

General Terms and Conditions of Purchase

I. General

1. These terms and conditions (“Terms”) apply to, are incorporated into, and form a part of: (i) all purchase orders and scheduling agreements (both referred to as “Orders”) issued by the Schaeffler Group in Mexico (Schaeffler México, S. de R.L. de C.V.; Schaeffler Transmisión, S. de R.L. de C.V.; Schaeffler Automotive Aftermarket México, S. de R.L. de C.V. and/or Schaeffler México Servicios, S. de R.L. de C.V.) or one of its Mexico subsidiaries or affiliates (“Customer”); and (ii) all project/sup- ply agreements in which the Terms are referenced or otherwise incorporated. The terms “Customer” and “Supplier” refer to the entities designated as such on the Order or other Agreement (The term “Agreement” includes Orders, Project/Supply Agreements, and where no Project/Supply Agreement is executed, the contract is formed when Supplier accepts any Order, schedule, release, or any other documents incorporated by reference. An “Affiliate” or “Affiliates” shall mean any entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with a party. A “Project/Supply Agreement” means a master purchase agreement, project agreement, or other supply agreement, if any and as applicable. A “Release” means any delivery schedule issued under a Blanket Order or on the face of a Blanket Order. A “Blanket Order” shall mean an Order where Contract Products are ordered over a period of time by means of Releases issued from time to time under such Blanket Order, or, as the case may be, via amendments on the face of such Blanket Order. No Order may be construed as an acceptance of any offer made by Supplier, and if Supplier makes an offer, Customer’s Order is a rejection of that offer. Each Order issued by Customer is an offer to Supplier for the purchase of Contract Products (the term “Contract Products” refers to the Contract Products and/or services to be provided to Customer by Supplier). A quotation or any other response to a request for quote (“RFQ”) or request for proposal (“RFP”) does not constitute an acceptance of any offer, quote or proposal made by Customer. No terms or conditions stipulated by Supplier or any deviating agreements will apply unless confirmed by Customer in a Signed Writing (A “Signed Writing” is a writing signed by Customer, and does not include the body of an e-mail or other electronic document, although a Signed Writing may be attached to an e-mail or other electronic document.). Neither Customer’s failure to expressly object to an agreement nor any acceptance of or payment for Contract Products by Customer may be construed as Customer’s agreement to nor acceptance of any Supplier proposed terms or conditions.

II. Contract Formation

2.1. Acceptance. Supplier accepts the Agreement at the earliest of Supplier’s: (i) shipment of Contract Products, (ii) performance of services, (iii) commencement of work, (iv) written acknowledgement confirming acceptance, or (v) performance of any other action that recognizes the existence of a contract pertaining to the Contract Products.

2.2. Incorporated Documents. In case of any delivery of Contract Products, the applicable quality assurance agreement, logistics agreement, as well as the shipping and transport instructions of Customer in their respective applicable version shall be entered into, form an integral part of this Agreement, and are incorporated herein by reference. The parties shall exchange fully executed copies of these agreements for their records.

III. Scope of Provision of Goods and Services / Changes to Scope / Spare Parts / Subcontractors

3.1. Supplier Responsibilities. Supplier shall ensure that all significant data and circumstances in terms of its performance of its contractual obligations as well as the intended use of its deliveries are known to Supplier in good time. Offers shall be at no expense to Customer. Supplier shall ensure before providing any offer that it fully understands Customer’s and Buyers’ intended purposes, and that Customer understands and has all information required to meet all Customer and legal requirements exactly (“Buyer” shall mean as later herein defined). Supplier shall check all documents, including drawings and specifications, provided for matters including the local situation, correctness, and feasibility, as well as any performance of preliminary work by third parties. Supplier shall notify Customer in writing without unreasonable delay of any concerns with any of these documents and work with Customer to ensure a resolution to any such concern.

3.2. Customer Modifications/Changes. Customer is entitled to request from Supplier modifications in the design and construction of the Contract Products during the Planning Zone and the Trade-off Zone (as those terms are defined herein). Supplier shall implement such requested modifications within a reasonable period of time. Mutually satisfactory agreements shall be concluded concerning the impact of such modifications, in particular with regard to delivery dates and extra and reduced costs, in accordance with the definitions stated below. Customer will determine such impact within its reasonable discretion if agreement regarding these matters cannot be reached within a reasonable period of time. Supplier shall not suspend performance under any Agreement as a result of any such modifications or changes.

Lead Times (defined as the calendar days from the time of the Order to delivery to the Incoterms/shipment terms named place) for Orders shall mean Firm Zone plus Trade-off Zone, and shall be governed by the following:

(a) “Firm Zone” is the time period in which Supplier has the go-ahead for production. If the date of a scheduled line lies within the Firm Zone, Supplier has the go-ahead to produce the relevant quantity and Customer has the obligation to purchase such production at the applicable Prices. Should Customer cancel an Order within the Firm Zone, Customer will bear any and all material and work-in-process costs that cannot be used by Supplier in a subsequent Order or elsewhere in its production (“WIP”), as well as production costs, at the agreed-upon prices, associated with the scheduled quantity. In order to receive such reimbursement, Supplier must deliver to Customer the WIP with reasonable documentation of its costs and the related production costs, or Customer may elect to have Supplier continue production on WIP subject to Customer’s obligation to purchase such conforming Contract Products under the terms of the Agreement in question. Notwithstanding the foregoing, Customer shall not be responsible for any raw materials purchased by Supplier which can be used elsewhere, which burden is on Supplier to prove they cannot, and any liability of Customer to Supplier for said cancellation shall be capped at the purchase price of the Contract Products.

(b) “Trade-off Zone” is the time period in which Supplier has the go-ahead for procurement of input materials. If the date of a scheduled

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line lies within the Trade-Off Zone, Supplier has the go-ahead to purchase any input materials necessary to produce the scheduled quantity.

Customer will purchase from Supplier in full such materials, at the agreed-upon prices, but not for any other production costs or WIP, in the event that Customer should subsequently cancel the scheduled quantity. Such purchased materials will be delivered by Supplier to Customer, FCA (Supplier's facility). Notwithstanding the foregoing, Customer shall not be responsible for any raw materials purchased by Supplier which can be used elsewhere, which burden is on Supplier to prove they cannot, and any liability of Customer to Supplier for said cancellation shall be capped at the purchase price of the Contract Products.

(c) "Planning Zone" or "Forecasts" Scheduled lines that lie beyond the Firm and Trade-Off Zones fall within the Planning Zone, also called Forecasts, and, in accordance with Section 3.5 below, are for rough guidance only, being without any commitment on the part of Customer.

3.3. No Supplier Modifications/Changes. Supplier shall not change any specifications, manufacturing locations, subcontractors, suppliers, physical composition of, or processes used to manufacture the Contract Products without prior approval in a Signed Writing from Customer's quality management department.

3.4. Duration. When the Contract Products will make up or be incorporated into a Customer product sold directly or indirectly to an automotive original equipment manufacturer ("OEM") for incorporation into a motor vehicle, unless the Agreement states otherwise, the Agreement will be subject to the Terms and for the life of the applicable vehicle program.

3.5. Forecasts. Customer may provide Supplier with forecasts of its future anticipated supply requirements. Supplier acknowledges that any such forecasts, including, without limitation, estimated annual volumes and Target Volumes, are for informational purposes only and are based on a number of factors that may change over time. Customer makes no representation, warranty, guaranty or commitment of any kind or nature, express or implied, regarding any such forecasts, including, without limitation, with respect to the accuracy or completeness of such forecasts.

