

## **PURCHASE ORDER – GENERAL TERMS AND CONDITIONS**

### **1. SCOPE OF APPLICATION**

These GTC shall apply to all Purchase Orders and all documents termed “purchase agreements” issued by HFI to the Supplier. The applicability of the general terms and conditions of the Supplier shall be barred, even if an objection is not specifically raised against them.

### **2. CONTRACTUAL DOCUMENTS**

**CONTRACT** The Contract consists of the following documents, in a decreasing order of priority: (i) the Releases, (ii) the Purchase Order issued by HFI, (iii) the Letter of Award/Nomination, if applicable (iv) Particular Conditions provided in writing by HFI, if applicable, and (v) these General purchase condition. In the event of conflicts between provisions of the Contract, the priority of the documents shall be determined according to the foregoing sequence.

**ENTIRE AGREEMENT** The Contract constitutes the entire agreement between the Contracting Parties and supersedes all prior, contemporaneous, express or implied written or verbal, representations and/or agreements.

**AMENDMENT** Any request of amendment of the Contract by a Contracting Party shall not unreasonably delay or suspend performance of the Contractual Products and/or Contractual Services. Amendments of the Contract must be in writing and must be validly signed by authorized representatives of the Contracting Parties.

### **3. FORMATION OF THE CONTRACT**

**BINDING PURCHASE ORDER** The Purchase Order issued by HFI may be sent by letter, email or any other electronic means determined by HFI. Acceptance of a Purchase Order is limited to acceptance of the express terms of HFI’s offer as set forth in these General Purchase Condition and the Purchase Order. Any proposal for additional or different terms or any attempt whatsoever by the Supplier to vary any of the terms of a Purchase Order (whether in the Supplier’s quotation form, acknowledgement form, invoice or otherwise) shall be deemed material and is hereby objected to and rejected. HFI only agrees that these General Purchase Conditions. The Supplier’s written acceptance of the Purchase Order, or its commencement of (i) work on the Contractual Products and/or Contractual Services subject to a Purchase Order or shipment of the Contractual Products, whichever occurs first, or (ii) performance of all or any portion of the Contractual Services for which a Purchase Order has been issued, shall constitute acceptance of HFI’s offer contained in a Purchase Order. Submission of an invoice or shipping statement referencing or relating to a Purchase Order, whether in writing or electronically, shall constitute a written acceptance of HFI’s Purchase Order and these GTC.

**3.2 CANCELLATION** In addition to any other rights of HFI, HFI may cancel a Purchase Order with immediate effect and without a statement of grounds, at any time prior to HFI’s actual

knowledge of the Supplier's acceptance. Cancellation shall not establish any claims whatsoever on the part of the Supplier.

**3.3 COMPANY ACCEPTANCE** If the Supplier does not report an Order Confirmation and the Purchase Order has not been revoked in accordance with Section 3.2, the Contract shall, by way of deviation and in addition to those modes of acceptance set forth in Section 3.1, also be deemed validly formed as soon as (i) the Supplier executes the Purchase Order in whole or in part and (ii) HFI accepts the respective Contractual Products and/or Contractual Services without reservation.

#### **4. CHANGES TO THE CONTRACTUAL PRODUCTS AND/OR CONTRACTUAL SERVICES**

**4.1 CHANGES** HFI shall be entitled to request changes to any provision of the Purchase Order, including changes in the specifications related to Contractual Products and/or Contractual Services from the Supplier at any time. The Supplier shall review the feasibility and the technical and commercial effects of the changes and transmit a written offer to HFI concerning implementation of the changes within reasonable time. The offer shall contain a detailed description of the effects of the changes (particularly with respect to the quality, the safety, price, costs, and/or the delivery dates of the Contractual Products and/or Contractual Services) and the necessary documentation. In case the changes requested are due to quality or safety problems, the technical and commercial feasibility of such changes must be reviewed immediately by the Supplier which shall send an offer forthwith.

**4.2 CONFIRMATION OF CHANGE** If HFI accepts the Supplier's offer, the Contracting Parties shall undertake all necessary adjustments to the Contract in writing prior to implementation of the changes. This shall apply to the adjustment of the Specifications, the drawings, the Price, the delivery dates and/or other time periods.

**4.3 Resolution.** If the Contracting Parties do not reach an agreement with respect to all necessary changes, as provided for in Sections 4.1 and 4.2 HFI shall be entitled to, at its sole option:

**4.3.1 ENGAGE A THIRD PARTY TO IMPLEMENT THE CHANGES** In such case, the Supplier undertakes to deliver to HFI all drawings, Specifications and other documents that are necessary to the planning and implementation of the changes; and/or

**4.3.2** terminate the Contract in whole or in part as per the provision of Section 23.

**4.4 NO CHANGE** Without the prior approval of Purchaser on the face of a contract amendment or in a Signed Writing by Purchaser's Vice President – Purchasing, Seller shall not make any changes to any Order or the Goods covered by the Order, including, without limitation, changing (i) any third party supplier to Seller of services, raw materials or goods used by Seller in connection with its performance under the Order, (ii) the facility from which Seller or such supplier operates, (iii) the price and/or Contractual Services of any of the Goods covered by the Order, (iv) the nature, type or quality of any services, raw materials or goods used by Seller or its suppliers in connection with the Order; (v) the fit, form, function, appearance, performance of any Goods covered by the Order ; or (vi) the production method, or any process or software used in the production or provision of any Goods under the Order and current PPAP status. Any

changes by Seller to any Order or the Goods covered by the Order without the prior approval by Purchaser on the face of an Order amendment or in a Signed Writing by Purchaser's Vice President – Purchasing shall constitute a breach of the Order.

## **5. INFORMATION, NOTICES, WARNINGS**

**5.1 INFORMATION SHARING** The Supplier is a specialist in the supply of the Contractual Products and/or the performance of the Contractual Services (as the case may be). As such, the Supplier shall promptly transmit to HFI all necessary information, instructions, advisories and warnings relating to the Contractual Products and/or Contractual Services, including their quality or their safety, regardless of the skills and/or Know-How of HFI. In particular, the Supplier shall:

**5.1.1** provide HFI with all information and instructions that are necessary for the correct storage, packaging and use of the Contractual Products and/or Contractual Services;

**5.1.2** ensure that the Specifications of the Contractual Products and/or Contractual Services are complete, suitable for and commensurate to the contractually agreed upon or known intended use. The Supplier shall be required to promptly inform HFI if the Contractual Products and/or Contractual Services violate legal provisions of countries in which the Customer Products are to be sold, distributed or used;

**5.1.3** inform HFI of any quality risks or other inadequacies of which it is aware with respect to the Contractual Products and/or Contractual Services and promptly warn HFI if the Contractual Products and/or Contractual Services are defective, particularly if such Defect could endanger the safety of people or property; and

**5.1.4** propose measures to HFI to improve the quality and reduce the costs of the Contractual Products and/or Contractual Services.

## **6. QUALITY ASSURANCE; INSPECTIONS**

**6.1 QUALITY MANAGEMENT** By commencing performance under the Contract, the Supplier accepts HFI's quality management system, which has been communicated to the Supplier and is incorporated herein by reference and undertakes to strictly comply with the terms and conditions specified therein.

**6.2 STRICT PERFORMANCE** The Supplier shall provide the Contractual Products and/or Contractual Services in conformity with the quality procedure specified in the Contract, which is incorporated herein by reference. The Supplier shall deliver copies of all certificates relating to the Contractual Products and/or Contractual Services and the safety thereof to HFI.

**6.3 SUPPLIER SITE INSPECTION** At HFI's option, HFI may, from time to time, review and inspect the Supplier's testing, inspection, quality control and reliability procedures, as well as the data supporting the same. The Supplier agrees to comply at all times with HFI's most recently adopted quality control/assurance specifications and manuals and inspection standards and procedures as made available by HFI (including, without limitation, as posted on HFI's website: [www.hfi-inc.com](http://www.hfi-inc.com)), additional copies of which are available upon request.

**6.4 RIGHT OF PRODUCT INSPECTION** All materials, tooling, capital, equipment and workmanship utilized in the performance of any Purchase Order shall be subject to inspection

and testing by HFI (and HFI's customers) to the extent practicable at all times and places, including the period and place of manufacture. If any such inspection or testing is made on the Supplier's premises or on the premises of any authorized subcontractor or agent of the Supplier, the Supplier or such authorized subcontractor or agent, as the case may be, shall provide, without additional charge, all reasonable facilities and assistance. Unless granted by HFI's authorized representatives in writing, no inspection shall be deemed to be an approval or admission by HFI that the inspected Contractual Products or Contractual Services (or any related work-in-process or other physical inventory) fulfil the terms of any Purchase Order. Inspection and approval by HFI or HFI's authorized representatives does not preclude rejection or other relief for any existing defects (whether latent or manifest) subsequently discovered. The Supplier shall provide and maintain, without additional charge, a testing and inspection system (which shall include quality control and reliability procedures) acceptable to HFI covering the materials and workmanship utilized in the performance of any Purchase Order.

**6.5 NO WAIVER BY INSPECTION** In no case whatsoever shall (i) any inspection or testing by HFI (or HFI's customers) of the materials, tooling, capital, equipment and workmanship utilized in the performance of any Purchase Order, (ii) any review or inspection by HFI of the Supplier's testing, inspection, quality control or reliability procedures (or related data), or (iii) any acceptance by HFI of the Contractual Products or Contractual Services, relieve the Supplier from the strict and complete performance of all of the Supplier's obligations and warranties under any Purchase Order. In no event shall payment be deemed to constitute acceptance by or on behalf of HFI of any nonconforming Contractual Products or Contractual Services.

**6.6 RIGHT OF INSPECTION** HFI reserves the right to inspect the Contractual Products or the progress of Contractual Services before their delivery or receipt, on the site of the Supplier during normal working hours upon prior notice to the Supplier of such inspection.

## **7. STATUTES, LAWS AND REGULATIONS**

**7.1 COMPLIANCE WITH LAWS** The Supplier warrants its compliance with all applicable Federal, State, local and foreign laws; codes; ordinances; rules, standards and regulations; Executive Orders; and all amendments thereto (collectively "Laws"), including those in the areas of labor, health, safety, transportation and the environment, that are applicable to any Purchase Order and shall furnish HFI with certificates of such compliance where required thereunder or when requested by HFI.

**7.2 MSDS SAFETY REQUIREMENTS** The Supplier shall transport, package and label the Contractual Products and their containers, including, in particular, those which constitute a health, poison, fire, explosion or other safety hazard, in accordance with all applicable Laws in effect in the place to which the Contractual Products are shipped or as otherwise specified by HFI. Without limitation, such obligations shall include the proper preparation and provision of applicable material safety data sheets (MSDS) and other prescribed documentation and/or information.

**7.3 EEO CLAUSE FROM EXECUTIVE ORDER 11246 EQUAL EMPLOYMENT OPPORTUNITY.** With respect to Products or Services performed in, provided to or otherwise

subject to United States laws and regulations, the Equal Employment Opportunity Clause in Section 202, Paragraphs 1 through 7 of Executive Order 11246, as amended, relative to equal employment opportunity and the implementing Rules and Regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference.

