

## General Purchasing Condition Agreement

### 1. DEFINITIONS

- 1.1. Buyer and Seller are hereinafter individually called the “**Party**”, or, collectively the “**Parties**”.
- 1.2. “**Products**” shall mean any duly qualified products described and listed in the Attachment I. The Attachment I shall be updated from time to time subject to mutual agreement.
- 1.3. “**Agreement**”: shall mean this General Purchasing Condition Agreement, together with all of its Attachments.
- 1.4. “**Specifications**”: shall mean the technical documentation describing the characteristics and desired performances of the Products. Such Specifications are (a) requested by KAb-Lem through relevant request for quotation (“RFQ”); (b) discussed and agreed with Kab-Lem; (c) frozen into specific documentation delivered from Seller to Kab-Lem in a tangible form (including by electronic means); (d) uploaded and saved by Kab-Lem in its own electronic data base. Any modification to the Specifications shall be agreed according to above procedure.

### 2. SCOPE

- 2.1. This Agreement sets out the terms, conditions and general quality rules and commitments that Seller and Kab-Lem will apply for their business transactions in order to achieve the goal of zero (0) defects in connection with the supply of Seller’s Products listed in the Attachment I, that includes also prices and quantities.
- 2.2. Nothing in this Agreement shall be construed as an obligation of Kab-Lem to purchase anything, or as a commitment to purchase a minimum quantity of Products. Kab-Lem and Seller hereby agree and acknowledge that Buyer does not hereunder commit in any manner to order and/or buy fixed quantities of the Products. Such quantities and orders placed by Buyer may vary during the term of this Agreement.
- 2.3. Seller warrants that the Products shall be merchantable and fit for the purpose of such automotive applications in the worldwide market as are typical of similar Products in marketplace. To support the zero (0) defect approach, Seller needs to know the application environment (such as type of vehicle, part of vehicle, temperature range, etc. for each Product).

### 3. VALIDITY PERIOD

Without prejudice to the provisions of Section 14 below, this Agreement expires at the end of the supply of the last Product listed in the Attachment I, including any related spare parts according to Section 5.

### 4. APPLICABILITY

Kab-Lem’s orders will be exclusively governed by this Agreement, with express exclusion of any other document (except those documents incorporated by reference herein). For avoidance of doubts Seller’s general terms and conditions of sale and/or any other relevant Seller’s document shall not apply.

## **5. LIFE OF THE PRODUCT**

Seller hereby guarantees the availability of the Products at least during the entire Product's Warranty Period as per Section 14 below.

Seller shall supply all spare and replacement parts for the Products that are requested by Buyer and according to the original equipment manufactures' (OEMs) requirements for production and warranty; in any case Seller shall, for at least fifteen (15) years after the final date of usage of the Products by Buyer, supply Buyer with the same Product or with a Product which is an equivalent one and is one hundred per cent (100%) backwards compatible in each Buyer's application without need for any redesign of Buyer's Products.

## **6. PRODUCT TERMINATION NOTIFICATION ("PTN")**

6.1. Seller agrees to promptly inform in writing Buyer if any of the Products are to be technically changed, provided that changes in the Products' Specifications shall not result in any price increment.

6.2. Seller agrees to promptly send a PTN to Buyer, according to the Notices provisions of this Agreement herein, if any of Seller's plant suspends for an indefinite time or closes down the manufacturing of the Products. In order to consider all consequences and possible alternative solutions and jointly define an action plan (hereinafter "Last Time Buy Agreement"), which shall include management of deliveries according to Buyer's manufacturing plan/ requirements, aiming to minimize impact on Buyer's stock level and avoid obsolescence risks of Buyer's inventory, Seller agrees to send the PTN to Buyer's representative, appointed to be responsible, as communicated from time to time, in accordance with the following rules:

- for off-the-shelf Products: the Parties shall sign the Last Time Buy Agreement within six (6) months from the PTN receipt by Buyer, provided that the PTN must be received by Buyer at least twelve (12) months before Seller last manufacturing date;
- for custom Products: the Parties shall sign the Last Time Buy Agreement within twelve (12) months from the PTN receipt by Buyer, provided that the PTN must be received by Buyer at least eighteen (18) months before Seller last manufacturing date.

6.3. Notwithstanding the above, Buyer reserves the right to request postponing the date of the Last Time Buy Agreement and Seller's last manufacturing date or to refuse the termination if technically and economically viable solutions are not defined between the Parties.

In any case, Seller is available to keep Products in its stock and to deliver them according to Buyer demands.

Seller also agrees to advise Buyer of an equivalent alternative source of supply. It is understood and agreed that all the costs to implement and validate a new source, plant or Product shall be entirely sustained by the Seller, including software redesign and validation.

For the avoidance of doubts, PTN, as described above, will survive, as the case may be, to the termination or expiration of this Agreement pursuant to Section 14 below.