3.6. Service and Replacement Requirements.

(a) Procurement of Contract Products for Service Requirements. In return for Customer entering into an Agreement, Supplier grants to Customer an option during the term of such Agreement, and for fifteen (15) years thereafter, to purchase Customer's requirements for Contract Products, including any that become obsolete. The price of such Contract Products shall be firm, at the last pre-termination price, for the first five (5) years following the termination of such Agreement or obsolescence of such Contract Products, as applicable, except for and only to the extent changes are required by cost differences in packaging, or at the then current price offered by Supplier, whichever is lowest.

(b) Procurement of Replacement Parts and Service. For Contract Products that are serviceable or repairable but that are not warrantable or that are otherwise not the responsibility of Supplier to repair hereunder, Supplier agrees to provide service to repair or replacement subcomponents for Contract Products to Customer, at Customer's option, at Supplier's lowest price for the same quality service or replacement subcomponents, as applicable, as offered or sold by Supplier to other customers of Supplier. This option of Customer to purchase service and replacement subcomponents on these serviceable Contract Products is granted by Supplier in return for Customer agreeing to enter into an Agreement and shall survive for the longer of (i) the warranty term or (ii) fifteen (15) years following either the applicable Agreement termination or the obsolescence of the Contract Products, whichever is later.

3.7. Subcontractors. Supplier shall be entitled to assign any of its duties to subcontractors only with Customer's prior Signed Writing.

IV. Prices / Payment Terms

4.1. Payment. The agreed prices are firm prices. No increases or surcharges shall be effective unless agreed to by Customer in a Signed Writing. Unless otherwise agreed, payment will be made after ninety (90) days (NET 90). These periods are computed from (i) the time of performance in compliance with the contract and (ii) receipt of a proper and verifiable invoice. If Customer receives and accepts a delivery at an earlier date than the date agreed upon, the payment period begins with the original agreed delivery date. Invoices are to be submitted exclusively in electronic form via the invoice data exchange platform required by us unless otherwise expressly agreed or prohibited under the relevant statutory provisions. Further details for electronic invoicing and the platform to be used are regulated in the provisions on digital collaboration. These provisions can be found at www.schaeffler.de/en (using the search function) or will be made available to the Supplier upon request. The invoice shall include the purchase order number, purchase order line, Customer's account and customer reference, place of unloading, Supplier number, part number, number of pieces, price per piece, and volume per delivery. Supplier agrees to participate in a credit memo procedure upon Customer's request.

4.2. Competitiveness.

(a) If at any time during the term of an Agreement, a third party makes a competitive offer to sell Contract Products pursuant to one or more terms (including price, volume, quality or payment) that are more favorable to Customer than the terms then in effect under the Agreement ("Favorable Terms"), then Supplier will meet, or notify Customer that it will not meet, such Favorable Terms within fourteen (14) days of receipt of Customer's notice thereof. Supplier's failure to meet such Favorable Terms within such fourteen (14) day period shall be deemed a decision not to meet such Favorable Terms regardless of whether Supplier specifically notifies Customer thereof.

(b) If Customer is obligated under an Agreement to buy (i) certain quantities of Contract Products, or (ii) some or all of its requirements for the Contract Products from Supplier, then if Supplier does not meet Favorable Terms as provided in Section 4.2(a) or 4.2(b), then Customer, at its option, is released from its obligations to Supplier with respect to any quantities of Contract Products available from the third party on such Favorable Terms. Customer may, at its option, remove such Contract Products from the Agreement. Customer's only liability for

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exercising either or both such options shall be to pay for (1) Contract Products already delivered to Customer as of the date of termination; and (2) Contract Products ordered prior to termination that are subsequently delivered pursuant to the applicable Agreement. Liability for Contract Products that are ordered but not yet delivered is limited to Orders and Releases that are within the applicable Firm Zone Lead Time at the time of the notification, not to exceed six (6) weeks, unless otherwise directed by Customer in writing.

4.3 Productivity. Customer and Supplier agree that enhanced productivity is a mutually strategic objective. Unless otherwise agreed between the parties, a year-over-year goal of three percent (3%) shall be in effect, which both companies will strive to achieve. As such, Supplier commits to reduce the year-over-year costs associated with Contract Products. Examples of productivity savings include, but are not limited to, negotiated reductions in price, cost reductions associated with Value Analysis or Value Engineering, savings associated with Supplier acquiring new business from Schaeffler, and reduction or elimination of inventory.

4.4. Contractual Recoupment and Set-Off. Supplier shall only have the right to contractually recoup or set-off against any claims of Customer or the right of retention, if and to the extent that Supplier's claims are undisputed or if adjudicated, are final and non-appealable. In addition to any right of setoff or recoupment provided by law, Customer shall have the right to contractually recoup or set-off against claims of Supplier any claims of Customer's direct or indirect subsidiaries or Affiliates. Customer shall also have the right to set-off claims against any claim of any Affiliate of Supplier. Customer will provide Supplier with a statement of any offset or recoupment taken by Customer.

V. Delivery Dates / Governmental Permits / Export Control

5.1. Delivery Terms. Time is of the essence for all deliveries. Unless expressly agreed otherwise, all deliveries are DAP (Incoterms 2020) to a location determined by Customer and, unless determined otherwise, shall include packaging and conservation. Customer and the consignee determined by Customer shall be advised about a shipment on the day of its dispatch. Each shipment shall include a delivery note in duplicate listing Customer's order number, item number, and Supplier number. Dates and time limits are binding. Supplier shall inform Customer immediately in written form about any delay in delivery. Supplier must also indicate the reasons for such delay and its expected duration. If the reason for the delay is beyond Supplier's control, Supplier may invoke such reason only if Supplier has met its obligation to notify Customer in due time.

5.2. Government Permits. Supplier shall notify Customer of any governmental permits or notification requirements that may be required for the import and the use of the delivered items.

5.3. Export Control.

(a) General. Supplier hereby certifies that it will comply with all U.S. export control laws and regulations, including but not limited to the ITAR and EAR ("Export Laws"). Supplier certifies that it will not export, reexport, or transfer any items under the Agreement in contradiction to U.S. law or local applicable laws. Supplier, if it engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services, hereby certifies that it is registered with the U.S. Department of State, Directorate of Defense Trade Controls, as defined in 22 CFR Part 122, Registration of Manufacturers and Exporters.

(b) Controlled Technical Data/Technology. Supplier shall exercise strict control over the disclosure of and access to technical data, information and other items received in relation to this Agreement in accordance with applicable U.S. and local Export Laws and any other applicable agreement between Supplier and Customer during and after the completion of activities related to this Agreement. Supplier certifies that no technical data, information or other items provided by Customer in connection with this Agreement shall be provided to any foreign persons or to a foreign entity, including without limitation, a foreign employee or subsidiary of Supplier (including those located in the U.S.), in contradiction to applicable U.S. or local laws and without express written authorization of Customer.

(c) Additional Documentation. When requested by Customer's authorized representative or agent, Supplier shall, promptly and without additional cost, furnish Customer with any documentation, including import certificates or end-user statements from Supplier or Supplier's government, which is reasonably necessary to support Customer's application for U.S. import or export authorizations.

(d) Compliance with U.S. Sanctions. Supplier agrees that no goods, technology, software or services supplied under this Agreement are sourced from or originate with: (i) a country or government subject to U.S. economic sanctions (hereinafter "Restricted Country"); (ii) an entity or individual identified on any U.S. Government list, (e.g., the U.S. Department of the Treasury's Specially Designated Nationals List, U.S. Department of Defense Federal Acquisition Regulations) with which the U.S. Government prohibits or restricts U.S. persons from engaging ("Restricted Person"); or (iii) an entity or individual that is owned or controlled by any Restricted Country or Restricted Person.

VI. Acceptance of Work Performed

6.1. Inspection. Customer has no obligation to inspect Contract Products. Customer may inspect, but this is generally only with respect to externally apparent damage to the Contract Product(s)' box or other shipping container containing the Contract Products. Customer will give notice of such defects without unreasonable delay. Supplier hereby waives the right to assert that the defects have been asserted too late. Notwithstanding any of the foregoing, inspection of and payment for the Contract Products does not relieve Supplier of its warranty obligations, nor does it act as acceptance of the Contract Products.

