures are remedied within thirty (30) days after receipt of a notice to that effect from Buyer, provided that Buyer has issued appropriate warning of such possible termination if such breaches persist in the future.

(2) Without prejudice to any other available legal remedies, Seller may terminate, without the necessity for recourse to any court and without any liability to Buyer, all or any part of a Purchase Order, in the event that each of the following events occurs: (a) the payment of an invoice for Goods is thirty (30) or more calendar days past due, (b) Seller has notified Buyer specifying the amounts past due and Seller's intent to terminate the Purchase Order if such past due amount is not paid within ten (10) days following the date of receipt of notification by Buyer, (c) within such period, Buyer does not either (x) pay such past due amounts; or (y) notify Seller that the amounts claimed are disputed by Buyer, and (d) the unpaid past due amount represents more than ten percent (10%) of the forecasted annual turnover under the Purchase Order.



B. Right to Terminate for Convenience.

(1) Buyer may, at its option, terminate all or any part of a Purchase Order at any time and for any reason subject to written notice to Seller of not less than thirty (30) days.

(2) Seller recognizes that the continuity in the supply of Goods is of prime importance to the Buyer and that since any cessation of supplies will generate important consequences for Buyer including alternative supplier selection and additional test and validation procedures, termination of a Purchase Order by Seller shall be subject to written notice to Seller of not less than twelve (12) months, unless Buyer has compelling reasons to require a longer notice period (e.g. because the Buyer has no immediately available substitute solution), the duration of which shall be determined by mutual agreement having regard to all relevant circumstances; the termination shall not be effective until such mutual agreement has been confirmed.

(3) During the notice period, the Purchase Order must continue to be performed under the contractual terms in force at the time of termination, including the price terms.

C. Upon the expiration or termination of a Purchase Order for any reason, Seller will take such actions as may be reasonably required by Buyer to facilitate the transfer of production of the Goods from Seller to an alternative seller (including any entity of the Buyer group of companies) including, without limitation, the actions set forth below:

(1) Seller will, at its own cost, provide Buyer with a sufficient inventory bank of Goods covered by the Purchase Order to ensure that the transition to any alternative seller chosen by Buyer will proceed smoothly. Unless otherwise specified by Buyer in a Purchase Order, an eight (8) week inventory bank of Goods will be deemed sufficient to accomplish the transition. The eight (8) week inventory bank will be calculated using the Releases from the eight (8) weeks immediately prior to Seller's notice of termination excluding any temporary interruptions, plant or industry shutdowns or other reduced schedules.

(2) Upon termination, Seller will deliver to Buyer all drawings, manufacturing specifications and other documents that are necessary for the smooth transfer of the production of the Goods from Seller to an alternative seller, except to the extent such documents are Seller's Background Intellectual Property Rights.

(3) Seller will, at Buyer's option: (i) assign to Buyer or an alternative Seller any or all supply contracts or orders for raw material or components relating to the Purchase Order; and (ii) sell to Buyer, any or all inventory and/or work in process relating to the Purchase Order.

(4) Buyer will be obligated to acquire any work-in-process and stock of raw materials which exceed the required inventory stock under paragraph (1) above and which Seller cannot reasonably use in producing goods for itself or for others, provided that (i) they do not exceed the volumes of the Forecasts, (ii) they meet the requirements of the Purchase Order, however, in the event of termination under Section 12(A), Buyer may deduct from payment to the Seller the amounts that Buyer will be entitled to set off as a result of the default of the Seller; if these amounts cannot be readily ascertained, Buyer shall be entitled to postpone payment accordingly.

(5) In no event will Buyer be liable to Seller or Seller's subcontractors for loss of anticipated profits or revenues; unabsorbed overhead or other administrative costs; development, design or engineering costs in relation with the Goods; immobilization, disposal, amortization or depreciation of tools, facilities, or other capital items; or in general for indirect, incidental or consequential damages suffered as a result of the termination.

D. Upon receipt of notice of termination pursuant to this Section 12, Seller will, unless otherwise instructed in writing by Buyer: (i) take actions reasonably necessary to protect property in Seller's possession which Buyer has an interest; and (ii) will not dispose of any existing Tooling, Finished Goods and Work in Process without Buyer's permission.

E. All provisions of the Contract Documents that, by their nature, extend beyond termination or expiration of the Contract Documents shall remain valid after the end of the Purchase Order.

**13. Assignment.**

A. Seller may not assign any of its duties or obligations under any Purchase Order without the prior written consent of Buyer, which may be withheld in Buyer's sole discretion.