**7.4 EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION.** For shipments to or from the United States the Purchase Order(s) incorporate by reference all applicable provisions of The Code of Federal Regulations as amended, pertaining to: (a) the equal opportunity clause in government contracts; (b) Affirmative action for disabled veterans of the Vietnam Era; and (c) Affirmative action for handicapped workers. The Supplier certifies that it is in compliance with all applicable provisions of The Code of Federal Regulations, as amended.

**7.5 CHILD LABOR LAWS** The Supplier for itself and its suppliers, undertakes to comply with the provisions of the United Nations Treaty of November 20, 1989 regarding children's rights prohibiting child labor; and not to use, in any form whatsoever, forced or compulsory labor as defined in Section 1 of the International Labor Organization treaty of June 25, 1957 on the elimination of forced labor.

**7.6 MATERIALITY** The Supplier acknowledges that the duties listed in this Section 7 constitute material contractual obligations.

**7.7 ETHICAL BUSINESS PRACTICES** The Supplier shall comply with all requirements and demands of HFI with respect to ethics, social acceptability, and environmental sustainability, whether these obligations have been requested by HFI, by the Customer or agreed between HFI and the Customer.

**7.8 U.K. BRIBERY ACT/FCPA COMPLIANCE** The Supplier warrants to comply at all times with all applicable anti-corruption laws, conventions or regulations, including, inter alia, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the Loi Sapin 2, and all other applicable laws regarding domestic or international corruption, bribery, and ethical business conduct.

**7.9 ANTI-BRIBERY** The Supplier represents and warrants that itself, or any of its affiliated companies, is not engaged and will not engage in any form of commercial bribery, nor directly or indirectly provide or offer to provide, anything of value to, or for the benefit of, any official or employee of a governmental authority or of any government-owned, government-controlled or government-affiliated entity to obtain or retain any contract, business opportunity or other business benefit, or to influence any act or decision of that person in his/her official capacity. It is the Supplier's responsibility to cause its subcontractors, vendors, agents or other associated third parties to act according to this provision.

**7.10 CONFLICT MINERALS** Supplier represents and warrants that itself or any of its affiliate companies and its supply chain are currently in compliance, and it covenants that Supplier, its affiliates and its supply chain shall continue to comply, with existing and future law relating to "conflict minerals" as defined by the Dodd-Frank Wall Street Reform Act. SUPPLIER SHALL BE RESPONSIBLE FOR AND SHALL RELEASE, DEFEND,

INDEMNIFY AND HOLD HARMLESS BUYER GROUP FROM AND AGAINST ANY LIABILITY RESULTING FROM THE BREACH OF THE AFOREMENTIONED REPRESENTATION AND WARRANTY AND COVENANT.

**7.11 COMPLIANCE CERTIFICATE** At HFI's request, the Supplier will certify in writing, without undue delay, its compliance with the foregoing and shall furnish HFI with certificates of such compliance where required thereunder or when requested by HFI.

**7.12 TERMINATION RIGHT** In the event of failure to comply with this Section, HFI shall have the right to immediately terminate all agreements existing with the Supplier, and to cancel all negotiations, with immediate effect and without compensation, and without prejudice to any other rights and/or remedies which HFI have at law.

**7.13 INDEMNITY** The Supplier will indemnify and hold HFI harmless from and against any and all liability, claims, demands or expenses (including, inter alia, legal or other professional fees) arising from or relating to the Supplier's non-compliance with this Section 7.5, negligence, gross negligence or willful misconduct.

**7.14 SUPPLIER'S LIABILITY FOR BREACH** The Supplier shall be fully liable for any and all consequences arising from a breach of the above provisions by the Supplier or its suppliers, and shall defend, indemnify and hold HFI harmless against and from any claims, costs and damages (including attorneys' fees) resulting from any breach of such provisions.

## **8. AUDITS**

**8.1 AUDIT RIGHTS** HFI shall be entitled to conduct Audits on the Supplier's premises at any time during Supplier's normal working hours upon reasonable advance notification. Within the framework of the Audits, HFI shall be permitted, among other things, to check the quality assurance measures, the Personal Data protection measures and Contractual Products before they are delivered.

**8.2 NOTICE** In general, advance notification shall be deemed to be reasonable if it is made five (5) calendar days prior to the performance of the Audit. The Audits should not unnecessarily impede the Supplier's operational processes.

**8.3 COOPERATION** The Supplier shall cooperate with and assist the Auditor. In particular, the Supplier shall grant the Auditor access to any location of the production facilities, installation, tooling, equipment, finished goods, work in progress, raw materials and other premises and provide the requested documents and information and answer all questions of the Auditor. The Auditor shall also be entitled to take Contractual Products and/or samples for documentation purposes in order to, among other things, confirm the compliance of the samples with the quality standards and to confirm that the Contractual Products will conform to all Specifications and requirements of the Contract.

**8.4 REMEDIAL ACTION** If the Audit reveals that the Supplier is not in compliance with the agreed upon standards and/or Specifications or Personal Data security requirements, the Supplier shall promptly take all measures identified by HFI in the Audit within the time limits and under the conditions set forth by the Auditor. Should the Audit establish that standards and/or Specifications are not being met, HFI's Audit and agreement to permit the Supplier to cure such deficiencies is not a waiver of any breach or claim arising from such nonconformity.

**8.5 REIMBURSEMENT** If Audits are conducted as a result of problems that relate to the performance of the Contractual Products and/or Contractual Services (quality problems, delivery difficulties, Personal Data breaches, etc.) and for which HFI is not responsible, the Supplier shall be required to reimburse HFI for the reasonable documented costs incurred in connection with the Audit by way of bank transfer within twenty (20) calendar days of receipt of the invoice.

**8.6 AUDIT NON-IMPACT** By way of clarification: any rights of HFI, particularly warranty and damage claims or rights to terminate the Contract, shall not be affected by the conduct of an Audit or measures taken during or as a consequence of an Audit. In particular, the Supplier shall be required to independently review all measures and conduct them autonomously. HFI shall assist the Supplier within the framework of Audits solely with respect to compliance with the Supplier's contractual duties. If the Supplier desires additional information or assistance, an express consulting contract must be concluded with HFI.

## **9. QUANTITIES; PRODUCTION; FLEXIBILITY**

**9.1 REQUIREMENTS CONTRACT** Unless an express quantity is stated on the face of a Purchase Order, HFI shall buy and the Supplier shall sell 100 percent of HFI's requirements of the Contractual Products in order to meet HFI's Customer's demand for the Contractual Products, for the life of our Customer's vehicle platform, including any extensions demanded by HFI's Customer.

**9.2 NO VOLUME GUARANTEE** Quantities that may be indicated in a Purchase Order, Request for Quote, Quotation, Quotation Analysis Form, correspondence, Nomination Letter or other documentation by HFI are given for information purposes only and do not represent a commitment of HFI. The actual quantities ordered shall be specified by Releases.

**9.3 VOLUME INCREASES** Should the Customer impose an increase in quantities for which the Contractual Products and/or Contractual Services are required, the Supplier shall sell, and HFI shall purchase, any additional requirements of Contractual Products and/or Contractual Services at the current Price and without any extra payment.

**9.4 REQUIREMENTS VOLUMES** It is expressly agreed by the Supplier that HFI is required only to purchase its requirements of the Contractual Products. Therefore, if those requirements go down because the Customer imposes a reduction, cancellation or stoppage of vehicle production (i.e., requirements reduce or go down to zero), HFI shall have no liability whatsoever with respect to such reductions, cancellation or stoppage, and shall have the unilateral right to terminate any related Purchase Order(s) and/or Contract without liability. If the demand increases or decreases, the Supplier must continue to supply at current pricing.

**9.5 REUSE OF EQUIPMENT** In the event a Purchase Order for one platform within a program utilizes the same Equipment (including tooling) for other platforms, the Supplier shall supply HFI's requirements at HFI's option for those programs utilizing the same Equipment.

**9.6 PROGRAM LIFE** Unless otherwise stated in a Purchase Order or Award letter, the term of the Contract shall be for the life of the subject vehicle program, which can be extended, suspended/resumed, or shortened from time to time by HFI's Customer, without liability HFI. The Supplier shall supply the Contract Products and/or Contract Services during the entire duration of the Contract, as may be extended, delayed, suspended or shortened, without any adjustments in Price.

## **10. DELIVERY TERMS**

**10.1 DELIVERY** Unless otherwise designated in the Purchase Order, delivery of the Contractual Products shall be made "DAP" designated destination (as that term is defined in Incoterms 2010 Edition) HFI's facility and all transportation, freight and delivery charges shall be at the Supplier's expense. No charge shall be made for insurance, storage, parking or detention except as stated in the Purchase Order.

**10.2 SPECIFICATIONS** The Contractual Products must be delivered in accordance with the logistics requirement agreed upon in the Contract. In particular, the delivery documents must conform to the requirements specified therein.

### **10.3 PACKAGING**

**10.3.1** The Supplier shall package the Contractual Products in a reasonable manner commensurate to the mode of transport, such that the Contractual Products are not damaged during transport, the loading processes, or storage at the destination, provided, however that if packaging instructions are communicated by HFI, Supplier must package the Contractual Products in strict accordance with the instructions provided by HFI.

**10.3.2** conformity with the applicable law and the provisions contained in the Purchase Order and in the HFI's Supplier Logistics Manual and Label Quality Procedure (which can be found at [www.HFI-inc.com](http://www.HFI-inc.com)) as the same may be amended from time to time (including the marking of all cases, packages, boxes or other containers with the number of the related Purchase Order, and enclosing therewith or attaching thereto a shipping notice showing the contents thereof, together with the name of the Seller and, if different, the name of the shipper).

**10.3.3** The pricing set forth in a Purchase Order shall be inclusive of labeling, packing, boxing and crating and the Supplier shall not charge HFI for labeling, packing, boxing or crating except as stated specifically in a Purchase Order.

**10.3.4** If the Contractual Products are not shipped in strict accordance with these terms and conditions, HFI's directions and/or the instructions set out in a Purchase Order or Release, if any, then the Supplier shall pay or reimburse HFI, as the case may be, for any excess costs occasioned thereby.



#### **10.4 TIMING**

**10.4.1** The date(s) or deadlines for the performance of the Contractual Services and/ or delivery of the Contractual Products are of the essence to HFI. The Supplier is aware that substantial damage can arise, if the Contractual Products and/or Contractual Services are not delivered or performed within these date(s) or deadlines.

**10.4.2** Deliveries are to be made both in the quantities and at the times specified in a Purchase Order or if not specified therein, in such quantities and at such times as may be indicated in HFI's Releases or other instructions. If the Supplier is unable to make shipments as specified in a Purchase Order or in a Release or other instructions from HFI, then the Supplier will immediately notify HFI and HFI shall have the right to cancel such Purchase Order without liability and without prejudice to HFI's right to claim from the Supplier any losses or damages occasioned thereby.

**10.4.3** Performance or delivery of the Contractual Products and/or Contractual Services in advance of the above dates and deadlines shall require the prior written approval of HFI.

**10.4.4** The Supplier must maintain reasonable backup processes and emergency plans ready for all Open Orders, in order to ensure the rendering of Contractual Products and/or Contractual Services during the entire term of the Open Order. The backup processes and emergency plans must, at a minimum, conform to customary automotive industry standards.