6.2. No Deemed Acceptance. Any deemed acceptance by way of failing to respond to a request for inspection, or by way of payment or actual use, is hereby excluded.

VII. Confidentiality / Information

7.1. Confidential Information. Supplier (i) shall keep secret all information received from Customer, including without limitation drawings, documents, know how, samples, production devices, models, media (collectively, the "Confidential Information"); (ii) may not make such Confidential Information available to third parties (including sub-suppliers) without Customer's written consent; and (iii) may not use such Confidential

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Information for purposes other than as determined by Customer. These obligations apply *mutatis mutandis* to copies and duplicates. This confidentiality obligation does not apply to information (i) that Supplier had already obtained legitimately at the time of disclosure provided such information was not subject to a confidentiality obligation; (ii) that Supplier later obtains legitimately without being obligated to keep such information confidential from a third party without a duty of confidentiality; (iii) that is or becomes generally known without any breach of contract by one of the parties; or (iv) for the disclosure or the independent use of which Supplier has received permission via a Signed Writing. Supplier may not advertise its business relationship to Customer, nor use Customer's trademarks, trade names, logos, or any other Confidential Information in Supplier's advertising, promotional materials, or electronic communications (including but not limited to websites), without Customer's prior Signed Writing.

7.2. **No Transfer.** Customer retains title and reserves all other rights (such as copyright) to the Confidential Information. Copies may be made only with Customer's prior written consent. Title to the copies passes to Customer at the time such copies are created. Supplier hereby agrees with Customer that Supplier stores the copies on behalf of Customer as bailee. Supplier agrees to properly store at its expense all documents and other objects, including copies thereof, that were made available to Supplier, to keep them in perfect condition, to obtain insurance for them and to return them to Customer or destroy them, in each case upon Customer's request. Supplier has no right, on whatever grounds, to retain such objects. Supplier shall confirm the complete return or destruction of the relevant object(s) in writing.

7.3. **Breach of Confidentiality.** If Supplier breaches its obligations set forth in Section 7.1, Supplier understands and agrees that monetary damages will not provide sufficient relief for said breach, and that Customer is entitled to seek specific performance and injunctive relief against Supplier as remedies for any such breach. Such remedies are not the exclusive remedies for a breach of these obligations but are in addition to any and all other remedies available at law or equity.

VIII. Quality Control

8. Supplier shall comply with the requirements of Customer's global supplier quality manuals, S 296001 – S 296005, as may be amended from time to time, the terms of which are incorporated herein by reference (the "Quality Standards") and are located at: <https://www.schaeffler.us/content.schaeffler.us/us/company/purchasing-and-supplier-management/quality/index.jsp>. At Supplier's request, Customer will mail Supplier a copy. Customer alone shall decide whether Quality Standards are being met. Supplier shall, in accordance with the Quality Standards, provide, maintain and enforce all standards necessary to secure the quality of the Contract Products and the manufacturing process thereof, including but not limited to quality control, inspection and specifications. Supplier shall constantly monitor the quality of its performance. Before any delivery of Contract Products, Supplier shall ensure that Contract Products intended for delivery are free of defects and conform to the agreed technical requirements, and Supplier shall warrant such to Customer in writing. Supplier is required to notify Customer in writing of any quality issue related to the Contract Products, even if the issue has been contained and corrected, and Supplier shall provide Customer with all reasonable documentation requested by Customer in response to said notice, related to the issue and subsequent correction, if any. The escalation process contained in the Quality Standards applies only at Customer's option.

IX. Warranties / Reimbursement of Costs / Warranty Period / Indemnification

9.1. **General Warranty.** A Contract Product is defective if it is not as warranted. Supplier warrants to Customer, Customer's customer and their respective direct or indirect customers, successors and assigns ("Buyer"), in addition to all other express or implied warranties provided by law or otherwise, that the Contract Products: (i) conform to all applicable specifications, standards, drawings, samples, descriptions, and revisions; (ii) conform to all applicable laws, orders, regulations, and standards in the countries where Contract Products, or Customer's goods into which the Contract Products are incorporated ("Final Product(s)"), are to be sold, including, in the case of Contract Products used in connection with the manufacture of motor vehicles, and all Mexico, United States and European Union motor vehicle safety and end-of-life standards; (iii) be merchantable and free of defects in (1) design (to the extent designed by Supplier or any of its suppliers, subcontractors, agents, subsidiaries or Affiliates, even if the design is approved by Customer), (2) materials (including rust or other contamination), and (3) workmanship; (iv) be fit and sufficient for the purposes intended by Customer (Supplier assumes responsibility for determining Customer's purposes and the suitability of the Contract Products to operate within those purposes and the operating environment of the Final Product); (v) be free of all liens, claims, defects in title, and encumbrances whatsoever, including claims of intellectual-property infringement; (vi) be, unless expressly provided for differently in an Agreement, manufactured entirely with new materials; (vii) be performed or prepared in a professional and workmanlike manner and in compliance with Customer's requirements; (viii) be, in the case of software or code, free from viruses, disabling code, and open source software; and (ix) comply strictly and completely with Customer's Quality Standards.

9.2. **Future Performance Warranty.** All warranties of Supplier extend to future performance of Contract Products and are not modified, waived, or discharged by delivery, inspection, tests, acceptance, or payment, or the failure of any of the foregoing. Customer's approval of any design, drawing, material, process, or specifications does not relieve Supplier of these warranties. Supplier shall indemnify and hold harmless Customer pursuant to Section 9.5 Indemnification, in case of any claim of a third party based on product liability if and to the extent that the damage is caused by a defective Contract Product.

9.3. **Warranty Period.** Unless a longer period is determined by an Agreement, the warranty period shall run to the latest of the following: (i) four (4) years from the date Customer accepts the Contract Products; (ii) the warranty period provided by applicable law; (iii) the warranty period offered by Customer to Buyer; or (iv) the warranty period or guaranty period Buyer offers to end-users of the products into which the Contract Products are incorporated, which durations are publicly available, are incorporated herein by reference, and will be provided by Customer to Supplier upon written request. In the case of supplementary performance (cure of defects or delivery of Contract Products free of defects), this period is extended by the time during which the delivery item cannot be used as stipulated in the contract. Supplementary performance is also subject to the periods stated above.

9.4 Counterfeit Goods.

(a) The following definitions apply to this clause:

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"Counterfeit Goods" means Contract Products that are or contain unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used Contract Products represented as new, or the counterfeit identification of grade, serial number, lot number, date code, or performance characteristics.

"Suspect Counterfeit Goods" means Contract Products for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the Contract Products are authentic.

(b) Supplier shall not deliver Counterfeit Goods or Suspect Counterfeit Goods to Customer under the Agreement.

(c) Supplier shall only purchase products to be delivered or incorporated as Contract Products to Customer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Supplier may use another source only if (i) the foregoing sources are unavailable, (ii) Supplier's inspection and other counterfeit risk mitigation processes will be employed to ensure the authenticity of the Goods, and (iii) Supplier obtains the advance written approval of Customer.

(d) Supplier shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified in the Agreement.

(e) Supplier shall immediately notify Customer with the pertinent facts if Supplier becomes aware that it has delivered Counterfeit Goods or Suspect Counterfeit Goods. When requested by Customer, Supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Supplier, at its expense, shall provide reasonable cooperation to Customer in conducting any investigation regarding the delivery of Counterfeit Goods or Suspect Counterfeit Goods under the Agreement.

(f) This clause applies in addition to and is not altered, changed, or superseded by any quality provision, specification, statement of work, regulatory flow down, or other provision included in the Agreement addressing the authenticity of Contract Products.