## **7. BUYER'S AND SELLER'S PROPERTY**

7.1. All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly, to Seller to perform this Agreement, or for which Seller has been reimbursed by Buyer, shall be and

remain the property of Buyer and held by Seller on a bailment basis (“Buyer’s Property”). Seller shall bear the risk of loss of and damage to Buyer’s Property and, if requested by Buyer to do so, shall provide an adequate insurance policy covering such risk.

Buyer’s Property shall at all times: (i) be properly housed and maintained by Seller, at its expense; and (ii) not be used by Seller for any purpose other than the performance of this Agreement; and (iii) be conspicuously marked by Seller as the property of Buyer and (v) shall not be moved from Seller’s premises without Buyer’s prior written approval. Buyer shall have the right to enter Seller’s premises at all reasonable times to inspect such property and Seller’s records with respect thereto. Upon the request of Buyer, Buyer’s Property shall be immediately released to Buyer or delivered to Buyer by Seller. In which event Buyer shall pay to Seller the reasonable costs of delivering such property to such location.

7.2. Unless otherwise agreed to by Buyer, Seller, at its expense, shall furnish, keep in good condition and replace when necessary all machinery, equipment, tools, jigs, dies, gauges, fixtures, molds, patterns and other items necessary for the production of the goods. Seller grants Buyer an irrevocable option to take possession of and title to Seller’s Property that is special for the production of the goods upon payment to Seller of its net book value less any amounts that Buyer has previously paid to Seller for the cost of such items provided.

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

8.1. Seller represents and warrants that the Product and the relevant documentation supplied to Buyer upon a purchase order will not infringe any patent, copyright or other intellectual or industrial property right of third parties and that no action for infringement of such rights is pending or threatens to be brought before any court in connection with the Product.

Seller shall entirely defend at its own expense, indemnify and hold harmless Buyer, its employees, directors, officers, attorneys, subsidiaries, parent corporations, affiliates, etc. and its customers from any claim, suit or proceeding brought against them and based upon the infringement, by any of the Products sold to Buyer, of any patent right, copyright, mask work right or other industrial or intellectual property right of any third party and from any cost, expense and damage resulting there from , provided Buyer gives to Seller prompt written notice of such claim, suit or proceeding and authority and reasonable assistance, at Seller 's expenses, for the defence or settlement of the same.

If, as a result of a claim, Buyer is enjoined from selling or using a Product purchased from Seller, Seller agrees to ensure Buyer the continuance of the supply, by either

- i) replacing the Product with a non-infringing Product (Seller bearing all the relevant costs); or
- ii) securing for Buyer the right to sell or use the Product (Seller bearing all the relevant costs),

as will be time to time agreed upon with Buyer, provided that any other right and/or remedy recognized to Buyer under this Agreement and/or the applicable law is not compromised.

8.2. Buyer will have the right to use the Products' documentation, to copy, translate and modify it, without any expense, in order to introduce it into its own manuals.

8.3. The provisions of this Section 8 shall survive any expiration or termination of purchase order and/or of this Agreement.

## **9. DELIVERY NON-COMPLIANCE**

9.1. Buyer has the right to refuse those materials that have been identified as not conforming to the specifications mutually agreed (Identification, Quantity, Aspect and Marking). Buyer reserves the right to return refused materials, as well as to request Seller to replace the refused Products, at Seller's expenses.

9.2. Without limiting the rights of Buyer in any other provisions of this Agreement or at law, Buyer shall have the right to claim damages if i) the Products or part thereof are not delivered at the date(s) agreed upon, or within any agreed extended or postponed period, provided that Seller shall use any possible carrier or mean to satisfy the requested delivery plan, or ii) Seller delivers Products which are not compliant with the agreed upon specifications and quality requirements.

9.3. Buyer has the right to open official claim to seller after a delivery of non conforming materials. Seller has to reply to the claim with an 8D report within the date requested by buyer (usually 1 wk for the first version of the document). If seller has the necessity to analyse the non conforming parts, Buyer agrees to send them; in this case, the timing for 8D report reply starts from the moment in which the Seller receives the parts.

## **10. PROCESS AND SYSTEM AUDITS**

Buyer reserves for itself and for the final customer the right to audit the Seller's Organization periodically. The Organization shall be required to react to the audit result and shall submit the action plan to the concerns identified.

## **11. PACKAGING**

Seller shall deliver the Products in suitable shipping packaging (and according to KAB-LEM requirements, when specified), in order to prevent damage and quality impairments. In case the Products are delivered to KAB-LEM's facility with damaged packaging, KAB-LEM shall have the right to refuse the shipment and send it back to Seller, charging every cost.

## **12. GOVERNING LAW AND LITIGATION**

All disputes shall be settled in accordance with the provisions of this Agreement. The substantive law in force in Italy without reference to its conflict of law provisions shall govern this Agreement.

