



**GENERAL TERMS AND CONDITIONS- NORTH AMERICA**  
**PURCHASING**  
**(2022 Edition)**

## DEFINITIONS

In these "Purchasing General Terms and Conditions" (hereinafter "General Terms"), the following words and terms shall have the meaning set forth below:

**"Affiliate"** means any company, or other legal entity, directly or indirectly Controlling, Controlled by, or under common Control with another company or legal entity;

**"Applicable Law"** means any laws including, but not limited to all federal, state and local laws, rules, regulations and executive or judicial orders applicable in any jurisdiction where the Products are manufactured, any jurisdiction where the Products or vehicles equipped with the Products will be sold;

**"Customer"**: shall mean any individual or entity for whom/which MARELLI has provided goods or services or made a proposal to perform services or provide goods including, but not limited to original equipment manufacturers, and automotive vehicle manufacturers;

**"Closed Order"**: means a request, addressed from MARELLI to Seller, for the purchase/supply of a specified quantity of Products;

**"Consignment Stock Agreements"**: mean the agreements, ancillary to the Supply Agreement, for the management of the Products in consignment stock, as entered into from time to time between MARELLI and Seller;

**"Control"** the terms "Controlling", "Controlled" and "Control" mean (i) ownership, direct or indirect, of more than fifty (50) percent of the voting rights in a legal entity, or (ii) the power to appoint or elect a majority of the directors of in a legal entity, or (iii) the power to direct the management of a legal entity. Any such legal entity shall be considered an Affiliate for only such time as such voting rights or powers are maintained;

**"Logistic Programs"**: mean the periodic delivery programs, routing method and methodology, by means of which MARELLI indicates to Seller the quantities to be delivered, as well as the delivery date and the exact location. Only the quantities indicated in a Logistic Program constitute a firm commitment to buy Products;

**"Logistic Agreements"**: mean the agreements, ancillary to the Supply Agreement, for the logistic services of Products entered into from time to time between MARELLI and Seller;

**"MARELLI"**: means Marelli North America Inc. and its Affiliates, and Marelli Ride Dynamics Mexico S. de R.L. de C.V.;

**"MARELLI Personal Data"**: means the information, in any form, that is provided to Seller by or on behalf of MARELLI that alone, or in combination with other information: (a) is considered personal data or personal identifiable information under Applicable Laws; or (b) identifies or could be reasonably used to identify an individual data subject, including but not limited to names, addresses, email addresses, telephone numbers, tax code, government identification numbers or any other personally identifiable information;

**"Open Order"**: means a request, addressed by MARELLI to Seller, concerning the purchase/supply of Products, without any binding determination of the quantity of Products to be supplied, which contemplates the issuance by MARELLI of Logistic Programs;

**"Operating Regulations"**: mean standards, specifications, rules, circular letters, procedures and any other similar regulations governing and detailing the performance of the Supply Agreements entered into by MARELLI and Seller, as made available from time to time to Seller;