(g) In the event that Contract Products delivered under the Agreement constitutes or includes Counterfeit Goods, Supplier shall, at its expense, promptly replace such Counterfeit Goods with genuine Contract Products conforming to the requirements of the Agreement. Notwithstanding any other provision in the Agreement, Supplier shall be liable for all costs relating to the removal and replacement of Counterfeit Goods including without limitation Customer's costs of removing Counterfeit Goods, of installing replacement Contract Products and of any testing necessitated by the reinstallation of Contract Products after Counterfeit Goods has been exchanged. The remedies contained in this paragraph are in addition to any remedies Customer may have at law, equity or under other provisions of the Agreement.

(h) Supplier shall include paragraphs (a) through (f) and this paragraph (h) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Contract Products to Customer.

9.5. Indemnification.

(a) General. Supplier shall indemnify, defend and hold Customer, its Affiliates, and its respective officers, directors, employees, Buyers, users and agents (collectively "Indemnitees") harmless from and against all suits, actions, losses, damages, claims, or liability of any character, type, or description, including without limiting the generality of the foregoing, all expenses of litigation, court costs, and attorneys' fees for injury or death to any person, or injury to any property (collectively, "Damages"), received or sustained by any person or property arising out of, occasioned by, attributable or related to (i) the Contract Products; (ii) any breach of any representation or warranty made by Supplier; (iii) any failure by Supplier to perform or fulfill any of its covenants; (iv) any litigation, proceeding or claim by any third party relating in any way to the obligations of Supplier; or (v) any act or omission, negligent or otherwise, in the performance of any Agreement, whether by Supplier, its suppliers, subcontractors, or employees; or (vi) any violation of law by Supplier. Supplier shall not consummate any settlement without the relevant Indemnitees' prior written consent. Supplier's indemnification obligation will continue in full force and effect notwithstanding the termination or expiration of any Agreement. For any claim against Indemnitees by a supplier, subcontractor or Affiliate of Supplier, or anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, these indemnification obligations shall not be limited under any applicable worker's compensation act, disability or other employee benefit act.

(b) Intellectual Property Indemnity. Supplier represents and warrants to Indemnitees that Contract Products shall not infringe any intellectual property rights including, without limitations, claims arising from patent, copyright, trademark, trade secret, or other intellectual property infringement. Supplier agrees to hold Indemnitees harmless from and defend Indemnitees against any such claim of intellectual property infringement, including any Damages resulting from such claim, the cost to Indemnitees of complying with any preliminary or permanent injunction, and all other costs of defense (including attorneys' fees and costs), in connection with such claim. Supplier agrees that if the sale or use of the Contract Products is enjoined or Supplier is otherwise unable to supply the Contract Products due to an intellectual property rights dispute, Supplier will, at Customer's election and Supplier's sole expense, procure for Customer the right to continue using the Contract Products, replace the same with equivalent non-infringing goods or modify such Contract Products so they become non-infringing. Should this be impossible or impractical, in addition to all other rights and remedies Customer may have against Supplier, including but not limited to indemnification for any third-party infringement claims, Supplier shall reimburse Customer for any finished goods and work-in-process that can no longer be utilized due to the infringement, and all costs associated with qualifying and validating a new supplier for the Contract Products.

(c) Data Breach. Supplier shall take all reasonable measures to protect itself, its information and the information of Customer from unauthorized access or theft ("Data Breach"). In the event of a Data Breach of Supplier's data, which may include, but is not limited to, Customer's data or which may impact Customer in any way, Supplier shall notify Customer within forty-eight (48) hours of such Data Breach

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and take all reasonable actions necessary to remedy or mitigate the effects of the Data Breach. Supplier shall indemnify and hold Customer harmless from any losses arising out of any such Data Breach.

9.6. Non-Assertion of Claims and Indemnification. Supplier agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information that Supplier shall have disclosed or may hereafter disclose to Customer in connection with the Contract Products covered by this Agreement.

9.7. Customer's Limited Liability to Supplier. Customer's sole liability under any Agreement (including its termination, expiration, or cancellation) is to pay for the Contract Products in accordance with Section 4 and to pay the specific termination related amounts described in Section 17, as applicable. **IN NO EVENT SHALL CUSTOMER BE LIABLE TO SUPPLIER FOR ANY OTHER DAMAGES OF ANY KIND, INCLUDING BUT NOT LIMITED TO COMPENSATORY, INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL (AS OPPOSED TO COMPENSATORY) DAMAGES, LOST PROFITS OR OTHER DAMAGES DIRECTLY OR INDIRECTLY RELATED TO PROFITS, OR LIABILITIES OF ANY KIND IN CONNECTION WITH AN AGREEMENT, WHETHER FOR BREACH OF CONTRACT, TORT LIABILITY, LATE PAYMENT, PROPERTY DAMAGE, PERSONAL INJURY, ILLNESS, DEATH, OR OTHERWISE.**

X. Remedies

10.1. Cumulative Rights. The rights and remedies reserved to Customer herein are cumulative and in addition to all other legal or equitable remedies.

10.2. General Remedies. Supplier will reimburse Customer for any damages caused by Supplier's breach or by nonconforming Contract Products, including, without limitation: (i) costs incurred for replacement materials or parts; (ii) freight costs incurred to deliver replacement material to Customer or to expedite shipments or to return Contract Products to Supplier; (iii) expenses incurred to diagnose and repair Final Product, including labor, travel and per diem, diagnostic time, and locally purchased materials and sublet services; (iv) costs associated with containing and correcting recalls, field service actions, or other large scale issues, including, without limitation, manpower spent planning, directing and coordinating containment efforts, engineering testing, jobsite product inspections, training and travel for repair crews, and warranty concessions to Customers; (v) costs of inspecting, sorting, storing, reworking, repairing or replacing nonconforming Contract Products; (vi) costs resulting from production interruptions; recall campaigns, Buyer field service actions or other corrective service actions; (vii) costs resulting from personal injury, death or property damage; (viii) actual and reasonable professional fees, settlements and judgments incurred by Customer and other costs associated with Customer's administrative time, labor and materials; and (ix) costs incurred as a result of Contract Products being accused of or found to be infringing any intellectual property right (including and in addition to the remedies specified in Section 9.5, all costs relating to obtaining suitable replacement Contract Products). If nonconforming Contract Products are rejected by Customer, the quantities under any Order shall be reduced unless Customer otherwise notifies Supplier. Supplier shall not replace reduced quantities without a Signed Writing. Customer's damages include, without limitation, third party charges and Customer internal expenses (e.g. hourly wages, salaried wages and carrying costs) relating to transportation (including expedited freight), containment, sorting and other attempts at mitigation relating to any Supplier breach.

10.3. Recalls and Field Fix Programs. If a governmental agency of any country, state, province or municipality requires Customer to conduct a product recall or field fix program, or Customer or Buyer voluntarily undertakes such an action related to Contract Products, Customer will notify Supplier on the later of: (i) within thirty (30) days of the start of such action; or (ii) within ten (10) days of determining that the cause for such recall is Supplier, and Supplier shall, at Customer's option, either repair or replace related Contract Products, and reimburse Customer for any related costs and damages. In connection with a recall campaign, service action or other corrective action, the warranty shall be extended beyond the normal warranty duration (see Section 9.3) and continue for such time period as may be dictated by Customer or the government unit.

10.4. Return of Non-Conforming Contract Products to Supplier. Upon Supplier's prior written request, Customer will use commercially reasonable efforts to return, at Supplier's expense, nonconforming Contract Products to enable analysis and determination, at Supplier's expense, of the root cause. Sample size for root cause testing will be determined in Customer's sole reasonable discretion. For not less than thirty (30) days after Supplier's written notification to Customer of any intent to deny a claim, Supplier will hold all returned Contract Products at Supplier's facility, during which time the parties will agree on the disposition of the nonconforming Contract Products.