### **11. ACCEPTANCE OF CONTRACTUAL PRODUCTS AND/OR CONTRACTUAL SERVICES; DEFECTIVE AND/OR NONCONFIRMING CONTRACTUAL GOODS AND SERVICES**

#### **11.1 ACCEPTANCE OF CONTRACTUAL PRODUCTS**

**11.1.1** Following delivery, HFI shall make commercially reasonable efforts to inform the Supplier of any apparent defects in the Contractual Products as soon as practicable from the time at which such defects should be detectable in the ordinary course of operations.

**11.1.2** The HFI's failure to assert a claim or reserve such claim at the time of delivery and/or payment for the Contractual Products shall not be considered as a final acceptance of the Contractual Products delivered, nor as an acceptance of the amount invoiced, and shall not, under any condition, be deemed as a waiver by HFI of its right to assert any claim in the future in accordance with all applicable laws.

**11.2 REJECTION OF CONTRACTUAL PRODUCTS** HFI reserves the right to reject the Contractual Products in any form whatsoever, in the event of other than an immaterial non-compliance of the Contractual Products. HFI also reserves the right to reject delivery of excess quantities of the Contractual Products in the same manner.

**11.3 ACCEPTANCE OF CONTRACTUAL SERVICES** Contractual Services shall be accepted by HFI only upon completion of performance which shall occur either:

**11.3.1** upon the date provided in the Purchase Order or other written agreement, and only if the Contractual Services are satisfactorily completed in conformity with the Purchase Order or statement of work and approved by HFI without reservation; or

**11.3.2** upon the date on which all reservations have been withdrawn by HFI as evidenced by HFI's execution and delivery of a corresponding completion certificate.

**11.4 REJECTION OF CONTRACTUAL SERVICES** HFI reserves the right to reject the Contractual Services if:

- 11.4.1** at the completion date of the Contractual Services, the Contractual Services are not satisfactory without reservation, by reason of other than immaterial nonconformity or defect; or
- 11.4.2** HFI's reservations have not been withdrawn within the time limits established by the Parties by reason of other than immaterial nonconformity or defect; or
- 11.4.3** the Supplier has failed to comply with the Contractual Service delivery schedule or completion deadlines.

**11.5 DEFECTIVE AND/OR NONCONFORMING CONTRACTUAL PRODUCTS OR CONTRACTUAL SERVICES**

**11.5.1** If any of the Contractual Products or Contractual Services fails to meet the warranties contained in these GTC, any applicable law or regulation or any other written agreement between the Parties, including but not limited to a statement of work, HFI shall have at any time, without prejudice, the right to terminate, to claim compensatory damages, and/or the option, to:

- have such Contractual Products repaired or replaced immediately by and at the sole expense of the Supplier, who shall have no right to raise any objections or claims regarding the production or delivery schedule or as to Contractual Services have such Contractual Services performed again immediately by and at the sole expense of the Supplier, who shall have no right to raise any objection; or
- have such nonconforming Contractual Services performed by a third party designated by HFI, at the sole expense of the Supplier who shall have no right to raise any objection; or
- have the purchase price for the Contractual Products or payment for Contractual Services promptly refunded promptly upon demand of HFI; or
- otherwise satisfactorily deal with the defective or nonconforming Contractual Products or Contractual Services (including, to the extent applicable, participation in recall, claims adjustment and other similar programs) in a manner acceptable to HFI in its sole discretion, at the Supplier's sole expense.

**11.5.2** Any rejected Contractual Products must be recovered by the Supplier at its sole expense and risk within eight (8) calendar days following notice of rejection by HFI. It is expressly agreed that after such time, HFI may, without any liability whatsoever, at the Supplier's sole cost, expense and risk, either destroy the rejected Contractual Products, or return them to the Supplier.

**11.5.3** Should the Supplier fail or otherwise be unable to cure any such breach or nonconformity within the time-frame or other parameters required by HFI (and whether or not such time-frame or other parameters are communicated to the Supplier), or, or such breach or nonconformity is of the nature that may not be cured within the timeframe required or within the other parameters required by HFI, (i) HFI may cancel in whole or part any Purchase Order as to the particular defective or nonconforming Contractual Products and Contractual Services, or (ii) HFI may, in HFI's sole discretion, (and without any obligation to do so), assume control over the correction, repair, replacement or other rectification efforts, processes and programs, in which case the Supplier shall pay or reimburse HFI for all associated costs and expenses (including third party or HFI's internal handling, sorting, segregation/holding, reworking and administrative time, labor and materials). After notice to the Supplier, all defective or nonconforming Contractual Products shall be held at the Supplier's risk. HFI may, and at the Supplier's direction, return such

Contractual Products to the Supplier at the Supplier's risk, and all handling, sorting, segregation/holding, and handling charges, as well as transportation, freight and delivery charges (both to and from the original destination) and any other related expenses, shall be paid by the Supplier. Any payment made by HFI to the Supplier for such defective or nonconforming Contractual Products or Contractual Services shall be immediately refunded by the Supplier, unless and to the extent that the Supplier promptly corrects, repairs, replaces or otherwise satisfactorily corrects such nonconformity. The Supplier's warranties shall also apply to such corrected, repaired, or replaced Contractual Products and Contractual Services.

**11.5.4** In the case of rejected Services, HFI may reject the Contractual Services if: (a) at the completion date, the Contractual Services are not satisfactory without reservation, by reason of other than immaterial non-conformity or defect; or (b) HFI's reservations have not been withdrawn within the time limits established by the Parties by reason of other than immaterial non-conformity or defect; or (c) the Supplier has failed to comply with the Service delivery schedule or completion.

## **12. SPECIFIC REMEDIES FOR DELAY**

**12.1 DAMAGES** The Supplier expressly acknowledges and agrees that if the Supplier is in Default with respect to the timing of delivery of the Contractual Products and/or Contractual Services conforming with the present Contract, HFI may request, after the Supplier has been able to explain the reasons of the Default, a penalty for delay in the amount of 0.2 percent (or 0.4 percent in case of serial delivery) of the net Price of the delayed Contractual Products and/or Contractual Services per completed working day, but not more than a total of ten (10) percent of the net Price of the delayed Contractual Products and/or Contractual Services. These damages are intended to begin compensating HFI for amounts of certain amounts that may not be readily ascertainable and shall not affect any of HFI's other rights to claim damages or seek other remedies, including actual, punitive, or consequential damages and/or terminate the Contract and/or the relevant Purchase Order.

**12.2 ALTERNATIVE SOURCING** If HFI expressly grants, in writing, the Supplier exclusive or single source rights to supply the Contractual Products or Contractual Services to HFI, such grant of rights shall not restrict HFI's ability to absolute entitlement to procure goods and services which are the same as or similar to the Contractual Products or Contractual Services from third parties in the event of (and throughout the period of) a delay, breach or non-conformity and, at HFI's option, to reduce a Purchase Order by such quantities without liability to the Supplier.

**12.3 COMPANY PREFERENCE** Without limiting the Supplier's obligations hereunder, in the event of any supply allocation by the Supplier, the Supplier shall give preference to HFI for all of the Contractual Products and Contractual Services ordered from the Supplier.

## **13. PRICE, INVOICING AND PAYMENT TERMS**

### **13.1 GENERAL PROVISIONS**

**13.1.1** HFI shall pay the Price set forth in the Contract for all Contractual Products and Contractual Services that conform to the terms of the Purchase Order, Contract and these GTCs.

**13.1.2** The Price shall constitute lump-sum remuneration for the Contractual Products and/or Contractual Services and shall be deemed to cover all costs of the Supplier associated with the rendering of the Contractual Products and/or Contractual Services, including any costs for any Rights of Use to Background and Results, the transfer of Results, transports, administration, tax and other customs duties, ancillary consideration, and quality controls.

**13.1.3** By dispatching its Order Confirmation or starting to perform the Contractual Products and/or Contractual Services in whole or in part, the Supplier confirms that, it has received from HFI all relevant information that it needs for the determination of the Price or that it is aware of such information from other sources. In addition, the Supplier confirms that it is familiar with the circumstances and peculiarities of the automobile supplier business and has taken them into account in the determination of the Price. Supplier further acknowledges and agrees that the Price provided and set forth on a Purchase Order, is a material inducement to HFI's award of business to the Supplier and that Company is relying on such Price to deliver its Products and Services to Company's customers.

**13.1.4** For these reasons and subject to the provisions hereinafter, the Price shall be fixed and final. The Supplier shall not demand an adjustment of the Price as a result of circumstances or peculiarities, or a lack of information, or the validity of the Contract being questioned, Supplier's financial condition or hardship, quantity adjustment, the Contract being terminated or any other similar condition.

### **13.2 DUTIES AND TAXES**

**13.2.1** Prices are net of applicable taxes and customs duties. Duties and taxes shall be added by the Supplier to its invoices in accordance with all applicable laws.

**13.2.2** Any reduction in the Supplier's costs resulting from a reduction in transportation, freight and delivery charges, customs duties, import taxes, excise taxes and/or sales taxes from those in effect on the date of the Purchase Order shall be credited or paid to HFI by the Supplier in reduction of the price of the Contractual Products and/or Contractual Services.

**13.2.3** For shipments to or from Mexico, in accordance with the Value Added Tax Law ("VATL"), this tax must be stated expressly and separately from any other item, including the price. The Supplier's invoices and any other documentation concerning HFI's purchases or sales must state the Value Added Tax in an express and separate form.

### **13.3 INVOICING**

#### **ALL INVOICES:**

**13.3.1** must comply with all applicable legal requirements and bill(s) of lading;

**13.3.2** must reference to a specific Purchase Order (the number of the Purchase Order shall be inserted) and all items invoiced, with quantities, unit prices and taxes (if any) listed separately;

**13.3.3** must be issued not earlier than the date when the Contractual Products and/or Contractual Services have been accepted or performed, as applicable;

**13.3.4** must contain all information that is necessary for HFI to identify and verify, and confirm receipt or completion of the Contractual Products and/or Contractual Services (including the Purchase Order number);

**13.3.5** must contain all information related to the payments terms in conformity with the terms set forth herein;

**13.3.6** must be sent in duplicate to the address named in the Purchase Order and are not to be attached to documents delivered together with the Contractual Products;

**13.3.7** must detail separately costs for any transportation, freight or delivery charges (if not included as part of the price on the face of the Purchase Order) that HFI expressly in writing agreed to pay, with receipted copies of such charges and approvals attached; and

**13.3.8** must contain such number of additional certified copies of invoices and customs or other documents as may be requested or specified by HFI for Contractual Products or Contractual Services provided on an international basis.

HFI shall be entitled to reject, return, dispute and withhold payment for Invoices that do not conform to the foregoing requirements.

#### **13.4 PAYMENT TERMS AND CONDITIONS**

Unless otherwise provided in these General Purchase conditions or otherwise stated on the face of a Purchase Order, net invoices (subject to applicable withholding taxes, charge-backs and other matters, if any) shall be paid within 5 days of the later of (i) 60 days after the end of the month during which the Contractual Products were delivered and/or Contractual Services were accepted, or (ii) 60 days after the end of the month during which the Supplier's Contractual Products are paid for by HFI's Customer. Notwithstanding the foregoing, in the event the Supplier is a supplier that HFI's Customer has directed HFI to utilize, a "mandated supplier," and in the event that HFI's Customer fails to pay HFI for any Contractual Products and/or Contractual Services delivered and/or performed by the Supplier as a mandated supplier, then HFI shall have no obligation to pay the Supplier for such Contractual Products and/or Contractual Services until such time as HFI receives payment for such Contractual Products and/or Contractual Services from its Customer.