B. Buyer may assign the Purchase Order and/or any of its rights and interests in the Purchase Order, without Seller's consent, to any person or entity whomsoever or whatsoever including, without limitation, any entity of the Buyer group of companies, or to any purchaser of or successor to all or any portion of Buyer's business or assets.

**14. Buyer Production Tools.**

A. Irrespective of whether the Production Tools are shipped to Seller's premises from Buyer's (or Buyer's customer) premises, or manufactured directly by Seller in accordance with the specifications and instructions provided by Buyer in a corresponding Purchase Order, or ordered by Seller through a manufacturing subcontract with a specialized toolmaker in accordance with the specifications and instructions provided by Buyer in a corresponding Purchase Order, whenever Buyer makes Production Tools available to Seller, such Production Tools will be defined in a Tool Statement. All Production Tools will be and remain the property of Buyer and be held by Seller on a loan basis in accordance with the provisions of this Section 14. Ultimate ownership rights with regard to the Production Tools may vest with Buyer's customer; however, for the purpose of the application of this Section 14, Seller will consider Buyer as the owner of the Production Tools and will only follow instructions from Buyer in relation with the Production Tools.

B. If not already affixed by Buyer, Seller undertakes to affix an unremovable and visible plate on the Production Tools in accordance with Buyer's instructions. If the affixing of a plate is not physically possible on a given Production Tool, a laser impression with a similar indication shall be affixed. Seller shall not remove the plate or the laser impression from the Production Tool throughout the entire term of the Purchase Order.

C. Any relocation of the Production Tools to another location besides the production facilities defined in the Tool Statement is subject to the prior written authorization of Buyer.

D. The Production Tools shall be provided to Seller under an "as is" condition without warranty or representation of any kind from Buyer. Following the date of delivery of the Production Tools and before using the Production Tools for the purpose of the production of Goods under the Purchase Order, Seller shall submit the Production Tools to a validation test in order to verify that the Production Tools are fit for their intended purpose and free from any defects in design, materials and workmanship. Seller shall invite Buyer to participate in such validation tests. Seller shall complete those validation tests within eight (8) days following the date of delivery. If within those eight (8) days following the date of delivery, Seller notifies Buyer of its rejection of the Production Tools, including its motivated reasons for such rejection, Buyer shall promptly investigate the Production Tools and, if the reasons for rejection are confirmed, repair or replace (at its sole discretion) the Production Tools. Without such notification, Seller is deemed to have accepted the Production Tools without any reservation as being fit for its intended purpose, and free from defects in design, materials and workmanship.

E. Seller undertakes to use the Production Tools exclusively for the performance of its obligations under the Purchase Order and, consequently, shall refrain from using the Production Tool for any other purposes, including in order to manufacture parts intended for its own account or for the account of a third party. This obligation continues to apply even when spare capacity of the Production Tool remains available to the Seller throughout the term of the Purchase Order.

F. Seller shall ensure that the Production Tools are kept in a good operating condition with the continuous capability to produce the Goods in accordance with the Forecasts. Only technically qualified and appropriately trained personnel shall be allowed to operate the Production Tools. Seller shall maintain the Production Tools in a place safe from theft, loss, damage, deterioration and destruction. Seller shall regularly perform preventive inspection and maintenance operations and, whenever required, carry out repairs and implement corrective measures. At the end of each calendar year, Seller shall provide Buyer with a written overview of the preventive inspection and maintenance operations that it has carried out. Seller shall immediately and no later than twenty-four (24) hours after its occurrence, notify Buyer of any event or malfunction that either alters (or is likely to

alter) the capacity of production of the Production Tools or affects (or is likely to affect) the characteristics and properties of the Goods produced with the Production Tools. Seller shall allow Buyer free access to its production facilities in order to inspect from time to time the Production Tools. Seller shall be responsible for all costs and expenditures that it may incur under this Paragraph F.

G. Seller shall not make any modifications – even minor ones – to the Production Tools, without Buyer's prior written consent, unless such modifications are mandatory under applicable legal regulations. Seller acknowledges that any modification to the Production Tools may require the latter to be submitted to a new series of validation tests in order to verify that the Production Tools remain fit for their intended purpose. Before implementing any measures that would require the temporary discontinuation of operations with the use of the Production Tools, Seller shall ensure that it has built up the required buffer stock of Goods in order to bridge such period of discontinuation without interruption of supplies to Buyer.