**"Parties"**: mean MARELLI and Seller;

<p><b>"Price"</b> or <b>"Pricing"</b> shall mean the price shown on the Purchase Order or Supply Agreement (fully inclusive of all taxes) or as otherwise agreed in writing between the Parties;</p>
<p><b>"Product"</b>: means the product supplied by Seller to MARELLI and specifically identified under the Supply Agreement;</p>
<p><b>"Purchase Order"</b>: means an Open Order and/or a Closed Order;</p>
<p><b>"Quality Specifications"</b>: mean a document agreed in writing by MARELLI and Seller identifying quality characteristics of a specified Product with the goal of the zero (0) defect production;</p>
<p><b>"Seller"</b>: means the company or other entity subscribing these General Terms and/or a separate contract for the supply of the Products. This definition of Seller includes the Subsidiaries of the Seller to which a Purchase Order is addressed by MARELLI;</p>
<p><b>"Specifications"</b>: mean a document agreed in writing by MARELLI and Seller identifying the technical, operating, quality and reliability characteristics of a specified Product;</p>
<p><b>"Subsidiaries"</b>: mean companies in which another company has, directly or indirectly, the majority of votes exercisable at a shareholders' meeting;</p>
<p><b>"Supply Agreements"</b>: mean the agreement(s) for the supply of Products entered into from time to time between MARELLI and Seller, with the formalities of finalization described in Article 2;</p>
<p><b>Singular/plural terms</b>: any reference in these General Terms to terms imparting the singular number only shall be deemed to include the plural and vice versa;</p>
<p><b>"Tooling"</b>- all tools, jigs, dies, gauges, fixtures, molds, patterns and other equipment used by Seller in manufacturing the Products;</p>
<p><b>1. GENERAL</b></p>
<p>1. MARELLI agrees to purchase and Seller agrees to sell and deliver the Products in accordance to these General Terms; provided, however, that specific binding commitments to purchase and sell shall be subject to the issuance by MARELLI of an Open Order (provided that such Open Order is followed by a relevant Logistic Program) or of a Closed Order, or by the execution of a separate supply contract.</p> <p>In the event of any conflict or discrepancy between the General Terms and specific commitments to purchase and sell as otherwise agreed in writing by the Parties, such specific commitments shall prevail. Seller fully accepts these General Terms, any related Seller manual, and expressly disclaims all its own general terms and conditions of sale, wherever they are quoted. Seller further agrees that if Seller supplies goods and/or services to any affiliate of MARELLI in another jurisdiction, then the general terms and conditions of such affiliate or MARELLI shall be applicable.</p> <p>MARELLI agrees to purchase and Seller agrees to sell the Products under the terms and conditions of the General Terms; provided, however, that specific commitments to purchase and sell shall be subject to the issuance by MARELLI (or by its own Affiliates) of a Purchase Order and acceptance by Seller thereupon.</p> <p>The commencing of the activities for the performance of the Purchase Order or Supply Agreements by Seller shall be deemed to constitute acceptance of the Purchase Order or Supply Agreements, even if no other formalities have taken place. In any case, Seller shall have term of up to 3 (three) business days from the issuance of the Purchase Order to state its express acceptance of the Purchase Order. If no statement is made within such term, it shall be assumed the tacit acceptance of the Purchase Order.</p>
<p>2. Seller declares hereby to fully accept these General Terms and expressly disclaims all its own general conditions of sale, wherever they are quoted.</p>

3. Any changes or additions to these General Terms shall be agreed in writing between Seller and MARELLI. Any conditions or stipulations issued or made by the Seller which are inconsistent with the General Terms or which purport to modify the General Terms in any way whatsoever shall not have effect unless expressly agreed in writing by MARELLI. Unless and until they are superseded, the General Terms shall also apply to all future Purchase Orders issued by MARELLI to the Seller whether or not MARELLI makes specific reference to the General Terms.

4. Any condition set out in Seller's invoices, notes, offer, correspondence, including electronic mail, or any other document, that is in conflict or contradicts any of these General Terms and/or Supply Agreements and/or Purchase Order and/or Specifications and/or Operating Regulations, and not expressly accepted in writing by MARELLI, shall be deemed invalid and not applicable.

5. Seller shall not, without MARELLI's prior written consent, assign or subcontract to third parties the performance of the Supply Agreement or any part thereof. Seller shall indemnify and hold MARELLI harmless against any and all claim regarding activities performed by such third parties.

## **2. CONCLUSION OF SUPPLY AGREEMENTS/ PURCHASE ORDERS**

1. Each Purchase Order that MARELLI issues is MARELLI's offer to purchase the Products identified in that Purchase Order. The acceptance of the Purchase Order or the commencement of any work or the performance of any work hereunder or any other conduct in confirmation of the transaction set out on the face hereof by the Seller shall constitute unconditional and unqualified acceptance by the Seller of the Purchase Order. The MARELLI reserves the right without any liability whatsoever to the Seller to cancel, amend, or withdraw the Purchase Order at any time before it has received written acceptance. Upon acceptance, the Purchase Order together with these General Terms and any other documents specifically incorporated in the Purchase Order or separately agreed to in writing, such as Specifications, drawings, requirements of MARELLI's customer, or quality requirements, will become a Supply Agreement. If Seller proposes alternate or additional terms to a Purchase Order, the Purchase Order will become a Supply Agreement only if and when MARELLI agrees to the changes in writing, even if Seller commences or has commenced performance under the Purchase Order. Specific terms and conditions on the Purchase Order and the other documents comprising the Supply Agreement will take priority over any inconsistent provision in these General Terms.