#### **13.5 SET-OFF**

In addition to any right of set-off provided by law, all amounts due or to become due to the Supplier from HFI shall be considered net of indebtedness of the Supplier (and/or the Supplier's affiliates) to HFI (and/or HFI's affiliates), and HFI may deduct or set-off at any time any such indebtedness from any amounts due or to become due to the Supplier (and/or the Supplier's affiliates) from HFI (and/or HFI's affiliates).

### **14. WARRANTY**

**14.1 WARRANTY REPRESENTATION** the Supplier represents and warrants:

**14.1.1** that all of the Contractual Products and/or Contractual Services, including Equipment and any special tools, dies, jigs, fixtures, patterns, raw materials and machinery obtained by the Supplier at HFI's expense and/or which are to become the property of HFI under a Purchase Order, shall conform to and fulfil all drawings, specifications, samples and other descriptions furnished, specified or adopted by HFI, hereinafter the foregoing being the "Specifications," shall be merchantable, free from any Defects in design (to the extent designed by the Supplier), material and workmanship and free of all liens, claims and encumbrances whatsoever.

**14.1.2** If the Contractual Products constitute Equipment, including special tools, dies, jigs, fixtures, patterns, raw materials and machinery, the Supplier further warrants that such

Contractual Products will operate and perform successfully on a commercial scale in accordance with HFI's usual requirements and methods of operation. Additionally, the Supplier acknowledges that the Supplier knows the particular purpose for which HFI intends to use the Contractual Products or Company Services and the Supplier warrants such Contractual Products and Company Services shall be fit and sufficient for such particular purpose. The Supplier's warranties herein are available to, and are granted for the benefit of, HFI, HFI's affiliates and their respective successors, assigns, customers and users of products incorporating the Contractual Products or Contractual Services.

**14.2 WARRANTIES CUMULATIVE** These warranties shall be in addition to all other warranties and conditions, express, implied, statutory or otherwise, available under applicable law. The Supplier shall indemnify and save HFI and their respective successors, assigns, customers, distributors and users of products incorporating the Contractual Products or Contractual Services, harmless from any breach of these warranties and, for greater certainty, no limitation on HFI's rights or remedies in the Supplier's documents, if any, shall operate to reduce this indemnification.

**14.3 WARRANTY INDEMNITY** The Supplier shall also indemnify and hold the HFI harmless from all liability, damages and associated costs and expenses (including any lost profits, recall costs, warranty charges from Customer to HFI attributable to the Supplier per HFI's reasonable judgment, and other direct or indirect, consequential or special damages) imposed upon HFI resulting from the acts, omissions or negligence of the Supplier in respect of the Contractual Products or Contractual Services and/or the Supplier's breach of these warranties.

**14.4 WARRANTY PERIOD** The warranty period shall equal the greater (later) of: (i) five (5) year(s) from the later of the date of delivery of the Contractual Products or final run-off for machines, equipment, spare parts and/or Contractual Services; or (ii) any warranty period that has been agreed to by HFI and the Supplier, documented in writing and signed by HFI; or (iii) 100,000 miles on the vehicle in which the Contractual Products are incorporated; or (iv) Buyer's warranty granted to HFI's Customer; or (v) as provided by applicable law.

**14.5 PARTICIPATION** The Supplier shall, at the request of HFI, actively participate at its own expense in Audits, discussions, and analyses that relate to the Contractual Products and/or Contractual Services and are initiated by HFI or the Customer.

**14.6 WARRANTY RENEWAL** In the event that the Contractual Products and/or Contractual Services does not conform to the foregoing warranty, the Supplier shall, at the request and at the sole option of HFI, repair or replace the Contractual Products or correct or perform again the Services as soon as possible, and without prejudice to the right of HFI's to claim for potential damages or to terminate the Contract. The warranty period set forth in Section 14.4 shall be extended for the period during which the Contractual Products and/or Contractual Services have been unavailable. If the Contractual Products and/or Contractual Services are repaired or replaced, then a new warranty shall run for a new period starting from the end of the repairs or the replacement.

## **15. ACCREDITATION**

**15.1 ACCREDITATION REQUIREMENTS** If required, the Supplier must, at its sole cost and expense, be accredited by the governmental authorities or organizations listed in the Contract and shall take all necessary steps in order to maintain the accreditation during the term of the Contract. The accreditation must be provided by an independent organization authorized to do so and must include the Contractual Products and/or Contractual Services. The Supplier must promptly inform HFI of any potential or actual change of its accreditation status and the steps that have been taken in that regard.

**15.2 SUSPENSION FOR NON-COMPLIANCE** HFI shall be entitled to suspend the performance of the Contract or terminate the Contract for breach if the Supplier breaches its obligation with respect to accreditation section 15.1.

## **16. PARTICIPATION BY HFI**

**16.1 SUPPLIER AS EXPERT** As the expert in its field, the Supplier shall be fully responsible for all technical decisions and shall be responsible for identifying to HFI any potential material issues in any specifications or technical information furnished by HFI or its Customer.

**16.2 ADVISORY INFORMATION** Any suggestions that are given or other acts of participation by HFI are to be classified as advice or recommendations and are in no way to be understood as definitive or as an instruction. The Supplier shall independently check such recommendations by HFI for plausibility, state of the art, technical discrepancies, substantive correctness and completeness and adopt them as its own. If the Supplier implements advice or a recommendation in spite of the fact that its own review result was negative, the Supplier shall remain fully responsible, unless it was instructed to do so by HFI in writing (including the signatures of two employees of HFI with representative authority).

**16.3 NON-RELIANCE** Suggestions or other acts of participation by HFI shall not release the Supplier from its obligation to render Defect-free Contractual Products and meet all time periods and deadlines.

## **17. INSURANCE**

**17.1 REQUIREMENTS** The Supplier must purchase and maintain at its own costs and expense, a commercial general liability insurance from a financially sound and reputable insurance company in order to cover its liability toward HFI, the Customer or any third party under the Contract resulting from defective Contractual Products and/or Contractual Services, product supplied as well as service provided. This insurance must include coverage for bodily injury, property damage, consequential loss as well as pure financial loss.

**17.2 RECALL INSURANCE** The insurance must include coverage for recall actions by the Supplier, or other coverage as agreed in writing by HFI, and third parties (including HFI and/or the Customer). The Supplier shall waive its right of recourse against HFI and/or HFI's insurance company and undertakes to also obtain such a waiver from its insurance company.

**17.3 COVERAGE** The insurance must include an amount coverage of at least Twenty Million U.S. Dollars (\$20,000,000) per occurrence and per year for bodily injury, property damage, consequential loss with a sub-limit for pure financial loss and Third and First party recall/Rip and Tear costs of at least Fifteen Million Dollars (\$15,000,000 USD).

**17.4 ADDITIONAL INSURED** the Supplier shall have HFI named as an additional insured on its insurance policies. The Supplier shall, on HFI's request, furnish certificates or other acceptable forms of proof of insurance confirming the foregoing coverages. The receipt or review of such certificates or other forms of proof of coverage by HFI shall not relieve the Supplier from the Supplier's insurance obligations hereunder or reduce or modify such insurance obligations.

**17.5 PROOF OF INSURANCE** the Supplier shall provide HFI with proof of the conclusion of the insurance contract, as well as the premium payments, immediately upon first request.

**17.6 NO LIMIT ON LIABILITY** Maintaining insurance at the limits set forth herein shall not limit the Supplier's responsibility. The amount of any compensatory damage obligations of the Supplier shall not be limited to insurance amounts.

**17.7 DUTY TO INFORM** the Supplier shall be required to inform HFI of any termination of the insurance contract, regardless of the reason for the termination, promptly within the termination notice period.

## **18. TRANSFER OF OWNERSHIP AND RISK**

### **18.1 TRANSFER OF OWNERSHIP**

**18.1.1** Ownership of the Contractual Product shall pass to HFI upon delivery or acceptance.

**18.1.2** If the Contracting Parties agree that ownership will only be transferred upon payment of the Price, the Supplier will transfer a share of the ownership of the Contractual Products to HFI pro rata the progression of the payment of the Price.

**18.1.3** Even if the Supplier has to deliver several Contractual Products, the ownership of the Contractual Products will be transferred to HFI for each Contractual Product individually.

**18.1.4** If the Supplier holds the Contractual Product in custody for HFI following transfer of ownership, the Supplier shall store such Contractual Products separately and label it clearly as the property of HFI. The Supplier shall be required to use the Contractual Products solely for the purpose of rendering additional Contractual Products and/or Contractual Services to HFI. Other use shall not be authorized.

**18.1.5** The Supplier shall not be entitled to reserve ownership after delivery thereof to HFI of, place liens on or otherwise encumber the Contractual Products without the express consent of HFI.



**18.1.6** The Supplier shall ensure that no reservation of ownership exists on the part of its sub-suppliers or Subcontractors with respect to Contractual Products or portions thereof.

## **18.2 TRANSFER OF RISK**

**18.2.1** Delivery of the Contractual Products shall be made FCA to the place stated in the Purchase Order (Delivery Location). The Supplier shall bear the risk of accidental destruction or loss of the Contractual Products until they are delivered the Delivery Location.

**18.2.2** If the Contractual Product is destroyed within one (1) year after it is delivered or accepted, as the case may be, for reasons for which HFI is not responsible, the Supplier shall be obligated to perform the Contractual Products again promptly and on a priority basis pursuant to a new Purchase Order to be issued by HFI in accordance with provisions set forth in Section 3. The provisions of the Contract (including the Price) shall be applicable mutatis mutandis to the new Purchase Order.

## **19. SAMPLES, PROTOTYPES, TOOLING**

**19.1 SUPPLIER TRANSFER** Unless otherwise stated in the Purchase Order the Supplier shall transfer the ownership, title and risks of the Equipment that the Supplier manufactures or causes to be manufactured within the framework of the Contract to HFI, which accepts said transfer of ownership, title and risks.

**19.2 EQUIPMENT SUBJECT TO LOAN** If HFI makes the Equipment available to the Supplier by way of loan for the purpose of performance of the Contract, the Contracting Parties shall conclude a corresponding loan contract prior to the use of such Equipment by the Supplier. The statutory provisions shall apply, if the Contracting Parties do not conclude a separate loan contract. The Equipment may be used only to perform the Contract and may not be sub-loaned, made available to a third party, reproduced, copied, pledged or granted as security. The Supplier will inform HFI, within a timeframe compatible with the launch of new Equipment, about normal wear and tear that might necessitate the overhaul of said Equipment.

**19.3 PROPERTY MARKING** The Equipment must be fitted with a plate positioned in a visible place which indicates the identification number, the name of the owner of the Equipment, in accordance with details provided by HFI, and the words “ “Property of HFI which may not be sold, transferred, or pledged” at the Supplier's expenses.