H. At least twelve (12) months before the anticipated expiry of the production lifetime of the Production Tool defined in the Tool Statement, Seller will notify Buyer in order to determine the course of action regarding the Production Tool including, without limitation: (a) replacement of the Production Tool by a new Production Tool with the financing conditions to be mutually agreed, (b) refurbishment of the Production Tool in order to secure the extension of its production lifetime with the financing conditions to be mutually agreed, or (c) continuation of operations with the Production Tool for an extended period of time mutually agreed by the parties.

I. As guardian and custodian of the Production Tool, Seller shall at all times during the term of the Purchase Order bear the entire risk of loss, theft, damage, deterioration and destruction of the Production Tool from any cause whatsoever, including force majeure events. Seller shall also bear the entire risk of loss, damage of all kinds that the Production Tool may cause, whether to the Goods, to Seller's production facilities and any goods on site, to Seller's personnel, or to any third parties.

J. Seller shall insure the Production Tool for a value that is at least equal to the replacement cost of a new Production Tool as defined in the Tool Statement, as well as damages which may be caused to third parties for a minimum value of One Million Five Hundred Thousand Dollars (\$1,500,000 USD). Such insurance shall be subscribed with a reputable insurance company having at least an S&P A- rating. The amount of insurance carried in compliance with the above requirements is not to be construed as a limitation of liability under Paragraph H. above. Buyer may at any time request Seller to provide a certificate of insurance evidencing that Seller maintains the foregoing insurance policy.

K. Seller recognizes the importance for Buyer to secure at all times the continuous and undisturbed operation of the supply of Goods. Consequently, upon the termination of the Purchase Order, Seller will return the Production Tools to Buyer within a period of five (5) business days. Seller will not assert any right of retention, lien or other in order to withhold possession of the Production Tools. In the event of a delay in the return of the Production Tools for any reason attributable to Seller, and in addition to any damages resulting from a delay in performance, Seller shall pay Buyer liquidated damages of 5% of the replacement cost of a new Production Tool as defined in the Tool Statement each day of delay. Buyer may, without prejudice to any other method of recovery, deduct the amount of such liquidated damages from any monies due or which may become due to Seller. The payment or deduction of such liquidated damages shall not relieve Seller from its obligation to return the Production Tools, or from any other of its obligations, duties and liabilities hereunder. Seller agrees that the liquidated damages set forth herein represent a fair, reasonable, and appropriate estimate of Buyer's delay damages resulting from Seller's failure to timely return the Production Tools by the required date. The liquidated damages set forth herein are intended to represent estimated delay damages resulting from a failure by Seller to timely deliver the Production Tools and are not intended as a penalty.

The return of the Production Tools by Seller shall not give rise to any right to an indemnification by Buyer, even if Seller has improved the Production Tools in any manner whatsoever. If Buyer establishes that the Production Tools are not returned in a good condition (except normal wear and tear), Buyer shall notify Seller and provide an opportunity to Seller to remedy any defects or defaults within a period of thirty (30) days, in the absence whereof Buyer may have any third party remedy such defects or defaults at the cost and expense of Seller. Notwithstanding the foregoing, Buyer may require Seller to proceed either to the scrapping of the Production Tools or to maintain the Production Tools, free of charge, at its production facilities for a further period of time in order to assure the future requirements of Buyer for spare parts. The maximum duration of such storage shall be defined in the Tool Statement or in the absence thereof, shall be considered to be for a maximum duration of fifteen (15) years.

L. If there is a significant reduction in supplies under the Purchase Order leading to an overcapacity of Goods at Seller's production facilities, Buyer may request the return of any Production Tools that are no longer needed for the production of Goods at those facilities.

**15. Transfer of Title to Goods.**

Transfer of title to the Goods shall occur as follows:

- When Goods are supplied with a short transit time (1-2 days from Seller location or external warehouse), the transfer of title occurs at the moment the Goods are unloaded at Buyer's reception dock.
- When Goods are supplied with a long transit time (more than 2 days from Seller location), a consignment stock agreement shall be agreed between Buyer and Seller. In such case, transfer of title will occur upon removal of the Goods from the consignment warehouse by Buyer or its agent.

The maximum ageing period between date of delivery of the Goods and the actual transfer of title is defined in the WALOR Supply Chain and Logistics Requirements.