## **3. CHANGES AND UPDATES**

2. Seller shall supply Products in compliance with the Specifications; any updates or changes to the Products shall be performed according to the timing, methods and economic aspects agreed in writing with MARELLI.

## **4. CHANGES**

1. Any change, ("Change") to the Products, Specifications or of the production process, shall be implemented by the Seller only after providing prior written notice to and obtaining written consent from MARELLI.

2. MARELLI shall have the right to stop or cancel Purchase Order, charging Seller any costs indirectly or directly associated with the Purchase Order, if delivery shall take place without the above written consent.

3. MARELLI may at any time, by written notice to the Seller make Changes including but not limited to the Products, Specifications, production process, drawings, materials, packaging, testing, quantities, time or the method of shipment and packaging and/or the place of delivery, or similar requirements prescribed in any relevant Supply Agreement. If any such changes affect the time for performance, the cost of manufacturing or delivery of the Products, MARELLI may in its absolute discretion make an adjustment in the Price or the delivery schedule or both. The Seller shall not make any changes in the design or composition of the Products nor make any substitution for the Products specified in the Purchase Order without prior written consent of MARELLI. MARELLI will not be liable in respect of any instruction unless given on its official printed forms and signed by an authorized representative of MARELLI.

2. Should said Changes give rise to patentable inventions, Seller shall grant a license to MARELLI free of charge to manufacture, sell and use the improved Products, without prejudice to the rights of MARELLI as stipulated in Article 19 hereunder.

## **5. PACKAGING**

1. Seller shall deliver the Products in suitable shipping packaging (and according to MARELLI requirements, when specified), in order to prevent damage and quality impairments. If MARELLI has not provided packing or shipping instructions, Seller shall handle, pack and package the Products so as to protect the Products from loss or damage, in conformance with good commercial practices, industry standards, specifications, government regulations and other applicable requirements.

2. Unless otherwise specifically agreed to in a Supply Agreement, there are no separate charges for packaging. If the Products are delivered to MARELLI's facility and are damaged, MARELLI shall have the right to refuse the shipment and send it back to Seller. In such instances MARELLI will charge Seller all costs associated with the packaging, shipment and return of the Products including expediting costs.

**6. DELIVERY, DELAYS AND LIQUIDATED DAMAGES**

1. Seller shall deliver Products at the time and according to the place established in the Supply Agreement and/or Consignment Stock and/or Logistic Agreement.

Time is of the essence for any duty herein or for any Supply Agreement entered into between the parties.

2. Partial deliveries are not allowed, unless so agreed in writing by the Parties.

3. Seller shall supply, together with the delivery, all necessary documents needed for Products usage (for example, user, technical and installation manuals, warranties, etc.).

Products will be delivered in accordance to MARELLI's specifications in the Purchase Order or Supply Agreements (according to applicable Incoterms) to MARELLI'S facility, or another location specified by MARELLI, and title will transfer to MARELLI upon receipt of the Products by MARELLI.

4. Where not otherwise specified in writing, carriage of Products shall be fully at Seller's own risk and expense.

5. In the event of:

1. missed or delayed delivery in accordance to the relevant Purchase Order;
2. delivery at a place different from the one specified by MARELLI;
3. non-compliance of the quantity,
4. defects or defective Products

MARELLI shall have, in its sole discretion, the right to:

i) require the immediate fulfillment of the Supply Agreement, in whole or in part, unless otherwise agreed under subsection (iii); and/or

ii) procure elsewhere, at any time, in whole or in part, the Products ordered, at Seller's cost and risks, and/or

iii) should the missed or delayed delivery result in the incompleteness or the suspension of production and/or within the after sale activity, inefficiencies to the assistance network (such as, for example, cancellation of order for spare parts by purchasers, stop of vehicles for lack of spare parts, penalties which MARELLI shall be obliged to pay), MARELLI shall have the right to charge to Seller the fixed costs and the cost of unused labor and/or the cost of the supplementary labor necessary to recover production, without prejudice to any other rights of recovery, damages, costs, etc. where the missed or delayed delivery may affect the possibility to comply with distribution programs and/or occurs in the phase of launch or pre-launch of the production.