## **19.4 SUPPLIER STANDARDS, QUALITY AND DEVELOPMENT; PPAP; REQUIRED**

**PROGRAMS** (a) Seller shall maintain a quality assurance system in line with most recent standards of automotive technology, including without limitation IATF16949:2016 quality certification, OHSAS 18001 health and safety certification and ISO 14001 environmental certification including registration. Seller will also participate in supplier quality and development programs of Buyer and (as applicable) Customers. Seller, including directed suppliers, agree to meet the full requirements of industry Production Part Approval Processes (PPAP) as specified by Buyer and (as applicable) Customers and agrees to present this information to Buyer upon request, at the level requested. As requested by Buyer at any time, Seller will participate in and comply with the following Buyer programs and standards (i) Buyer's Supplier Standards Manual (including all subsections and forms) (ii) Advanced Quality

Planning (AQP) and Supplier Individual Development Plans (SIDP); (iii) supplier performance evaluations; and (iv) minority business expectations. These programs and standards may be found at or by contacting Buyer's assigned purchasing or company representative. All references to HFI in the foregoing programs and standards will be deemed references to Buyer. In the event of any discrepancy between any part of the above programs or standards and an express provision of these Terms, these Terms will control. (b) Supplier is responsible for all lower-tier providers of goods or services. Seller must maintain adequate development, validation, launch and ongoing supervision to assure all Supplies provided to Buyer conform to all applicable warranties and other provisions of the Order.

**19.4.1 PPAP PROCESS** Equipment will be approved for payment only after the successful completion and approval of the Production Part Approval Process (PPAP) sample submission by HFI and its Customer, successful audit and payment for such Equipment to HFI by HFI's Customer. Subject to compliance with the foregoing, payment terms for approved amounts shall be 90days after PPAP approval and successful audit. HFI shall have the right to deduct 5% from the payment in the event the Supplier's PPAP sample submission is more than fifteen (15) calendar days late from its scheduled due date. For PPAP sample submissions submitted forty-five (45) or more calendar days after their scheduled due date, HFI shall have the exclusive option to cancel any Purchase Order in whole or part, without any liability or obligation to the Supplier from HFI. Approved invoices will be paid by HFI after payment for such approved Equipment from HFI's Customer. Approved invoices shall mean those invoices approved by HFI after an audit of the Supplier's records by HFI. The Supplier acknowledges and agrees that a Purchase Order and the compensation to be paid thereunder is subject to a successful audit by HFI. HFI shall have the right to audit the Supplier's books and records for a period of two years after PPAP submission by HFI to its Customer and in the event that HFI determines that any amount was not properly payable may debit the Supplier's accounts for such amounts. The Supplier will cooperate in the audit and supply HFI all necessary information for the audit.

**19.5 IDENTIFICATION** Prior to the Supplier's first production shipment, the Supplier must submit to HFI in writing a listing of the Identification Numbers for all Equipment (including all molds, tools, tooling, dies, jigs, fixtures, and other capital equipment), detailed descriptions and locations for each item with an Identification Number, tooling biographies and confirmation that each is properly marked as detailed above.

**19.6 NON-DISPOSAL** All Equipment, including molds, tools, tooling, dies, jigs, fixtures, and other equipment, shall not be scrapped or made available to third parties (for any purpose including but not limited to production purposes) without the prior written consent of HFI.

**19.7 TRANSFER OF EQUIPMENT** Immediately upon HFI's request, all or any portion of HFI's Equipment in the possession of the Supplier shall be immediately released to HFI or delivered to HFI by the Supplier, either (a) for international shipments DDP at HFI's plant (F.O.B. HFI's plant for all other shipments) properly packed and marked in accordance with the requirements of the carrier selected by HFI to transport such Equipment, except where stated differently on the Purchase Order or (b) to any location designated by HFI, in which event HFI shall pay to the Supplier the reasonable and documented costs of delivering such Equipment to such location.

**19.8 LIEN WAIVER/PROPERTY RIGHTS** Where permitted by law, the Supplier hereby waives any possession rights, lien rights, requirements for the posting of bond or other surety, or other rights that the Supplier might otherwise have in any of such Equipment or other of HFI's property for work performed on such Equipment, goods manufactured with such Equipment or otherwise.

**19.9 RISK OF LOSS** Except where stated differently on the Purchase Order, the Supplier shall bear all risk of loss and of damage to HFI's Equipment until risk of loss is transferred to HFI in accordance with the delivery provisions set forth in these GTC.

**19.10 CONDITION AND TREATMENT OF EQUIPMENT** All Equipment in the custody and control of the Supplier shall be held at the Supplier's risk, shall be kept insured by the Supplier, at the Supplier's expense, against loss or damage in amounts equal to the full replacement value thereof and shall be subject to immediate removal at HFI's written request, in which event the Supplier shall prepare the Equipment for shipment and shall deliver it to HFI in accordance with HFI instructions. The Supplier shall promptly notify HFI of the location of the Equipment, if the Equipment is located at any place other than the Supplier's premises and shall not change the location of such Equipment without the advance written consent of HFI. The Supplier shall, at the Supplier's expense, maintain all Equipment in at least as good condition and repair as when originally received by the Supplier, reasonable wear and tear excepted, and shall, if and as necessary, replace any items that are used, worn, damaged or destroyed. HFI does not provide any representations, assurances, warranties or conditions whatsoever (and whether express, implied, statutory or otherwise) with respect to the Equipment. Upon the completion or termination of a Purchase Order, all Equipment shall be retained by the Supplier, at the Supplier's expense, until disposition directions are received from HFI.

**19.11 NO TRANSFER OF OWNERSHIP** Performance by the Supplier hereunder shall not transfer any right of ownership in, nor license to, nor permission to use, the Equipment except to the extent necessary to produce Contractual Products or Contractual Services or as otherwise agreed in writing by HFI. HFI shall have the option at any time to purchase the Equipment, including any and all molds, tools, tooling, dies, jigs, fixtures, and other equipment, used in the manufacture of Contractual Products or delivery of Contractual Services for HFI not already owned by HFI, at the then current book value, less any costs for repair or refurbishment.

**19.12 BAILMENT** As the custodian and Bailee of the Equipment, the Supplier will protect the Equipment against the risks of loss, theft, damage or destruction. As a prudent and careful user, the Supplier will keep the Equipment in good working order and will be responsible for any extraordinary wear and tear or deviations in the manufacturing process. The Supplier will inform HFI, within a timeframe compatible with the launch of new Equipment, about normal wear and tear that might necessitate the overhaul of said Equipment. The Supplier will take out all necessary insurance to cover the replacement value of the Equipment, as well as liability insurance policies against damage that the Equipment may cause to third parties. The Supplier will provide proof of insurance at least once a year during the term of the Contract.

## **20. INDUSTRIAL AND INTELLECTUAL PROPERTY RIGHTS**

## **20.1 BACKGROUND**

20.1.1 Each Contracting Party shall remain the owner of its Background. Use of the Background of the other Contracting Party shall, unless otherwise regulated in Section 20.1.2, only be permissible with the prior written consent of that Contracting Party.

20.1.2 If the Background of the Supplier is necessary for the use and further development of the Results, the Supplier shall grant HFI a Right of Use to its Background free of charge. If the Supplier cannot grant the Right of Use to its Background without the assistance of a third party, the Supplier shall reach an agreement with such third party on a Right of Use in favor of HFI, consistent with the license grant set forth in this Section 20.1.2.

20.1.3 Unless otherwise set forth in the relevant Purchase Order, the grant by the Supplier of the Rights of Use to its Background shall be deemed to be fully-paid up by the payment of the Price.

## **20.2 RESULTS**

20.2.1 All Results shall belong to HFI. As the owner of the Results, HFI may, for all countries, freely use, grant Right(s) of Use, operate or transfer the Results. Use of the Results by the Supplier or third parties shall only be permissible with the prior written consent of HFI, unless otherwise regulated in Section 20.2.2.

20.2.2 At the request of the Supplier, HFI may at its sole and exclusive option, and subject to restrictions set forth in a separate written license agreement, grant the Supplier a non-exclusive and non-transferable right to use the Results, provided, however that in no case shall Supplier be permitted to reverse engineer, decompose, make derivative works of or sublicense any of HFI's Background.

20.2.3 Supplier shall be deemed to have transferred all ownership rights or other possessory rights to the Results, to HFI upon payment of the Price, without further action or requirement of HFI. If such a transfer is not legally permissible, shall be deemed to have granted HFI a Right of Use of such rights, which Right of Use shall be irrevocable, worldwide, perpetual, free, and exclusive to the extent legally permissible. If such transfer is of the nature that requires further action to memorialize such rights, the Supplier shall undertake any and all actions required to convey and confirm the transfer of the Right of Use incrementally as the Results come into existence.

20.2.4 Unless otherwise set forth in the relevant Purchase Order, the transfer of the Results shall be deemed to be compensated by the payment of the Price.

## **20.3 INTELLECTUAL AND/OR INDUSTRIAL PROPERTY RIGHTS OF THIRD PARTIES**

20.3.1 The Supplier shall ensure that it is not using any Intellectual and/or Industrial Property Rights of third parties (including the Subcontractors) within the framework of the performance of the Contract.

20.3.2 If the Supplier needs to use Intellectual and Industrial Property Rights of third parties, it shall require the prior written consent of HFI, and if authorized, it shall conclude a license agreement with said third parties which should also contain an appropriate Rights of Use in favor of HFI. The Supplier shall bear any royalty payments or other remuneration that is incurred for the use of such Intellectual and Industrial Property Rights of third parties. If the Supplier is not responsible for the use of the Intellectual and Industrial Property Rights of third parties, the Contracting Parties shall jointly conclude an agreement with respect to the bearing of costs.

**20.3.3** The Supplier warrants that the use of the Results and the Contractual Products and/or Contractual Services by HFI do not infringe or will not infringe any Intellectual and Industrial Property of any third party. The Supplier shall indemnify, guarantee and hold HFI and the Customer harmless against any judicial or extrajudicial claims, whether pending or threatened, asserted in any manner by a third party on the grounds of infringement of Intellectual and Industrial Property resulting from the use of the Background, the Results and the Contractual Products and/or Contractual Services.

**20.3.4** The Supplier shall bear all costs, expenses and financial consequences resulting from these proceedings, including costs of legal counsel, expert witnesses, costs, fees and expenses incurred by HFI or otherwise in connection with the claim. The Supplier will be responsible for and shall coordinate substantial decisions in relation to the above proceedings with HFI and/or HFI, in particular, selection of counsel, conclusion of settlement agreements, withdrawal of complaints, admissions of fact, acknowledgment of claim, etc. HFI shall notify the Supplier forthwith upon being aware of the above actions, and conversely the Supplier shall promptly notify HFI of any and all potential actions.

**20.3.5** Without prejudice to HFI's right to terminate the Contract and right to damages, should HFI be required to cease the use of all or part of the Results and/or Contractual Products and/or Contractual Services, the Supplier undertakes to immediately implement at its sole expense, and at HFI's sole discretion, one of the following remedies:

- obtain from the relevant third party a right of use for the Results and/or the Contractual Products and/or Contractual Services for, HFI and/or the Customer with no additional cost; or
- replace or modify the Contractual Products and/or Contractual Services within a reasonable time period only to the extent necessary to cease any infringement of the third party's Intellectual and Industrial Property Rights, as described in Section 20.3.2.

Promptly upon HFI's request, the Supplier agrees to recover at its sole expense, any of the Contractual Products and/or Contractual Services stored on any of our sites that HFI is no longer able to use.