**16. Inspection Rights.** Buyer will have the right to enter Seller's facilities during normal business hours to inspect the facilities, the Goods and the records that Seller is required to maintain under Section 24 hereof. Buyer shall procure that inspection will not unnecessarily impede the Seller's operational processes. Seller will provide all cooperation and provide all documents and information that may reasonably be required for such inspection purposes. If the inspection reveals that Seller is not in compliance with any of the requirements of the Purchase Order, Seller shall promptly take all necessary and reasonable measures in order to achieve such compliance, and reimburse Buyer for the reasonable documented costs incurred in connection with the inspection. Buyer's inspection of the Goods whether during manufacture, prior to delivery or within a reasonable time after delivery, will not constitute acceptance of any work in process or finished Goods.

**17. Subcontracting.** Seller will not subcontract any of its duties or obligations under any Purchase Order without prior written approval by Buyer. Seller will ensure that any subcontractor so approved complies with all production part approval process (PPAP) requirements of Buyer's customer and any other requirements of Buyer. Buyer or Buyer's representative will be afforded the right to verify at any subcontractor's premises and Seller's premises that subcontracted Goods conform to specified requirements. Seller remains liable towards Buyer for the acts and omissions of the subcontractor.

**18. Insurance.** Seller will obtain and maintain, at its sole expense, insurance coverage in accordance with the Insurance Requirements which can be found at [\[INSERT LINK\]](#).

**19. Compliance with Laws and Code of Conduct.**

A. Seller shall comply with all the applicable laws and regulations, in particular, those related to environmental protection, safety, anticorruption and antitrust.

B. Seller shall comply with all applicable laws and regulations with regard to the supply, sale, transfer, export, re-transfer, or re-export of the Goods, including: economic sanctions, export controls and trade embargoes ("**Export Regulations**"). Seller shall not cause Buyer to risk, either directly or indirectly, any potential violation of any applicable Export Regulations. Furthermore, Seller will not supply, sell, transfer, export, re-transfer, re-export, otherwise make available or use the Goods in order to circumvent, evade or avoid any applicable Export Regulations.

C. Seller will adopt in its business dealings the ethical rules set out in the United Nations Global Compact on human rights, labor standards, the environment and anti-corruption as well as the rules of Buyer's Business Partner Code of Conduct attached as Schedule C. If Seller subcontracts any of its duties or obligations under any Purchase Order or purchases raw material, components or other resources for the manufacture of the Goods, Seller will ensure that all sub-tier suppliers and subcontractors comply with the requirements of this Section. The commitment of the Seller to comply with the above rules and procedures is a prerequisite to continued business dealings between Buyer and the Seller.

D. Should the Seller process personal data in the context of performance of the Purchase Order on behalf of Buyer, Seller undertakes to comply in all material respects with the applicable laws and regulations related to processing of personal data in the United States of America, including any U.S. state consumer privacy laws, and will enter into any necessary data processing terms with Buyer.

**20. Setoff.**

A. In addition to any right of setoff or recoupment provided or allowed by law, Buyer and any entity of the Buyer group of companies may setoff against or recoup from any amounts owing to Seller or any entity of the Seller group of companies any amounts owing to any member of the Buyer group of companies by any member of the Seller group of companies including, without limitation, for damages resulting from breaches by Seller of its obligations under this or any other Purchase Order.

B. If an obligation of any member of the Seller group of companies is disputed, contingent or unliquidated, payment by any member of the Buyer group of companies of all or any portion of the amount due may be deferred until such dispute contingency is resolved or the obligation is liquidated. Without limiting the generality of the foregoing and by way of example only, in the event of a bankruptcy of Seller, if all of the Purchase Orders between Buyer and Seller have not been assumed, then Buyer may withhold payment to Seller for Goods previously delivered (via an administrative hold or otherwise) until the risk of potential rejection and other damages is eliminated.

**21. Advertising.** Seller will not refer to Buyer in advertising or public releases without Buyer's prior written approval and will not use Buyer's trademarks or trade names in advertising or promotional materials.

**22. Force Majeure; Labor Disruptions.**

A. Any delay or failure of Buyer or Seller to perform its obligations under the Purchase Order 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 and whose effects could not be avoided by appropriate measures, such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority; embargoes; fires; explosions; natural disasters; riots; or wars ("**Force Majeure Event**"). Whenever Seller notifies Buyer of a Force Majeure Event, Buyer may, at its option: (a) purchase the Goods from other sources and reduce its Releases to Seller by such quantities without liability of Buyer to Seller, and require Seller to reimburse Buyer for any additional costs to Buyer of obtaining the substitute Goods compared to the prices set forth in the Purchase Order; or (b) require Seller to deliver to Buyer, at Buyer's expense, all finished Goods, work in process and/or parts and materials produced or acquired for work under the Purchase Order.