Seller acknowledges that failure, missed, delayed, or non-conforming delivery may result in damages to MARELLI beyond the cost of replacement Products, including but not limited to, those related to underutilized fixed costs, unused labor, costs related to failure to launch programs or costs imposed by Customers for its missed, delayed or non-conforming delivery and agrees that as all such costs may be charged to Seller by MARELLI.

In addition to the above remedies and in any case and without prejudice, MARELLI shall have the right to charge to Seller an amount equal to 2% of the total value of the Products not delivered for every 5 business days of delay, provided that the maximum amount of such additional charges, applicable from time to time to any single delay may not exceed 10% of the value of the undelivered Products. This amount represents a maximum estimate of the damage agreed in advance by MARELLI and by Seller and shall not preclude the right to MARELLI to claim compensation for any further damage and, in the case of exceeding this maximum amount, to terminate, with immediate effect, by simple communication, the Supply Agreement.

#### **6a. SET OFF**

1. MARELLI, without waiver or limitation of any rights or remedies, shall be entitled from time to time, to deduct from any amounts due or owing by MARELLI to Seller, any and all amounts owed by Seller to MARELLI.

#### **7. PAYMENTS**

1. Invoices must be set, issued and managed in compliance with laws, as well as with operating procedures and rules set forth by MARELLI, according to which, among other things, Seller shall send invoices exclusively, to the accounting service center appointed by MARELLI or through a designated process in accordance to the Purchase Order.

2. MARELLI shall effect payments in the manner and within the payment terms indicated in the Purchase Order, following receipt of the invoices, duly filled in, as well as receipt of any other documentation required under the applicable law. If invoicing activity by Seller does not adhere to the relevant payment terms and processes in the Purchase Order, invoicing processes designated by MARELLI, or by applicable law, Seller, at MARELLI's request, shall rectify any discrepancies in the invoice or invoice processes. Subject to Seller rectifying all invoice discrepancies and errors, MARELLI shall effect payment in accordance to the terms of this Section 7 and the Purchase Order.

Seller agrees to take all such further actions and complete all such further documents as shall be necessary or advisable in order for MARELLI to make payments electronically.

3. Seller shall not transfer or assign to third parties any credit which it may claim from MARELLI on the basis of the Supply Agreement, without the prior written consent of MARELLI.

4. The parties agree and acknowledge that provisions related to the financial and economic aspects of the Purchase Order and Supply Agreements may be revised by MARELLI as a consequence of currency exchange rate variations or other factors that could have unintended economic impacts related to the profitability of the project or otherwise.

## **8. PRODUCTS WARRANTIES AND QUALITY COMPLIANCE**

1. Seller shall ensure the Products quantity compliance to what is provided in Purchase Orders and/or in the Supply Agreements and in the labelling on package.

2. In case of the Products quantity noncompliance, MARELLI shall have the right to:

- (a) accept the quantity differences while changing the quantities of future Purchase Orders to account for such differences;
- (b) reject over-shipments; over-shipments may be returned to Seller at Seller's sole risk and expense and MARELLI shall charge Seller the stock costs;
- (c) without prejudice to any rights or remedies allowed under this General Terms or by law, request Seller to immediately provide any missing Products. MARELLI shall have the right to charge Seller for any expenses (including any extra costs such as expediting costs for emergencies caused by Seller's errors) and damages due to delayed or missing delivery.