Any disputes arising under this Agreement shall first be submitted to the respective authorized management representatives of the Parties for discussion in good faith and amicable resolution. In the event the Parties do not resolve such dispute amicably, the matter shall be settled through arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce by an arbitration panel composed of three (3) arbitrators. The arbitrators shall be fluent in English and familiar with Italian Law, and appointed in compliance with the aforementioned Rules of Conciliation and Arbitration of the International Chamber of Commerce. The arbitration proceeding shall take in place in Turin (Italy) and shall be conducted in English. The Italian Code of Civil Procedure will apply to the proceeding where the Rules of Conciliation and Arbitration of the International Chamber of Commerce are silent.

### **13. FORCE MAJEURE**

Any failure or delay in the performance by either Party hereto of its obligation hereunder will not be a breach of this Agreement if such failure or delay arises out of or results from causes beyond such Party control. In this case, the agreed delivery time shall be extended by an agreed reasonable period.

This causes will include, but not be limited to, explosions, acts of public enemy, acts of God, riots, wars, rebellions, insurrections, sabotages, acts of terrorism, epidemics and quarantine restrictions, embargos, acts and/or rules and/or regulations and/or orders of any governmental entity, acts of Government, including failures or delays in the performance of sub-contractors if caused by any such circumstances as referred to in this Section.

In case of force majeure Seller shall promptly notify Buyer in writing and provide Buyer with all relevant information thereto. Should a cause of force majeure continue for more than three (3) months, either Party shall then have the right to terminate the Agreement without damages.

### **14. TERMINATION**

This Agreement or any provisions contained in the purchase orders can be terminated in whole or in part, by written notice, in case:

- 14.1. One of the Parties files a petition of bankruptcy, or is adjudicated bankrupt, or makes a general assignment for the benefit of the creditors or becomes insolvent or otherwise unable to meet its financial and business obligations in a reasonable manner after they become due.
- 14.2. Seller fails to perform any of its material obligations under this Agreement and such failure is not remedied within thirty (30) days after the written notification of default by Buyer.
- 14.3. Buyer terminate the Agreement at any time and for whatsoever reason, with a 6 (six) months prior written notice to Seller, without prejudice to final supplies duly confirmed by Buyer through relevant logistic program.
- 14.4. In case of Change in Control of Seller. "Change in Control" means where a third party acquires the Control of the Seller. "Control" means as used with respect to any person or entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of the majority of the voting securities, by contract or otherwise.
- 14.5. Upon expiration or termination of this Agreement for any reason, the rights and obligations of the Parties under this Agreement shall terminate, except for such rights and obligations which are expressly provided herein to survive the expiration or termination of this Agreement and except for any payment obligation accrued prior to such expiration or termination.
- 14.6. The provisions for termination of this Agreement and their exercise shall not constitute a waiver by either Party, or a substitute for, any relief or remedy which is otherwise available to either Party.

14.7. No provision of this Agreement (even if said provision indicates specific legal and/or operational remedies for breaches) can be interpreted in such a way as to exclude Buyer's lawful right to obtain indemnification for damages and/or, should that be the case, the right to terminate the Agreement for breach by Seller.

## **15. WARRANTY**

The Product is guaranteed for forty-five (45) months from Seller's Products date code ("Warranty Period").

Seller undertakes to always comply with the latest applicable regulatory standards laws and regulations regarding cars end-consumer warranty, either in terms of mileage/ usage and/or in terms of warranty duration.

If the Product or part of the Product does not fully conform to and function and operate in accordance with the criteria set forth in the Specifications agreed between the Parties, Seller warrants and undertakes to replace the Product or part of the Product and to fulfil in accordance with Attachment I: Quality.

The remedies under this Section are without prejudice to other possible remedies for Buyer provided by law.

The provisions of this Section shall survive the expiration or termination of this Agreement for any reason.

## **16. RECALL CAMPAIGN**

In case of a recall campaign by Buyer's customer ("Customer") or by any authority's request, directive or order, Seller shall indemnify and hold Buyer harmless against all damages and expenses incurred by Buyer in connection with such recall campaign, provided that:

- 1) the Parties shall discuss the perimeter of the recall campaign, if possible, and use all their best efforts to minimize the costs; and
- 2) the recall campaign is imputable to the Seller Product; and
- 3) the damages and the expenses incurred by the Buyer are duly evidenced.

## **17. PRODUCT LIABILITY**

17.1. If, at any time during the period in which Seller shall be responsible under any applicable Regulatory Standard (before or after the expiration of the Warranty Period), final users, third parties or Italian or foreign or supra-national authorities claim against Buyer a non-compliance with Regulatory Standards concerning safety, health, environment and/or manufacturing and/or homologation, etc. due to alleged defects, non-compliance with Regulatory Standards or rules, non-reliability or lack of safety of any Vehicles arising out from Products, Seller shall keep Buyer indemnified and harmless from any claim of the competent authorities and/or third party allegedly damaged, in accordance with any applicable Regulatory Standard without prejudice to Seller's own responsibilities towards the damaged third party and the authorities, where applicable.