10.5. Credit. Reimbursement for warranty claims will be, at Customer's option, through Supplier credits, Customer debits, or cash payments from Supplier to Customer, executed no more than thirty (30) days after notification to Supplier, within the warranty period, of product failure or nonconformance.

XI. Performance of Work on Customer's Premises / Relationship of the Parties

11.1. Contractors. In relation to any performance at Customer's premises, the "Company Regulations for Contractors" shall apply and will be made available to Supplier upon request. Supplier shall comply with directions of the facility security and site requirements.

11.2. Relationship of the Parties. Supplier and Customer are independent contracting parties and nothing in any Agreement or these Terms shall make either party the employee, agent, or legal representative of the other for any purpose. No Agreement shall grant either party any authority to assume or to create any obligation on behalf of or in the name of the other. Supplier shall be solely responsible for all employment and income taxes, insurance premiums, charges, and other expenses it incurs in connection with its performance of any Agreement, unless part of a Signed Writing. All employees and agents of Supplier or its respective contractors are employees or agents solely of Supplier or such contractors, and not of Customer, and are not entitled to employee benefits or other rights accorded to Customer's employees. Customer is not responsible for any obligation with respect to employees or agents of Supplier or its contractors.

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XII. Use of Supplier's Technical Information

12. Supplier will provide Customer with Technical Information required by Customer to install, assemble and otherwise use the Contract Products. "Technical Information" includes engineering, package and installation drawings, specifications, testing protocols and results, documents, data and other information relating to the Contract Products and any tooling. Unless otherwise agreed in a Signed Writing, Customer reserves the right to use the Technical Information for in-house production or by third party suppliers, as necessary.

XIII. Tools and Other Customer Property

13.1. Application. This Section XIII shall only apply if there is no current bailment agreement between the parties for Customer's Property in question.

13.2. General. "Customer's Property" shall mean and include: all information and materials, including tooling which has been furnished by Customer to Supplier or for which Supplier has been reimbursed by Customer (such as fixtures, gauges, jigs, patterns, castings, cavity dies, molds, and all related appurtenances, accessions, and accessories), packaging, documents, standards, specifications, samples, trade secrets, manufacturing processes, marketing and pricing data, proprietary information, and other materials and items (including such materials that are in any way modified, altered or processed) furnished by Customer either directly or indirectly to Supplier to perform any Agreement, along with any and all supplies, deliverables, data, and intellectual property rights that are the property of Customer under the terms of any Agreement. Customer's Property shall be and remains the sole and exclusive property of Customer. However, the term "Customer's Property", as between Customer and Supplier, shall also include property that belongs to a third party (e.g., a Buyer).

13.3 Use of Customer's Property. With respect to Customer's Property in the custody or control of Supplier or Supplier's suppliers, contractors or agents: (i) Supplier shall use it or permit its use only for the production of Contract Products for Customer; (ii) Supplier, at its own expense, shall keep Customer's Property in good working condition and house, maintain, repair and replace it as necessary so that Customer's Property shall remain in the same condition as it was when it was received by Supplier, except for normal wear and tear; (iii) Supplier shall keep Customer's Property fully insured for the benefit of Customer at all times while in Supplier's possession; and (iv) Supplier shall keep Customer's Property, and cause any of its suppliers, contractors or agents in possession of Customer's Property to keep Customer's Property segregated from all other assets and labeled as being the property of Customer. Supplier shall not release, relocate or dispose of Customer's Property to any third party without the prior, express, written permission of Customer. Supplier shall promptly notify Customer of the location of Customer's Property if located at any place other than Supplier's facility.

13.4. Bailee at Will/Other Agreements. Supplier shall have only temporary possession of Customer's Property as a bailee at will. Supplier shall execute, deliver and perform Customer's tooling agreement or other bailment agreement as Customer may from time to time reasonably request.

13.5 Inspection/Recordation. Customer shall have the right to enter Supplier's premises, or the premises of any of Supplier's suppliers, contractors or agents in possession of Customer's Property, to inspect Customer's Property and Supplier's records regarding Customer's Property. Supplier agrees neither to create nor permit any liens on Customer's Property and Supplier agrees to immediately sign any UCC-1 forms or other documents reasonably required by Customer to perfect Customer's rights granted herein. Supplier grants to Customer a limited and irrevocable power of attorney, coupled with an interest, to execute and record on Supplier's behalf any notice financing statements with respect to Customer's Property that Customer determines are reasonably necessary to reflect and protect Customer's interest in Customer's Property.

13.6 Assumption of Risk. Supplier shall assume all risk of death or injury to persons, or damage to property, arising from its use of Customer's Property. **TO THE EXTENT PERMITTED BY LAW, CUSTOMER SHALL HAVE NO LIABILITY TO SUPPLIER OR ANYONE CLAIMING BY OR THROUGH SUPPLIER FOR ANY INCIDENTAL OR CONSEQUENTIAL OR OTHER DAMAGES OF ANY KIND WHATSOEVER RELATING TO CUSTOMER'S PROPERTY SUPPLIED BY CUSTOMER. CUSTOMER DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH CUSTOMER'S PROPERTY, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND SUPPLIER WAIVES, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, ALL CLAIMS OF NEGLIGENCE AND STRICT LIABILITY.**

13.7 Return of Customer's Property. Immediately upon Customer's request and without payment of any kind, Supplier shall return Customer's Property, and shall comply with Customer's instructions relating to its return, including the method and location for its return. Supplier shall be responsible for labor and other costs incidental to the return of Customer's Property. Supplier shall cooperate with Customer and shall provide Customer with access to all facilities at which Customer's Property is located. Supplier expressly waives any right to additional notice or process relating to Customer's exercise of its rights under this Section XIII. Supplier waives, to the extent permitted by law: (i) any lien or other rights that Supplier might otherwise have on any of Customer's Property, including molder's and builder's liens; and (ii) any objection to Customer's repossession and removal of Customer's Property for any or no reason, including bankruptcy or insolvency proceedings.

13.8. Trust Payments for Customer's Property. Any payments made by Customer for Customer's Property are expressly intended by Customer to be held in trust for the benefit of any subcontractor(s) used by Supplier to produce such Customer's Property, as applicable. Supplier agrees to hold such payments as trustee in trust for such subcontractor(s) until Supplier has paid the subcontractor(s) in full for such Customer's Property. Supplier acknowledges and agrees that such subcontractor is an intended third-party beneficiary of the terms of this Section 13.8 relating to the trust and accordingly, such Customer's Property subcontractor shall have the right to enforce the terms of this Section 13.8 directly against Supplier in subcontractor's own name. Supplier agrees that Customer has no obligation to Supplier or such subcontractor under this Section 13.8 other than making the payment to Supplier in accordance with an Agreement. In the event such subcontractor brings an action against Supplier under this section, Supplier agrees that it shall not join Customer in any such action.

XIV. Software

14. To the extent Supplier is supplying software to Customer, Supplier agrees to modify/improve the software pursuant to Customer's instruc-

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tions and in exchange for an adequate reimbursement of costs for a period of five (5) years from the shipment of the supplied item, unless the scope of the delivery includes standardized software. To the extent the software originates with a supplier of Supplier, Supplier shall obligate such earlier supplier accordingly.