## **21. CONFIDENTIALITY**

**21.1 CONFIDENTIAL INFORMATION** The Contracting Parties undertake to treat in a confidential manner any information of any nature whatsoever, in whatever form (including oral, written, magnetic or electronic form) in particular but not limited to any commercial and financial documents, technical details, data, Specifications, the Results, software, business plans, designs, studies, recommendations, Personal Data, Know-How and other Intellectual and/or Industrial Property Rights, herein after the Confidential Information, of which they become aware as a result of the Contract. Confidential Information shall not encompass information that:

- can be shown by the disclosing party to be already in the public domain, or
- had become accessible to the public other than through the Contracting Parties having failed in their contractual obligations, or
- has been legally received from a third party who was completely at liberty to disclose, or
- has to be disclosed by of a statutory provision, a judgement or any other decision from a regulatory authority, provided, however, that the disclosing party has notified the non-disclosing party of such regulatory or judicial requirement and made best efforts to secure the confidential treatment by such authority therefor.

**21.2 NON-USE** Each of the Contracting Parties undertake:

- not to use the Confidential Information for any other purpose than the performance of the Contract;
- not to disclose or reveal in whole or in part, directly or indirectly, to any third party the Confidential Information, unless such disclosure is necessary for the performance of the Contract and has been approved by the other Party. In such a case, the Contracting Party which discloses Confidential Information shall ensure that such third party accept to be bound by the same terms and obligations as set forth herein; and
- not to copy or reproduce in whole or in part the Confidential Information except when necessary for the performance of the Contract.

**21.3 RESTRICTIONS ON TANGIBLE ITEMS** Drawings, models, templates, samples, and similar objects may not be provided or made available to unauthorized third parties. The reproduction of such objects shall only be permissible within the framework of operational needs and provisions of copyright law.

**21.4 NON-DISCLOSURE AGREEMENTS** Notwithstanding the provisions of Section 3, if the Contracting Parties have concluded a separate confidentiality agreement, the provisions of the confidentiality agreement shall have priority over this Section 21.

## **22. PERSONAL DATA PROTECTION**

### **22.1 GENERAL PROVISIONS**

**22.1.1** The Supplier undertakes to comply with the commitments and obligations provided for in this Section and to ensure that the terms of the Contract are respected by its staff, whether permanent or non-permanent, and any Subcontractors, in particular by passing on commitments and obligations similar to those set out below. As such, the Supplier undertakes to ensure that persons authorized to process the Personal Data are trained on Personal Data security issues and have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality;

**22.1.2** For the purpose of Sections 22 and 23, HFI concludes this Contract on its behalf, and in the name and on the behalf of the Affiliated Companies, as the case may be (where either of such Affiliated Company instead of HFI, would be the Personal Data Controller for the purpose of these Sections).

**22.1.3** The Supplier acknowledges and agrees that HFI, HFI and certain employees of HFI may be subject to certain data privacy laws of the European Union. Accordingly, the Parties undertake to process any Personal Data in accordance with laws applicable to the data processing operations and with the “EU General Data Protection Regulation” n°2016/679 when applicable.

**22.1.4** HFI is the “Personal Data controller” of its Personal Data, in particular for the Personal Data of its clients and / or its employees and in respect of the Personal Data it processes for its clients (as a “Personal Data processor”).

**22.1.5** For the purposes of the Contractual Products and/or Contractual Services and except if the Purchase Order or the Particular Conditions state otherwise, if HFI communicates Personal Data to the Supplier or gives the Supplier access to the Personal Data under its control, the Supplier should be considered as a “Data processor” under the applicable regulations. In this case, HFI retains full control over the Personal Data communicated to the Supplier.

**22.1.6** It is expressly agreed that, under the contractual relationship and in the case of the processing of Personal Data, the Supplier shall act exclusively on behalf of HFI, on the basis of and in accordance with the stipulations of these Contract as well as the instructions of HFI. As such, the Supplier undertakes and warrants neither to exploit or use, make copies of nor to create files of the Personal Data contained in the information systems of HFI for its own needs or for the account of third parties.

**22.1.7** Each Party shall carry out all the formalities required by the processing of Personal Data with the competent data protection authorities. Similarly, Parties will produce and document all relevant mandatory documents (internal records, etc.). The Supplier undertakes to provide HFI with all relevant information concerning formalities, internal or external records or any information necessary for the completion of their own formalities and internal documentation (if applicable: risk analysis, data protection impact assessment, etc.) or to demonstrate compliance to applicable data protection regulation.

**22.1.8** The Supplier undertakes to strictly follow the provisions of all specific agreements relating to Data Protection matters, such as any eventual “Controller to Processor Agreements” or “Processor to Processor Agreements” signed between the Supplier and HFI.

**22.1.9** The Supplier shall only provide Contractual Products and/or Contractual Services and/or Equipment which conform to the “Privacy by design principle” as enacted in the EU General Data Protection Regulation n°2016/679.

**22.1.10** The Supplier undertakes to cooperate in the most efficient manner with HFI in order to protect and to allow the exercise of the rights of a person whose Personal Data it processes (“data subject”) on behalf of HFI (or HFI’s clients). The Supplier informs immediately HFI of any complaint sent to the Supplier by any data subject

**22.1.11** The Supplier undertakes also to take into account immediately any request from HFI to allow the data subject concerned to exercise his rights. It also undertakes to provide HFI with all relevant information enabling it to justify to the data subject the implementation of his rights. The Supplier also shall provide HFI with all relevant information concerning the recipients of the Personal Data so that the latter is able to inform the data subject by the processing of said Personal Data and to respond to their requests.

**22.1.12** If Personal Data came from HFI or from any Affiliated Company located in European Union or concerns EU citizens, the Supplier undertakes to:

**22.1.13** process Personal Data only inside the European Union or in third countries which do have an “adequate level” of Personal Data protection under applicable regulations

**22.1.14** Or benefit from a specific decision by a Personal Data protection authority (BCR, etc.) authorizing the Supplier to transfer Personal Data to third countries.

**22.1.15** Inform HFI at any time, at the request of any Affiliated Company, of the geographical locations of the processing, storage and transit of the Personal Data which have been transmitted to the Supplier.

**22.1.16** The Parties undertake to cooperate in order to be able to respond to the competent data protection authorities (requests, controls, audits, etc.). Within this framework, the Supplier will provide without any delay all relevant information to HFI to meet the requirements and requests of the data protection authorities.

## **22.2 DATA SECURITY**

**22.2.1** In order to perform the Contractual Products and/or Contractual Services, the Supplier undertakes to ensure the complete security of the processing of data transmitted by HFI or which

HFI give access to (Personal Data or not), and in particular to protect them against any accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, in particular where the processing of the data involves the transmission of the data within a network, as well as against any other form of unlawful processing or communication to unauthorized persons.

**22.2.2** For this purpose, the Supplier undertakes to:

- ensure the security of its information systems in accordance with the commercial best standards and at least sufficient for the performance of the Contractual Products and/or Contractual Services and/or Equipment;
- provide HFI with the security policies (physical or logical) set in place and justify to HFI, on first demand, the level of competence and organizational and technological control by producing any recognized qualification, authorization or certification;
- (ISO 27001, etc.), and in particular: technical documentation, the results of yearly risks analysis and tests of the efficiency of the security of the information;
- encrypt or protect by any others dedicated and efficient means Personal Data stored in accordance with the requirements of the state of the art; and
- secure the exchange of Personal Data (encryption, authentication) with HFI or with HFI's clients, so that they cannot be exploited by an unauthorized third party.

**22.2.3** The Supplier undertakes to ensure that all Contractual Products and/or Equipment supplied and/or Contractual Services provided to HFI, be exempt from all the Vulnerabilities (defined as a security breach or a design defect enabling an attack) made public on that date and which may be detrimental to the security of HFI's Personal Data or information system or the Personal Data of HFI's clients or their information systems.

**22.2.4** The Supplier undertakes, as soon as a new Vulnerability in the Contractual Product and/or the Equipment supplied and/or Contractual Service provided has been identified by himself, their Subcontractor, any third party or via a public information, to inform immediately HFI and fill this Vulnerability or set up any other solution for this purpose that does not affect the price, the performances, the functioning of the Contractual Product and/or the Equipment and/or the Contractual Service provided, or the security of HFI's Personal Data or information system or the Personal Data of HFI's clients or their information systems. The solution must be provided by the Supplier as soon as possible considering the type of Vulnerability.

**22.2.5** The Supplier warrants the traceability and preservation of evidence for at least one year (unless otherwise provided by law) of the actions and the management of the proof of all his obligations regarding the security and confidentiality of the Personal Data.

### **22.3 PERSONAL DATA BREACH**

**22.3.1** If the Supplier suffers from a security incident or a Personal Data breach of HFI's Personal Data (or the Personal Data of HFI's clients), the Supplier undertakes to immediately alert HFI after becoming aware of it. The Supplier undertakes to provide a 24/7 and 365 days/year contact for the management of the Personal Data breaches.

**22.3.2** The Supplier undertakes to help HFI, at no cost, to implement any action aimed at dealing with these Personal Data breaches, including by notifying the relevant authorities and the persons concerned by those breaches. In this context, he will have to:

- assist HFI regarding any legal or regulatory formalities;
- provide all the relevant information to HFI to assess the extent of the Personal Data breach;



- promptly specify the procedures used for the safeguard and remediation to manage these Personal Data breach, as well as their impact on the protection of the information system and data security; and
- cooperate and synchronize its communication with HFI on these Personal Data violations to regulators, the media, HFI's clients or the data subjects concerned.

## **22.4 PERSONAL DATA DELETION**

**22.4.1** During the term of the Contract or upon its termination in terms of Section 23, the Supplier must, at the request of HFI, delete and/or return without delay to HFI all or part HFI's Personal Data and Confidential Information or the Personal Data of HFI's clients and deletes existing copies.

**22.4.2** The deletion shall be made in a secured manner and definitive (without possibility of reconstitution) and concerned all the Supplier's and Subcontractor's equipment or information systems used to process Data.

**22.4.3** The Supplier will ensure that its Subcontractors do the same within a reasonable time and must provide proof to HFI.

## **22.5 SUBCONTRACTORS**

**22.5.1** Any Subcontractor hired by the Supplier shall be compliant with subcontracting principles set by the on the processing of Personal Data and, in particular, shall stipulate that all the same Data Protection obligations, standards and security policies as set out in the Contract and specifically in this Section 22.

**22.5.2** The Supplier undertakes to implement contracts with its Subcontractors which clearly establish their responsibilities and obligations for the processing and security of the Personal Data transmitted.

**22.5.3** The Supplier shall be responsible for the performance by the Subcontractor of the obligations set out in this Section regarding the processing of Personal Data and security.

**22.5.4** The Supplier shall maintain a list of Subcontractors processing HFI's Personal Data or the Personal Data of HFI's clients. This list will be updated at least once a year.

## **23. TERMINATION**

### **23.1 COMPANY'S TERMINATION FOR CONVENIENCE**

**23.1.1** HFI shall be entitled to terminate this Contract or any Purchase Order, statement of work or agreement hereof, partially or entirely at any time for any reason by providing thirty (30) days advanced written notice to Supplier (including notice by e-mail).