2. Seller warrants that it is certified IATF 16949 standards by an external certified body. In the event that Seller is not an automotive commodity Seller, and not certified to IATF 16949 by an external certified body, Seller warrants that it is certified to ISO 9001 by an external certified body. At MARELLI's request, Seller shall provide either through an audit by MARELLI or written request by MARELLI any requisite certifying documentation to ensure Seller is fully compliant with and meets the latest IATF 16949 standards, ISO 9001 standards or other relevant quality standards as designated in this GTC and other supply agreements.

Sellers shall develop a quality system based on ISO 14001 standards.

3. Seller shall guarantee the Products and any part thereof against any defect in manufacture, due to poor and/or faulty material, or due to faulty manufacturing process, or against any defect arising out of design.

For avoidance of doubt, Seller shall guarantee Products and any part thereof shall:

- i) Be new and unused
- ii) Be free from defect in manufacturing, manufacturing process, design, materials or workmanship,
- iii) Be of merchantable/satisfactory quality and fit for their purposes
- iv) Guarantee the conformity of the Products to MARELLI's Specifications, the Supply Agreement, the Quality Specifications and the Operative Regulations.
- v) Comply with all applicable legal requirements including Applicable Laws, and government regulations that may apply to the design production sale or distribution of the Products and provide MARELLI with all information relating thereto as it may require;
- vi) Comply with all other warranties implied or provided by law

4. All warranties shall extend to MARELLI for at least the time and mileage limitations of relevant Car Maker warranties.

It remains understood that each Product shall be, in any case, guaranteed for not less than 48 (forty-eight) months starting from the production date code as written, engraved or reported on each single Product, or in any case as reported by MARELLI Product traceability systems. Should, under any Car Makers' general terms and conditions, MARELLI be requested to apply greater warranty periods, such warranty period shall apply in turn to the Seller. Seller shall reimburse MARELLI for all costs (including labor charges, cost of replacement Products, towing, dealer handling charges and other expenses) incurred by MARELLI as a result of Seller's breach of any warranty. In addition, Seller shall comply in all respects with the terms and conditions of the Claim Compensation Procedure, which shall constitute an integral part of this Agreement. There are no exclusions, limitations, or disclaimers of warranties other than those that may be expressly recited in this Agreement. The warranties expressed in this Agreement shall be construed as consistent and cumulative with one another and with all other warranties, whether express, implied or statutory.

5. Each Product is guaranteed for the longer of no less than 48 (forty-eight) months or the duration of any warranties provided by MARELLI to Customer, whichever expires later in time and in conjunction with any required warranties or obligation by local law or regulation of which Seller needs to fulfill. Warranties shall start from the production date code as written, engraved or reported on each single Product, or in any case as reported by MARELLI Product traceability systems.

6. In the event of defective Product and/or Product not conforming to Specifications, the Supply Agreement, the Quality Specifications and/or the Operative Regulations, MARELLI shall have the right to refuse or reject the Product that identified as defective or non-conforming. MARELLI reserves the right to return, as well as to request Seller to replace, the rejected Product, at Seller's expense, immediately, but no later than 24 hours upon receipt of MARELLI's request, without prejudice to any other right and/or remedy according to these General Terms and/or Applicable Law.

7. Seller acknowledges that it is aware that MARELLI may not conduct functional, visual and / or dimensional verification on in coming supplied Products, but MARELLI shall have the right to demand the Seller to work in self-certification and to deliver Products under "Direct Acceptance" procedures.

8. Even in case MARELLI conducts verification on in-coming Products, Seller remains in any case fully responsible for the quality and conformance of the Products to all Specifications, laws, regulations and standards in accordance to Section 2 of this Clause, the General Terms and the Supply Agreements. .

9. The condition of the Direct Acceptance can be temporarily suspended by MARELLI, because of specific problem or needs. In these cases, as soon as Seller receives notification of 'Direct Acceptance' suspension, Seller agrees to commence delivery of the Products with the conformity declaration inside the box, and identify by an external label with "conformity declaration inside". This status is maintained until MARELLI formally notifies the closing of temporary status.