XV. Force Majeure / Long Term Inability to Deliver

15.1. **Force Majeure Event.** Natural disasters, riots, acts of government (including if, through no fault of the party, a government denies, fails to grant, or revokes any import or export authorizations necessary for performance under the Agreement) and any other events that are unpredictable and unpreventable exempt both Customer and Supplier from the contractual obligations, in each case for such time as the disturbance exists and within the scope of its effects. The party affected by the force majeure event must fully inform the other party and must make all efforts, within the limitations of what can reasonably be expected, to limit the effects of such events. The party affected by the force majeure event must notify the other party without undue delay of the end of the force majeure event. None of the following is individually, or collectively, a force majeure event: (i) Supplier's ability to sell Contract Products at a higher price; (ii) increases in Supplier's production, raw material or other costs, including but not limited to tariffs or duties imposed by a government authority; or (iii) a strike, a legal or illegal labor disruption, or Supplier's inability to obtain labor.

15.2. **Long Term Inability to Deliver.** In cases of a long term inability to deliver, cessation of payments, the opening of an insolvency proceeding, the refusal to open insolvency proceedings due to insufficient assets, or the commencement of comparable proceedings with respect to one of the parties, the other party shall be entitled to rescind the Agreement with respect to the part that has not yet been performed. If one of the foregoing events occur with respect to Supplier, Supplier shall support Customer to the best of its abilities in Customer's efforts to move the manufacture of the Contract Products to Customer or to a third party, which support shall include the granting of licenses to intellectual property rights to the extent such rights are necessary for the manufacture of the relevant product(s), such licenses to be granted on terms customary in the industry.

XVI. Compliance

16.1. Compliance with Laws/Ethical Business Conduct.

(a) **General.** Contract Products supplied to Customer shall comply with, and Supplier agrees to be bound by, all applicable foreign and United Mexican States federal, state and local laws, orders, rules, regulations, guidelines, standards, limitations, controls, prohibitions, or other requirements contained in, issued under, or adopted pursuant to such laws. Supplier agrees that neither it nor any of its subcontractors will utilize child, slave, prisoner or any form of forced or involuntary labor, or engage in abusive employment or corrupt practices, and comply with labor and social welfare laws, as applicable, including but not limited to maintaining an appropriate compliance plan therewith where Customer's purchases from Supplier exceed \$500,000 USD and Supplier is located outside the Mexico, in the production or provision of Contract Products. At Customer's request, Supplier shall certify in writing its compliance with the foregoing. By accepting an Order, Supplier certifies that neither it nor any of its subcontractors at any tier have paid, offered or agreed to pay, or will pay or offer or agree to pay political contributions, fees, or commissions in amounts as specified in any relevant legislation Unless a response to the contrary is sent by Supplier to Customer, no response from Supplier shall be deemed an acceptance of this requirement.

(b) **Environmental Compliance.** Supplier shall comply with (i) all applicable environmental laws and regulations, and (ii) the environmental compliance guidelines located in the Mexican Official Standards.

(c) **Equal Employment Opportunity.** Customer is a contractor that complies with the Federal Labor Act (Ley Federal del Trabajo). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities and qualified protected veterans.

(d) **Government Contract.** To the extent Supplier is supplying Contract Products to Customer in support of a Mexico Government contract, the Federal Acquisition, Leasing and Services in the Public Sector Act (LAAASP) included in any agreements between Customer and Buyer are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, during the performance of this Agreement. Any inapplicable provision of same shall be self-deleting. Supplier shall include in its supplier contracts provisions which impose these same obligations. Where applicable, the LAAASP clauses will be interpreted as if "Government" and "Contracting Officer" means Customer; "Contract" means this Agreement; and "Offeror and "Contractor" mean Supplier.

(e) **Labor Laws and Regulations.** Supplier hereby warrants and represents that all Contract Products were produced in compliance with the applicable requirements the Federal Labor Act (Ley Federal del Trabajo).

(f) **Schaeffler Code of Conduct.** Supplier shall comply with Customer's Supplier Code of Conduct, as revised or amended from time to time (the "Code of Conduct"). The Code of Conduct, incorporated herein by reference, can be downloaded at: <https://www.schaeffler.us/content.schaeffler.us/us/company/purchasing-and-supplier-management/sustainability/index.jsp>. Supplier acknowledges receipt, review, and acceptance of the Code of Conduct. At Supplier's written request, Customer will mail Supplier a hard copy of the Code of Conduct.

16.2. **Improper Actions.** Supplier shall refrain from actions or omissions that, regardless of the form of participation, may lead to administrative fines or criminal prosecution, in particular but not limited to for corruption or a violation of antitrust or competition law by Supplier, by employees of Supplier or by third parties engaged by Supplier (hereinafter referred to as "EBC-Violation(s)," where "EBC" stands for ethical business conduct). Supplier shall be obligated to take all steps necessary to avoid EBC-Violations. For this purpose, Supplier shall be responsible for the compliance and proper performance by its employees and all third-party representatives with all relevant laws. In the event of an EBC-Violation,

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Supplier shall immediately cease such actions and shall compensate Customer for any and all damage suffered by Customer due to such Violation.

16.3. Compliance Questionnaire. Upon written request by Customer, Supplier shall submit information about the measures required of Supplier by this Section 16, in particular regarding the content and status of implementation. Supplier shall be obliged, upon written request by Customer, but not more than once within a period of three years, to completely and accurately answer a compliance questionnaire issued by Customer and will provide Customer with the documents related to such questionnaire.

16.4. Investigations. Supplier will inform Customer without undue delay of the commencement of official investigations by any authority regarding an EBC-Violation. Additionally, if there are any indications of an EBC-Violation by Supplier, Customer is entitled to request written information about the EBC-Violation and all steps taken by Supplier for rectification and future law.

XVII. Sustainability in the Supply Chain

17.1. Preventive Measures. Supplier must take preventive measures both with regard to its own business operations and with regard to subcontractors directly employed by it for its performance in order to avoid (i) a violation of human rights; (ii) a violation of occupational health and safety regulations; or (iii) a violation of environmental protection regulations in accordance with the respective applicable statutory provisions (collectively, a "CSR-Violation") by Supplier itself or by its subcontractors and to identify CSR-Violations or potential CSR-Violations. Upon our request, Supplier shall provide us with written information on the preventive measures taken.

17.2. Audit. We (or third parties mandated by us) shall be entitled to inspect and audit the preventive measures taken by Supplier pursuant to Section 17.1 at least once a year during normal business hours and after timely prior notice. Supplier shall take suitable measures to ensure that we (or third parties mandated by us) can audit the preventive measures taken by direct subcontractors of Supplier (i.e. subcontractors with whom Supplier has a direct contractual relationship) in the event of justified suspicion of a CSR-Violation by the direct subcontractor of Supplier. Supplier shall also work towards ensuring that, in justified cases of suspicion, an audit or review of preventive measures is also made possible at indirect subcontractors (i.e. subcontractors with whom Supplier does not have a direct contractual relationship). Such audits and inspections shall not release Supplier from its obligations under this provision.

17.3. Remedial Measures. In the event of a CSR-Violation by direct or indirect subcontractors, Supplier shall immediately work towards the implementation of suitable remedial measures, review the effectiveness of these remedial measures and inform us of the CSR-Violations and the remedial measures taken. Our right to terminate for cause shall remain unaffected.

17.4. Supplier Employee Training. Supplier shall ensure that its employees participate in suitable training courses on human rights, occupational health and safety or environmental topics at regular intervals, but at least once per fiscal year. Supplier shall provide us with evidence of the establishment and implementation of a training concept at Supplier upon request.

17.5 Additional Actions Reserved. We are entitled to demand further measures for the protection of human rights as well as occupational health and safety or environmental protection regulations from Supplier in its own business operations, as well as with regard to the direct and indirect subcontractors used for the performance of services. Supplier shall implement such measures unless the implementation of such measures creates an unreasonable hardship for Supplier.