**23.1.2** Upon receipt of notice of termination, the Supplier shall (a) stop work on the termination date and to the extent specified in the notice and terminate all orders and subcontracts to the extent they relate to the terminated work, (b) comply with HFI's instructions regarding the protection, transfer and disposition of title to and possession of such work and materials. The Supplier shall submit to HFI any claims relating to such termination as soon as possible, but in any event within 30 days (unless HFI agrees otherwise) from the effective date of such termination. The failure of the Supplier to submit its claim within this time period shall be an absolute waiver of any right of compensation. The Supplier hereby grants HFI the right to audit and inspect the Supplier's books, records, and all other documents relating to the Supplier's termination claims. Upon termination by HFI under this Section, HFI's sole and exclusive

obligations shall be the following: (i) the Purchase Order price for all finished supplies in the quantities ordered by HFI under the Purchase Order for which the Supplier has not been paid; (ii) the Supplier's actual cost of merchantable and useable work-in-process and raw materials incurred by Supplier under the Purchase Order, to the extent such costs are reasonable, and the parts and materials transferred to HFI under part (b) above; (iii) the Supplier's actual costs, to the extent such costs are reasonable, of settling claims obligations to its subcontractors required under the Purchase Order, to the extent directly caused by the termination, but limited to the amount of the firm quantities of supplies and raw materials/components specified in Releases issued by HFI and then currently outstanding; (iv) the Supplier's reasonable actual cost of carrying out its obligations of this Section and amounts due in connection with transition. Notwithstanding anything to the contrary herein or in any other document between the parties, HFI shall have no obligation for and will not be required to pay the Supplier for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, tooling, facilities and equipment rearrangement costs or rental, unamortized capital or depreciation costs, finished goods, work-in-process or raw materials that the Supplier fabricates or procures in amounts exceeding those authorized in the Releases, work-in-process or parts or raw materials inventory can be returned to Supplier's vendors or subcontractors for credit or general administrative burden charges from termination of the Purchase Order or after the date of termination, HFI. In all cases, HFI's obligation upon termination under this Section will not exceed the obligation HFI would have had to the Supplier in the absence of termination. HFI may, at its sole and exclusive discretion, require the Supplier to manufacture and deliver up to a twenty-four (24) week bank of Contractual Products (the "Product Bank") at the pricing set forth in the applicable Purchase Order. In such case, the Product Bank shall remain subject to all of the terms set forth in this Contract.

**23.1.3** Unless otherwise authorized in writing by HFI, the Supplier shall not make non-terminable commitments for materials or fabricate in advance of the time necessary to permit shipment(s) on the delivery date(s) specified in HFI's Releases. HFI shall in no event be liable or responsible for any such costs or amounts incurred by the Supplier in breach of this provision.

**23.1.4** The Supplier shall not terminate or cancel a Purchase Order.

## **23.2 TERMINATION UPON DEFAULT**

**23.2.1** HFI reserves the right to terminate a Purchase Order in whole or in part for default occasioned by the Supplier's threatened or actual failure to perform in accordance with the requirements of a Purchase Order (including the obligations arising under these Terms) or Release. Such termination shall be without liability to HFI, except for completed Contractual Products delivered and accepted or Services performed and accepted by HFI. The Supplier shall be liable for all direct, indirect, special and consequential damages, including but not limited to lost profits, penalties or costs imposed by HFI's Customer on HFI, either in whole or in part caused by, arising from or resulting from the Supplier's default.

**23.2.2** HFI may terminate a Purchase order in whole or in part, in the event of a change in control/ownership of the Supplier or the sale by the Supplier of a material part of its assets used to perform under a Purchase Order. Any such termination shall be a termination for cause and shall be without cost to HFI. In such case, Supplier shall remain subject to the damages set forth in 22.1HFI.

**23.2.3** In the event HFI believes Supplier may breach its obligations under this Contract or any Purchase Order or statement of work hereunder, HFI may, but shall not be obligated to, demand

adequate assurances from the Supplier. In such case, Supplier shall provide, in the detail and in the form required by HFI such adequate assurances that it is capable of and will continue to perform in conformity with its obligations hereunder. The Supplier shall provide such adequate assurances within five (5) calendar days following a written request by HFI.

### **23.3 TERMINATION UPON INSOLVENCY OR BANKRUPTCY**

HFI may terminate a Purchase Order, without liability, in the event of the insolvency, bankruptcy, reorganization, arrangement, receivership or liquidation by or against the Supplier; or if the Supplier fails to provide adequate written assurance of adequate performance after demand by HFI as set forth in Section 23.2.3; or if the Supplier makes an assignment for the benefit of creditors or ceases to carry on business in the ordinary course.

### **23.4 TERMINATION OR SUSPENSION FOR PROLONGED EXCUSABLE DELAY OR FORCE MAJEURE**

If any delay whether or not permissible in accordance with Section 2 below, lasts longer than thirty (30) days, HFI may terminate the Purchase Order without liability and the Supplier shall reimburse HFI for all costs associated with the termination.

**23.5 TERMINATION IN THE EVENT OF “CHANGE OF CONTROL”**HFI shall be entitled, but not required to terminate the Contract in writing within a reasonable notice period, if subsequent to the effective date of the Contract, a third party directly or indirectly assumes control of the Supplier. “Control” within the meaning of this Section shall mean that a third party directly or indirectly obtains at least fifty percent (50%) of the shares or voting rights at the shareholders’ meeting and/or any decision-making corporate body of the Supplier.

### **23.6 CONSEQUENCES OF THE EXPIRATION OR TERMINATION OF THE CONTRACT**

Provisions of the Contract that, by their nature, extend beyond the end of the Contract shall remain valid after the end of the Contract. This shall apply regardless the reason for which the Contract comes to an end. Upon termination of the Contract for any reason and against reasonable consideration, the Supplier shall immediately, upon demand by HFI, deliver to HFI all inventories of raw materials and parts, work-in-process and/or finished Contractual Products and/or any related safety equipment used in the performance of the Contract and which are in its possession at the effective date of termination.

## **24. EXCUSABLE DELAY; FORCE MAJEURE**

**24.1 FORCE MAJEURE** If the performance of the Contract is prevented or suspended by reason of an event that is beyond its reasonable control and without its fault or negligence, such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority (whether valid or invalid); embargoes; floods, earthquakes, explosions; natural disasters; riots; wars; or sabotage, Supplier shall, as soon as possible (but no more than one full business day) after the occurrence, provide written notice to HFI describing such delay, the causes thereof, remedial steps being taken to mitigate impact on HFI and its Customer, the anticipated duration of the delay and the time that the delay will be cured consistent with this Section 24. The Supplier’s inability to perform as a result, or delays caused by, the Supplier’s insolvency or lack of financial resources is deemed to be within the Supplier’s control. The change in cost or availability of materials or components based on market conditions, supplier actions, or contract disputes or any labor strike or other labor disruption applicable to the Supplier or any of its Subcontractors or suppliers, will not excuse the Supplier’s performance

(under theories of force majeure, commercial impracticability or otherwise), and the Supplier assumes these risks.

**24.2 COMPANY OPTIONS** During the delay or failure to perform by the Supplier, HFI may at its option: (a) purchase supplies from other sources and reduce its schedules to the Supplier by such quantities, without liability to HFI; (b) require the Supplier to deliver to HFI at HFI's expense all finished goods, work in process and parts and materials produced or acquired for work under the Purchase Order; or (c) have the Supplier provide supplies from other sources in quantities and at a time requested by HFI and at the price set forth in the Purchase Order. The Supplier will cooperate with HFI in securing alternate supplies, providing requested information as to the event and duration, and in any investigation into whether an event is under the Supplier's reasonable control or not. In addition, the Supplier at its expense will take all necessary actions to ensure the supply of supplies to HFI for a period of at least 30 days during any anticipated labor disruption or resulting from the expiration of the Supplier's labor contracts. If upon request of HFI, the Supplier fails to provide within ten (10) days (or such shorter period as HFI requires) adequate assurance that any delay will not exceed thirty (30) days, or if any delay lasts longer than thirty (30) days, HFI may terminate the Purchase Order without liability and the Supplier shall reimburse HFI for costs associated with the termination.

## **25. RECALL; RECALL LIABILITY**

Upon the occurrence of a Recall, where one of the potential causes for the Recall is determined in HFI's reasonable judgment to be attributable to the Supplier, the Supplier will indemnify and hold HFI harmless for the costs of any services or other actions undertaken to correct or to remedy any Recall. HFI's remedies under this Section shall include, but not be limited to, a claim for actual, consequential and incidental damages (including, without limitation, attorneys' fees, legal costs, expert fees and costs, and administrative costs and expenses) arising out of, resulting from or related to any such Recall. The term "Recall" shall mean (i) in the absence of an order issued by the United States Secretary of Transportation (the "Secretary") or any other applicable governmental agency or authority of the United States or any other country, notification by HFI's Customer to the Secretary, governmental authority of such other foreign country and to owners, purchasers, and dealers as required under section 151 of the National Traffic and Motor Vehicle Safety Act of 1966, as amended (the "Act") [ 15 USCS § 1411] or comparable federal or provincial law of a foreign country, that any motor vehicle or item of replacement equipment contains a Defect related to motor vehicle safety or that such vehicle or item of replacement equipment fails to comply with an applicable federal, state or provincial motor vehicle safety standard, or such other notification as may be required under any other federal, state or provincial applicable law and/or (ii) an order by the Secretary pursuant to section 152(b) of the Act [15 USCS §1412(b)] with respect to any motor vehicle or item of replacement equipment which fails to comply with an applicable federal motor vehicle safety standard or contains a Defect which relates to motor vehicle safety, or an order by any other applicable United States or foreign governmental agency or authority requiring notification and remedial action on the part of HFI or HFI's Customer with respect to any motor vehicle or item of replacement equipment. Any decision on the part of HFI, which shall be in its sole discretion, to contest in a legal proceeding any determination by the Secretary, or any other United States or foreign governmental agency or authority, with respect to a Recall order shall not waive or diminish in any manner any rights of HFI under the provisions of this Section. HFI's rights under

the provisions of this Section shall be cumulative and additional to any other or further remedies provided by law or in equity.

## **26. LIMITATION ON REMEDIES, LIABILITIES AND DAMAGES**

HFI's entire liability to the Supplier for any loss, liability or damage, including attorneys' fees, for any claim arising out of or related to the Contractual Products or Contractual Services provided to HFI, regardless of the form of action, will be limited to the Supplier's actual direct out-of-pocket expenses which are reasonably incurred by the Supplier, and only to the extent that sufficient and acceptable documentary evidence of such damages is presented to HFI. The Supplier's recovery will not in any event exceed the total amount of purchases by HFI during the three (3) month period immediately preceding such claim. **IN NO EVENT WILL HFI BE LIABLE TO THE SUPPLIER OR ANY THIRD PARTY FOR LOST PROFITS, CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR PUNITIVE DAMAGES, HOWSOEVER ARISING OUT OF OR RELATED TO THE CONTRACTUAL PRODUCTS OR CONTRACTUAL SERVICES PROVIDED TO HFI, REGARDLESS OF THE BASIS OF SUCH CLAIM.**

The Supplier agrees to indemnify, defend, protect and hold harmless HFI, HFI's affiliates and their respective successors, assigns, agents, employees, customers and users of products incorporating the Contractual Products and/or Contractual Services from and against any and all claims and alleged claims for personal injury, property damage, economic loss, cost or expense, including reasonable attorney fees and expense, and/or consequential or special damages arising out of, resulting from or related in any way to or arising in any way out of the Contract, Supplier's performance or failure to perform, the actions (or failure to act when required to do so) of Contractors employees, agents and subcontractors, including but not limited to (i) improper, unsafe or defective materials, workmanship or design of the Contractual Products and/or Contractual Services, except where strict and complete compliance by the Supplier with the Specifications prescribed by and originating with HFI constitutes the sole basis of the claim or alleged claim, or (ii) breach of any provisions of any Purchase Order, including but not limited to any of the representations or warranties provided herein, (iii) the Supplier's failure to comply with all applicable Laws; or (iv) breach or alleged breach of intellectual property rights of a third party.