B. Seller's financial inability to perform, changes in cost or availability of materials or components based on market conditions, and/or supplier actions or contract disputes will not constitute Force Majeure Events.

**23. Replacement Parts.** Seller agrees to continue to deliver the Goods to meet the needs of the spare part market for a period of fifteen (15) years after the sale of the last vehicle of the model(s) of the range incorporating said Goods. For the first five (5) years following the stop of production of past model parts, such sales will be made at the prices then specified in the last Purchase Order for current model production plus any actual net cost differential for required unique packaging. For the ten (10) years following the first five years or such shorter period for which Buyer's customer requires to be provided with service parts, the prices will be as specified in the last Purchase Order for current model production plus any actual net cost differential for required unique packaging plus any actual net cost differential for manufacturing costs as mutually agreed by Buyer and Seller.

**24. Financial information.** Seller shall maintain complete and accurate records in accordance with generally accepted accounting principles and good commercial practices to substantiate Seller's costs hereunder. Seller shall retain such records for three (3) years from final payment under the Purchase Order. If requested by Buyer, Seller will provide to Buyer its most current income statements, balance sheets, cash flow statements and supporting data and schedules.

**25. No suspension.** In the event of a commercial dispute between Seller and Buyer, Seller shall not interrupt or suspend the performance of its obligations under the Purchase Order, or perform any action that prevents, slows down, or reduces in any way the continuity of supplies of the Goods. Seller acknowledges and accepts that rather than interrupt or suspend the supplies of Goods, it shall use the procedure of Section 31 hereof in order to resolve any dispute with Buyer.

**26. Severability.** If any terms(s) of the Purchase Order is invalid or unenforceable under any law, regulation, rule, legislative document or judicial interpretation, such term(s) will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with such law, regulation, rule, legislative document or judicial interpretation, and the remaining provisions of the Purchase Order will remain in full force and effect.

**27. Notices.** All notices, claims and other communications to Buyer required or permitted under the Purchase Order will be made in writing and will be effective only upon receipt by Buyer. Seller's failure to provide any notice, claim or other communication to Buyer in the manner and within the time periods specified in the Purchase Order will constitute a waiver by Seller of any and all rights and remedies that otherwise would have been available to Seller upon making such notice, claim or other communication.

**28. Electronic Communication.** Seller will comply with the method of electronic communication specified by Buyer, including requirements for electronic funds transfer, purchase order transmission, electronic signature, and other communications.

**29. Relationship of Parties.** Seller and Buyer are independent contracting parties and nothing in these General Terms of Purchase will make either party the agent, partner, joint venturer or legal representative of the other for any purpose, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

**30. Confidentiality.**

A. Seller will (i) keep all Buyer's Confidential Information confidential and disclose it only to its employees who need to know such information in order for Seller to supply Goods, tooling, and equipment to Buyer under the Purchase Order and (ii) use Buyer's Confidential Information solely for the purpose of supplying Goods to Buyer. "**Buyer's Confidential Information**" means all information, written or verbal, provided to Seller by Buyer or its representatives or subcontractors that Seller knows or reasonably should know is confidential based on the circumstances of disclosure, including in connection with Buyer's business, programs, Goods data, formulas, compositions, designs, sketches, photographs, samples, prototypes, test vehicles, manufacturing, packaging or shipping methods and processes and computer software and programs (including object code and source code). Buyer's Confidential Information also includes any materials or information that contains, or is based on any Buyer's Confidential Information, whether prepared by Buyer, Seller or any other person.

B. Buyer shall undertake the same confidentiality obligations if Seller has provided any technical documentation related to the supply of the Goods.

**31. Governing Law; Dispute Settlement.** This Purchase Order will be governed by the laws of the State of Ohio without regard to any otherwise applicable conflict of laws provisions. The United Nations Convention on the International Sale of Goods is expressly excluded. Buyer and Seller agree that any and all disputes between them will be resolved by, and they each consent to, the exclusive jurisdiction and venue of the state and federal courts having jurisdiction in Franklin County, Ohio to resolve any such disputes, including for lawsuits seeking monetary relief or equitable relief. Supplier specifically waives any and all objections to venue in such courts.

**32. Continuing Obligations.** These General Terms of Purchase will survive expiration, non-renewal or termination of the purchasing relationship between Buyer and Seller.

[End of General Terms of Purchase]