XVIII. Termination and/or Cancellation

18.1. Termination for Cause.

(a) Customer may, in its discretion, terminate any Agreement (in whole or in part) for cause by giving Supplier seven (7) days' prior written notice if Supplier: (i) becomes insolvent; (ii) becomes unable to pay its debts as they mature; (iii) makes a general assignment for the benefit of creditors; (iv) comes under a suspension of payments; (v) has a receiver appointed for the whole or any part of its assets; (vi) becomes in any way the subject of a bankruptcy petition; (vii) has a change in ownership or management such that a competitor of Customer gains an ownership or controlling interest in Supplier; or (viii) defaults in the performance of any provision or part of an Agreement. If Supplier, within seven (7) days following Customer's notice, remedies the cause giving rise to the notice to Customer's sole satisfaction, then the termination will be deemed void and any Agreement so terminated will continue in effect. Should Supplier fail to remedy the cause to Customer's satisfaction, the termination shall automatically become effective as of the date of the original notice. Delivery defaults are not subject to the seven-day cure period.

(b) In the event of a termination for cause under this section: (i) Supplier shall immediately stop all work under the Agreement in question and shall immediately cause any of its suppliers or subcontractors to cease work, unless otherwise directed by Customer (Customer may elect to have Supplier continue production on Contract Products or work in progress ("WIP") subject to Customer's obligation to purchase such conforming Contract Products under the terms of the Agreement in question); (ii) Customer will have no liability to Supplier unless Customer directs Supplier to continue work, and then only for such resulting conforming Contract Products delivered and sold to Customer; and (iii) Customer may also acquire replacement Contract Products (or parts of replacement Contract Products) elsewhere on such terms or in such manner as Customer deems appropriate, and Supplier will be liable for any excess cost or other expenses incurred by Customer.

18.2. Termination for Convenience. Customer may cancel all or any part of any Agreement at Customer's convenience by giving Supplier written notice of the termination. Customer's liability for any termination for convenience is limited to: (i) conforming Contract Products already delivered to Customer as of the date of termination; and (ii) payment for WIP, limited to the costs of raw material and labor incurred for outstanding Orders and Releases whose delivery date is within the lesser of: the Firm Zone agreed by the parties for the Contract Products in question; or six weeks from the date of termination. However, Customer may elect to have Supplier continue production on WIP subject to Customer's obligation to purchase such conforming Contract Products under the terms of the Agreement in question. In no event will Customer's liability for

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a termination for convenience exceed the price of related and outstanding Contract Products under the Agreement in question.

18.3 Cancellation or Termination by Supplier. Supplier may terminate or cancel any Agreement (in whole or in part), only for non-payment by Customer of the purchase price for Contract Products in accordance with such Agreement, and then only if: (i) the amounts are material and more than sixty (60) days past due; and (ii) Supplier first provides Customer written notice specifying: amounts past due (including relevant Order and invoice numbers and dates), and Supplier's intent to terminate if the past due amount is not paid; and (iii) Customer, within thirty (30) days of Supplier's notice, does not either: (1) pay the past due amounts, or (2) notify Supplier that Customer disputes the amounts claimed to be unpaid. Provided the foregoing conditions are met, Supplier may terminate an Agreement by providing written notice to Customer. Supplier may not terminate any Agreement (in whole or in part) for any reason except as permitted herein. Supplier may not suspend any performance under any Agreement for any reason.

XIX. Audit

19.1 General. Upon Customer's request, Supplier shall deliver to Customer data, records and other materials to evidence testing, inspection, supplier and sub-supplier diversity, Conflict Minerals use and controls, and compliance with law, including anti-bribery and anti-corruption laws and quality assurance actions. Customer has the right to conduct onsite audits of Supplier, Contract Products, and compliance with law, including: (i) inspecting Contract Products and WIP; (ii) conducting compliance audits, quality control measures and tests at Supplier's or its sub-supplier's premises; and (iii) any Supplier-claimed tool expenses or costs. Without cost to Customer, Supplier shall provide facilities and assistance for Customer audits, inspections, and tests. Customer shall not be liable for any reduction in value of samples used, nor shall any Contract Products rejected be submitted to Customer. Customer's audit or inspection, or the failure to audit or inspect, does not constitute acceptance of any Contract Products, does not remove responsibility from Supplier for compliance with the terms of any Agreement, and does not relieve Supplier of any of its responsibilities or warranties. Likewise, Customer's audit, test or approval of any design, drawing, material, process (including Supplier's quality management systems ("QMS")) or specifications will not limit or waive Customer's rights under this provision or any Agreement. Nothing in any Agreement releases Supplier from the obligation of testing, inspection and quality control. For preproduction inspections, Supplier will provide a written response with proposals for corrective action within fifteen (15) days of any notice from Customer concerning an unsatisfactory condition identified by Customer.

19.2. Financial Audit. Customer or Customer's designee may, at any time, review the financial condition of Supplier and its Affiliates, and Supplier will fully cooperate in such review including promptly providing copies of, or access to, requested documents, including financial records and statements, forecasts, business plans, banking contacts and loan documents, and will make its financial managers available for discussions during business hours. Customer and/or its designee will keep confidential any nonpublic information about Supplier obtained in a financial review and use such information only for purposes of the review, except as needed to enforce any Agreement. Supplier agrees that if Supplier experiences any delivery or operational problems, Customer may designate one or more representatives to be present in Supplier's applicable facility to observe Supplier's operations.

XX. Insurance

20. Supplier shall, for the duration of the supply relationship and for a reasonable time period thereafter, maintain reasonable insurance with worldwide coverage for risks arising from the supply relationship and the Contract Products (including, without limitation, business liability insurance, expanded product liability insurance including coverage for costs of installation and removal, inspection and sorting costs, and motor vehicle recall costs). Upon Customer's request, Supplier shall provide Customer with proof of insurance coverage.

XXI. Miscellaneous

21.1. Delivery and Performance. Location for deliveries and performances is the place or places specified by Customer or approved in writing by Customer.

21.2. Conflicts. In the event of any conflict between these Terms and any incorporated documents or an Agreement, unless the parties agree otherwise in writing, the various components of the agreements shall be given the following precedence (in descending order): (i) a release/scheduling agreement; (ii) a YPSA, as it pertains to price only (in all other respects, the YPSA shall fall behind the project or supply agreement); (iii) an Order; (iv) a project or supply agreement; (v) a consignment store agreement or inventory store agreement, as applicable; (vi) a master purchase agreement, if any; (vii) these Terms; (viii) a Quality Assurance Agreement; (ix) a Logistics Agreement; and any (x) Customer Policy.

21.3. Exit Plan. In case of termination or expiration of an Agreement, in whole or in part, the parties will work together in good faith to promptly develop an exit plan for the manufacturing by Supplier and purchase by Customer of Contract Products, under the terms of the Agreement. At Customer's request, Supplier will produce a safety stock of Contract Products under the terms hereof, including price, to support Customer's requirements for a transition period not to exceed six (6) months from the applicable termination date.

21.4. No Assignment. Supplier is not entitled to assign any obligation under the Agreement without the Signed Writing of Customer. Should Supplier assign a claim against Customer to a third party or have such claim collected by a third party, the third party takes the claim subject to any and all defenses and rights of Customer against Supplier.

(a) **Sub-Suppliers.** Supplier is responsible for the management of any sub-suppliers and will be liable for their performance, including but not limited to, sub-suppliers' errors, acts or omissions, negligent or otherwise, whether or not Customer directed or recommended the sub-supplier.

(b) **Third Party Manufacturers.** Upon notice to Supplier, Customer has the right to assign to a third-party manufacturer Customer's obligation to purchase Contract Products covered by any Agreement. Customer will receive any benefit from Supplier for the volume of Contract Products purchased by Customer's third-party manufacturers, including calculations for volume discount pricing or rebates that may be achieved based

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on Customer's spend with Supplier. Supplier agrees to provide the same terms and conditions as set forth in any Agreement related to prices and Lead Time to such third-party manufacturer. In the event of assignment to a third-party manufacturer, Customer reserves the right at any time to revert the purchase back to Customer or assign the purchase to an alternative third-party manufacturer. In the event the third-party manufacturer fails to comply with the agreed payment terms, Supplier will provide written notification to the third-party manufacturer, with a copy to Customer, requesting immediate payment. Customer will use commercially reasonable means to assist in brokering a resolution of any such claim, but Customer will not be required to take any action that would materially impair its ability to meet delivery and quality requirements for Final Products.