## **27. LIMITATION OF DAMAGES**

In no event shall Purchaser be liable to Seller for anticipated profits or for special, incidental or consequential damages. This limitation of liability provision applies notwithstanding the type of the Order (including, without limitation, Spot-buy Orders, Blanket Orders or requirements contract Orders). Purchaser's liability for a claim of any kind or for any loss or damage arising out of or in connection with or resulting from each Order, the Goods or any other agreement between Purchaser and Seller is the Reasonable Obsolescence, if any, created by the event giving rise to the claim. Purchaser and Seller agree that "Reasonable Obsolescence" means the following amounts without duplication: (i) the Order price for all finished and completed Goods that conform to the requirements of the Order and not previously paid for; (ii) Seller's reasonable actual cost of the usable and merchantable work in process and raw materials/components transferred to Purchaser in accordance with the termination and that are covered by outstanding firm Releases from Purchaser; and (iii) Seller's reasonable actual cost of settling claims for the

obligations Seller would have had to the subcontractors approved in a Signed Writing by Purchaser's Vice President – Purchasing in the absence of termination limited to the amount of the firm quantities of Goods and raw materials/components specified in Releases issued by Purchaser that are currently outstanding. Purchaser shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for any other alleged losses or costs, whether denominated as loss of anticipated profit, recoupment of investment, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, general and administrative burden charges resulting from termination of the Order or otherwise. Notwithstanding anything to the contrary, Purchaser's obligation to Seller upon termination of any Order shall not exceed the obligation Purchaser would have had to Seller in the absence of termination of such Order.

## **28. INDEMNIFICATION**

The Supplier agrees to indemnify, defend, protect and hold harmless HFI, HFI's affiliates and their respective successors, assigns, agents, employees, customers and users of products incorporating the Contractual Products and/or Contractual Services from and against any and all claims and alleged claims for personal injury, property damage, economic loss, cost or expense, including reasonable attorney fees and expense, and/or consequential or special damages arising out of, resulting from or related in any way to or arising in any way out of the Contract, Supplier's performance or failure to perform, the actions (or failure to act when required to do so) of Contractors employees, agents and subcontractors, including but not limited to (i) improper, unsafe or defective materials, workmanship or design of the Contractual Products and/or Contractual Services, except where strict and complete compliance by the Supplier with the Specifications prescribed by and originating with HFI constitutes the sole basis of the claim or alleged claim, or (ii) breach of any provisions of any Purchase Order, including but not limited to any of the representations or warranties provided herein, (iii) the Supplier's failure to comply with all applicable Laws; or (iv) breach or alleged breach of intellectual property rights of a third party.

## **29. REMEDIES**

**29.1 CUMULATIVE REMEDIES** The remedies reserved in these GTC and at law are cumulative and in addition to any other rights and remedies provided for or available to HFI at Law, in equity or otherwise. The Supplier hereby waives any claims that it may have against HFI in tort, under statute or in equity, and confirms that the Supplier's complete rights and remedies as against HFI, including the right of indemnity and measure of damages in the event of HFI's breach or default, are limited to those expressly conferred by or provided for in these GTC.

**29.2 CONTINUED PERFORMANCE** Notwithstanding the termination of a Purchase Order, in whole or part, whether for cause or convenience, so long as during the Transition Period, as defined hereinafter, and provided that HFI timely pays the pricing set forth on the Purchase Order for such Contractual Products and/or Contractual Services, the Supplier shall have the absolute obligation to continue to provide or deliver the Contractual Products and/or Contractual Services in accordance with the terms of the Purchase Order for a reasonable period of time so as to permit HFI the opportunity to procure a replacement supplier, so as to permit an orderly transition of the production of the Contractual Products and/or Contractual Services and so as to

avoid any interruption of production at HFI's facilities or the facilities of HFI's Customer. Such period being referred to herein as the "Transition Period." The Supplier will cooperate with HFI and its replacement supplier in transitioning the work to a replacement supplier.

**29.3 IRREPARABLE HARM.** THE PARTIES FURTHER AGREE THAT ANY BREACH OF THESE GTC OR A PURCHASE ORDER OR THREAT OF BREACH BY THE SUPPLIER THAT WOULD HAVE THE EFFECT OF INTERRUPTING PRODUCTION AT HFI OR HFI'S CUSTOMER, WOULD RESULT IN IRREPARABLE HARM TO HFI, ITS CUSTOMERS AND THE BUSINESS AND REPUTATION OF EACH OF THEM, AND THAT MONEY DAMAGES WOULD NOT BE A SUFFICIENT REMEDY FOR ANY SUCH BREACH. THE PARTIES AGREE THAT IN SUCH EVENT HFI SHALL BE ENTITLED TO EQUITABLE RELIEF, INCLUDING INJUNCTION AND SPECIFIC PERFORMANCE, REQUIRING FURTHER PRODUCTION OF CONTRACTUAL PRODUCTS AND/OR THE PROVISION OF CONTRACTUAL SERVICES, AS A REMEDY FOR ANY SUCH BREACH OR CLAIMED BREACH. FOR PURPOSES OF CLARITY, IN THE EVENT THAT THE SUPPLIER TAKES OR THREATENS TO TAKE ACTION (OR FAILS TO ACT) IN A MANNER THAT DISRUPTS OR THREATENS TO DISRUPT HFI'S ABILITY TO PRODUCE AND DELIVER TO HFI'S CUSTOMERS ON SCHEDULE, HFI SHALL HAVE THE RIGHT TO SEEK SPECIFIC PERFORMANCE OF A PURCHASE ORDER IN A COURT OF HFI'S CHOOSING WITHOUT APPLICATION OF PRINCIPLES OF CONFLICTS OF LAW.

**29.4 LEGAL FEES** In addition to any other remedy available to HFI, HFI shall be entitled to recover its costs, reasonable attorneys' fees and costs, and expert fees and costs incurred in connection with any legal proceeding brought by or against HFI.

### **30. SERVICE AND REPLACEMENT PARTS**

During serial production, the Supplier will sell to HFI all Contractual Products necessary for it to fulfil its current model service and replacement parts requirements at the price(s) set forth in the Purchase Order issued for the production Contractual Products. During the 15-year period after HFI completes current model purchases, the Supplier will sell goods to HFI to fulfil HFI's past model service and replacement parts requirements. Unless otherwise agreed to by HFI in writing, the price(s) during the first five (5) years of this period shall be the prices set forth in the final production Purchase Order. For the remainder of this period, the price(s) for Contractual Products shall be as agreed to by the parties and shall in all respects be a reasonable price.

### **31. CUSTOMER TERMS**

Except to the extent of any conflict with explicit terms of a Purchase Order, the Supplier shall comply with the general terms and conditions of purchasing of HFI's Customer or other agreement received by HFI from the Customer, the Supplier shall be responsible for ascertaining the Customer general terms and conditions that may affect the Supplier's obligations hereunder. Without restricting the foregoing, the Supplier shall take such steps within the Supplier's control to enable HFI to meet HFI's obligations to the Customer under the Customer's purchase orders.

**31.1 CUSTOMER REQUIREMENTS** (a) Seller agrees to comply with the applicable terms and conditions of any agreements ("Customer Purchase Orders") received by Buyer from a third party ("Customer"), or directly or indirectly applicable to Buyer, pursuant to which Buyer agrees

to supply to Customer, or to incorporate into goods supplied to Customer, Supplies purchased by Buyer from Seller. The terms “Customer” and “Customer Purchase Orders” also include, where applicable, the final equipment manufacturer of goods or services into which the Supplies are or will be incorporated, as well as any intermediate entities in the supply chain between Buyer’s direct Customer and such final equipment manufacturer, and related terms and conditions of such Customers. Buyer may in its discretion supply Seller with information regarding Customer Purchase Orders. Seller will be responsible for ascertaining how such disclosed Customer Purchase Order affects Seller’s obligations under the Order, and Seller will meet all such disclosed Customer Purchase Order terms and conditions to the extent within Seller’s control. In the event of a conflict between the Order or these Terms and the terms of the Customer Purchase Order, Buyer will determine, in its sole and absolute discretion, which terms will supersede and apply to Seller. Seller will do everything within its control to enable Buyer to meet the terms and conditions of Customer Purchase Orders, including without limitation, cost and productivity terms and price reductions. By written notice to Seller, Buyer may elect to have the provisions of this Section prevail over any conflicting term between Buyer and Seller. (b) In the event that a Customer files or has filed against it a petition in bankruptcy or insolvency and, in the course of such proceeding and in connection with actual or threatened termination by the Customer of its contract(s) with Buyer (by rejection or otherwise), Buyer permits a reduction in the price(s) paid to Buyer for products incorporating the Supplies, the price paid to Seller for the Supplies from and after the date of such reduction will be automatically adjusted proportionally by the same percentage as the price paid to Buyer, and the Order will otherwise remain in effect without modification. (c) If a Customer directed, recommended, requested, suggested or otherwise identified Seller as the source from which Buyer is to obtain the Supplies (“Direct Supply Relationship”), then notwithstanding the particular payment terms otherwise applicable to the Order or anything to the contrary in the Order: (1) in no event will Seller have a right to receive payment from Buyer for the Supplies except following, and in proportion to, Buyer’s actual receipt of payment for those goods in which the specific Supplies are incorporated, and (2) any lengthening of applicable payment terms to Buyer will automatically lengthen the payment terms as between Buyer and Seller by an identical amount of time, and Buyer may, at its option and on notice to Seller, otherwise revise its payment terms for Supplies to take into account any other change in the payment terms of Buyer’s Customer(s) for the Supplies under the Order; (3) within three business days of any change in price, specifications or other terms negotiated or proposed between Seller and Customer, Seller will notify Buyer in writing and will immediately adjust its invoices to reflect any price reduction, provided that no change will be binding on Buyer without Buyer’s specific written consent; (4) (without limiting any other rights and remedies of Buyer) Seller will indemnify and hold harmless Buyer from any liabilities, claims, demands, losses, damages, costs and expenses (including without limitation attorneys’ fees and other professional fees) incurred by Buyer arising from or relating to the Supplies supplied by Seller – and including without limitation any charges or set-offs (including without limitation interim field service action cost recovery debits) taken by Customer against Buyer by reason of alleged defects in Supplies, even if such set-offs by Customer are before final determination of (and subject to adjustment based upon) whether and to what extent defects in Supplies were a cause of the related remedial action undertaken and related costs/damages incurred by Customer; (5) Seller will resolve all commercial issues (including pricing disputes), collection and/or insolvency risks of OEM and/or Seller, warranty charges, product liability claims, recalls, intellectual property matters and production interruptions arising from or relating to the Supplies



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(except in each case to the extent caused by Buyer) directly and exclusively with Customer and Seller will indemnify and hold harmless Buyer for these matters; and (6) any debits claimed by Customer arising from or relating to the Supplies will be passed through Buyer to Seller. (d) If any requirement imposed by any Order on Seller is found to be unenforceable or a gap otherwise exists or is created in the terms applicable to any Order through operation of law, conflict in terms or otherwise, the corresponding requirement(s) of Customer shall be applicable to and binding on Seller for the benefit of Buyer. Seller acknowledges that it is familiar