Regulatory Standard means any provision of law or regulatory or administrative provision or administrative or jurisdictional order or decree currently in force or to be applied in future in the countries where any Vehicles are marketed as of the date of the delivery to Buyer of a specific Product or are to be marketed in the future.

17.2. Vehicle(s) means any vehicle manufactured by any OEM(s) equipped with the Products.

17.3. Buyer shall inform Seller promptly after being informed of the violation of Regulatory Standards, laws and rules or that a liability is being alleged in connection with the defect or safety lack of a Product supplied by Seller.

## **18. COMPLIANCE WITH LAW**

Seller shall comply with law provisions on employees, environment protection, health and safety and shall make an effort to minimize the negative effects of activities on humans and environment.

Where applicable, Seller shall comply with REACH (Registration Evaluation Authorization & Restriction of Chemicals) system and related regulations and comply with all applicable regulations, standards and best practices in environmental protection matters, including those related to emissions and heavy materials.

In addition, Seller shall comply with the ONU principles, in particular those related to international human rights protection, to collective bargaining, to forced and child labor abolition, to the elimination of discriminatory policies, environmental responsibility and the prevention of corruption. In the event that a Product is subject to government regulations, national and/or foreign (regarding safety, pollution, etc..), Seller is required to prepare a specific documentation concerning the type approval and supply chain, that proves, among other things, in what way and with what results have been tested and certified the characteristics concerned.

This documentation must be kept by Seller and shall be given to KAB-LEM upon request. If any Product, or component thereof, contains any mineral which originated in the Democratic Republic of Congo or its surrounding countries ("Conflict Minerals"), then Seller shall immediately notify KAB-LEM in writing of such Conflict Minerals and provide all information necessary in order to comply with the requirements of the relevant national/international regulations in force concerning Conflict Minerals. The obligation to report the use of Conflict Minerals will be continuous. Seller is required to impose similar obligations to its subcontractors, where specifically authorized as per article 1 herein.

## **19. COMMUNICATION RIGHT**

Neither Party shall issue a press release or other public disclosure regarding this Agreement, Buyer's Products and the final customers' Products, without the prior written consent of the other Party. The Parties shall reasonably cooperate in preparing and releasing any mutually agreed upon press releases or other public announcement.

## **20. ENTIRE AGREEMENT AND AMENDMENTS**

This Agreement constitute the entire understanding between the Parties and supersedes any previous agreement, memorandum, letter of intent, representation or understanding regarding the subject matter hereof.

No provision of this Agreement or any schedule or exhibit attached hereto may be amended, modified, waived, supplemented, discharged or terminated, other than as set forth herein or by the express written agreement of the Parties.

## **21. SEVERABILITY**

If any term, provision, covenant or conditions of this Agreement is determined to be invalid, void, or unenforceable by any reviewing authority of competent jurisdiction, the rest of the Agreement will remain in full force and effect to the extent permitted by Law and will not be

affected, impaired or invalidated, provided that the intent and purpose of the parties is not materially frustrated thereby.

In the event of any such determination, the Parties agreed to negotiate in good faith to modify this Agreement to fulfil as closer as possible the original intents and purposes hereof. To the extent permitted by Law, the Parties to the same extent waive any provision of Law that renders any provisions hereof prohibited or unenforceable in any respect.

## **22. SUCCESSION AND ASSIGNMENT**

This Agreement binds and inures to the benefit of the Parties and their permitted successors and assignees. Seller may not assign this Agreement in whole or in part, or any of its rights, interests, duties or obligations under this Agreement, without the prior written approval of Buyer.

## **23. COUNTERPARTS**

This Agreement may be executed in one or more original counterparts, all of which together will constitute one agreement, and facsimile signatures will have the same effect as original signatures.

## **24. HEADINGS**

The section headings contained in this Agreement are for convenience only and will not affect the meaning or interpretation of this Agreement.

## **25. AUTHORITY**

Each Party represents and warrants to the other that:

- (A) it has the authority to enter into this Agreement without any additional approvals or consents,
- (B) the person executing this Agreement on its behalf is duly authorized, and
- (C) to the best of such its knowledge, this Agreement is fully enforceable in accordance with its terms.

## **26. CREDITS ASSIGNMENT**

Seller undertakes not to transfer or assign in any way to third parties any credit which it may claim from KAB-LEM on the basis of this Agreement, without the prior written consent of KAB-LEM. It remains understood that such transfer or assignment may be authorized only in case of “pro solvendo” regime.