21.5. Taxes. Applicable sales, use, federal, state, or local taxes shall be itemized separately on all invoices. Supplier agrees to accept a valid tax exemption certificate or other appropriate evidence in lieu of tax payment. Customer is not responsible for taxes arising from Supplier's business activity, payroll, income or assets. Unless otherwise specified, prices for Contract Products include all applicable duties and taxes. If Customer is required to pay any taxes that are Supplier's responsibility, Supplier shall reimburse Customer for such taxes within ten (10) days of notice, and shall indemnify (pursuant to Section 9.5 Indemnification), defend, and hold Customer harmless against all claims arising out of Customer's payment of such taxes.

21.6. Directed Suppliers. A "Directed Supplier" is a Supplier that was directed, suggested or otherwise specified by a Directing Buyer. If Supplier is a Directed Supplier: (i) Customer shall pay Supplier for Contract Products only following and to the extent of Customer's actual receipt of payment from a Buyer that directs, suggests or otherwise specifies a supplier for use by Customer ("Directing Buyer") for Customer's products in which Contract Products are incorporated; (ii) any lengthening of any payment terms by the Directing Buyer shall automatically lengthen the payment terms to Supplier by like amount; (iii) within three (3) business days of any change in price, specifications or other terms negotiated or proposed between Supplier and the Directing Buyer, Supplier shall notify Customer in writing and shall immediately adjust its invoices to reflect any price reduction, provided however that no increase in price shall be binding on Customer without Customer's written consent and a commitment by the Directing Buyer to pay Customer a proportionately increased price for Customer's products sold to the Directing Buyer which incorporate Contract Products.

21.7. Arbitration. All disputes arising under or in connection with this Agreement or any Order or any other document pertaining to any Order shall be finally settled by arbitration in Charlotte, North Carolina, before a single arbitrator appointed by the American Arbitration Association ("AAA"), which arbitration shall be conducted in English and under AAA's commercial arbitration rules then in effect at the time of the Agreement provided, however, that discovery shall be permitted in accordance with the United States Federal Rules of Civil Procedure. The decision of the arbitrator shall be final and binding upon Customer and Supplier, shall not be appealable, and judgment on the award rendered may be entered in any court of competent jurisdiction. The arbitrators will have no authority to award punitive or other damages not measured by the prevailing party's actual damages. Each party will bear equally the costs and expenses of AAA and of the arbitrator. Each party will bear its own costs and expenses. The failure by one party to pay its share of arbitration fees constitutes a waiver of such party's claim or defense in the arbitration. All arbitration proceedings shall be confidential, except to the extent that disclosure is necessary to enforce an arbitration award in a court of competent jurisdiction. The arbitrator will issue a written opinion setting forth the basis for the arbitrator's decision, which may include an award of legal fees and costs. Notwithstanding anything to the contrary, either party shall have the right, without waiving any remedy under the Agreement, to seek from any court of competent jurisdiction: (i) equitable relief; and (ii) any interim or provisional relief that is necessary to protect the rights or property of such party.

21.8. Governing Law and Venue. The Agreement will be construed and governed in accordance with the laws of the State of Customer's principal location. The provisions of the United Nations Convention on Agreements for the International Sale of Goods, and any conflict-of-law provisions that would require application of another choice of law, are excluded. Subject to the arbitration provisions of Section 21.7, Supplier consents to the exclusive jurisdiction of the appropriate federal or state court of Customer's principal location, for any legal or equitable action or proceeding arising out of, or in connection with, the Contract Products or the Agreement.

21.9. Course of Performance. Neither course of performance, course of dealing, or usage of trade may be used to vary the terms of any Agreement.

21.10. Prevailing Party. If either party brings an arbitration or other proceeding against the other as a result of any alleged breach or failure by the other party to fulfill or perform any covenants or obligations under an Agreement, the prevailing party obtaining final judgment in such proceeding is entitled to receive from the non-prevailing party the prevailing party's reasonable attorneys' fees incurred by reason of such action or proceeding and all costs associated with such action or proceeding incurred by the prevailing party, including the costs of preparation and investigation.

21.11. Claims by Supplier. Any action or proceeding by Supplier under any Agreement must be commenced no later than one (1) year after the alleged breach or other event giving rise to Supplier's claim occurs without regard to the date the breach is discovered. Any Supplier action not brought within that year time period shall be barred, without regard to any other limitations period set forth by law or statute.

21.12. Severability. If any term herein is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, the term will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with applicable law. The remaining provisions of an applicable Agreement will remain in full force and effect.

21.13. Construction. The word "including," as used herein, means "including, without limitation," and terms defined in the singular include the plural and vice versa. The paragraphs and other headings herein are for convenience of reference only and shall not affect the construction or interpretation of any particular provision. The English language version of these Terms shall be controlling in all respects and shall prevail in case of any inconsistencies with translated versions, if any.

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21.14. Entire Agreement. The Agreement to which these Terms are attached or incorporated, to include any documents incorporated therein by reference, sets forth the full and complete agreement of the parties regarding Contract Products and supersedes any and all prior or contemporaneous proposals, agreements, understandings, representations, statements, or courses of conduct between the parties regarding Contract Products made prior to the effective date of the applicable Agreement, excluding non-disclosure/confidentiality, bailment, or development agreements previously entered into by the parties. Where a website is incorporated by reference into these Terms, or any Agreement, the most recently updated version of that website will govern Supplier's performance, and Supplier agrees to regularly check those websites to ensure Supplier's compliance with the current version.

21.15. Survival. Any provision of an Agreement, which by its nature is intended to survive termination, cancellation, completion or expiration of an Agreement (e.g., Service and Replacement Parts, Warranty, Remedies, Indemnification, Dispute Resolution), shall continue as a valid and enforceable obligation of the parties, notwithstanding such termination, cancellation, completion or expiration.

21.16. No Implied Waiver and Amendments. The failure of either party to require performance by the other party of any provision will not affect the right to require performance at any later time, NOR WILL THE WAIVER BY EITHER PARTY OF ANY BREACH CONSTITUTE A WAIVER OF ANY LATER BREACH. No amendment to an Agreement shall be binding unless it is contained in a Signed Writing.

21.17. Signatures in Counterpart. Agreements may be executed in counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute one and the same agreement. A facsimile or attachment to an e-mail shall suffice as an original.

21.18. Notices. All notices, demands and requests or other documents to be given hereunder shall be in writing and shall be deemed to have been given for all purposes (a) upon personal delivery; (b) one (1) day after being sent, when sent by professional overnight courier service from and to locations within the continental United States; (c) five (5) days after posting when sent by registered or certified mail, addressed as set forth below; or (d) when sent, if sent by facsimile or e-mail, provided that the receipt of successful facsimile or e-mail transmission is received by the sender and, in each case, addressed to the party at the addresses provided by the parties to the other in accordance with this provision.

21.19 Electronic Communications and Electronic Signatures. Supplier shall comply with any method of electronic communication/payment processing specified by Customer, including electronic funds transfer, pay-on-receipt processes/systems, advanced shipping notifications ("ASN"), Order/Release transmission and acknowledgement processes, Releases, electronic signature, and electronic communication systems, including the use of electronic data interchange portals. The foregoing systems and processes may give a means to accept and acknowledge Orders and/or Releases, but this is not exclusive: Acceptance is still permitted by any means permitted by law or agreement (e.g., Section 2.1).