10. Customer Requirements: Where the Products under any Purchase Order or Supply Agreement that are or will be sold, or incorporated into Products that are or will be sold, by MARELLI to Customer whether directly or indirectly through an upper tier Seller, or any other third party customer, Seller shall take such steps, provide such disclosure, comply with such requirements and do all other things as MARELLI deems necessary or desirable and within Seller's control to enable MARELLI to meet MARELLI's obligations under the terms and conditions of any contract or purchase order or other document (the "Customer Terms") that may be applicable to MARELLI from time to time in respect of its supply of such Products to MARELLI, including: delivery, packaging and labeling requirements; warranties and warranty periods; intellectual property rights and indemnification; confidentiality; access to facilities and records; and replacement and service parts. MARELLI may, from time to time, in its sole discretion, provide Seller with information regarding the applicable Customer Terms, but, in any event, Seller shall be responsible for ascertaining the Customer Terms that may affect Seller's obligations hereunder and hereby agrees to be bound to such Customer Terms.

11. Seller agrees to ensure that the process capabilities shall satisfy automotive quality requirements to meet the "Zero Defect" target.

12. Seller must plan and perform periodic requalification at the discretion and request of MARELLI to guarantee over time the conformity of the Products to the Specifications.

13. In case of crisis (e.g. line stops, recall campaigns, recurring quality issues, quality claims, including those from Customer), MARELLI may require Seller to put in place a specific additional control, focused on the critical problem that have not been filtered by Seller production process: Control Shipping Level 1, Control Shipping Level 2 or Control Shipping Level 3 (CSL1, CSL2, CSL3), being CSL2 and CSL3 applied through external certified body, the costs of which are borne by Seller.



14. Seller shall act, on MARELLI's request, at MARELLI's Facility with technical representatives, in order to perform any or all of the following: sorting, return of stock, a preliminary joint analysis.

15. Seller is responsible to apply and respect FIFO (First In First Out) and to plan the Products' production in coherence with MARELLI's demand;

for Products with an expiration date it is required to have a minimum of 6 months (24 months for electronic Products) of residual validity after delivery to MARELLI's facility, without prejudice to the duration of the freedom from defects warranty .

16. Seller and MARELLI shall maintain an appropriate data tracking system.

17. Defective Products detected by MARELLI or received from Customer are returned to Seller for analysis and root cause understanding.

18. The standard analysis answer required is based on the 8D report.

19. Lead Time (in working days) for detected problems and faulty parts analysis is defined according to the FAR Analysis (Failure Analysis Request).

20. Seller agrees to provide maximum support and co-operation in the joint analysis for final root cause investigation and understanding.

21. Seller irrevocably waives its right to take exception to warranties or limitation of its action.

22. If Seller does not remedy or remediate defects immediately after a request from MARELLI, MARELLI shall be entitled to remove, through third parties, defects at Seller's expense.

Where MARELLI is required to replace or repair free of charge any Products which are defective, the Seller shall replace or repair those Products free of charge or, at the option of MARELLI, compensate MARELLI for all costs of such rectification which the MARELLI may instruct a third party to carry out.

23. Costs related to remediating Product defect shall be borne by Seller, including but not limited to management costs and problem analysis, transportation costs, processing, labor costs, material scrap or rework in the process of selection, line stoppage (MARELLI or Customer), shipping the material to analyze, audit at Seller facilities, materials and costs for inspections or audits, service and recall campaign.

This obligation shall not operate to exclude any conditions or warranties express or implied under statute, law or otherwise and is additional to any such condition or warranties.

24. Warranty costs shall be borne by Seller.

Whenever Seller is proven to be responsible for any defects in Products relevant to the Customer on a sampling basis, Seller shall indemnify MARELLI of all fees and expenses due to such defects for the entirety of Products supplied.

25. The Parties agree that if MARELLI would contest, for any cause or for any reason the Products supplied by Seller, MARELLI may, at its discretion, suspend the relevant payments until the dispute has been resolved to the satisfaction of MARELLI.

26. Payment of invoices does not constitute MARELLI'S acceptance of the Products; MARELLI shall have the right to contest supplies and charge Seller the payment and all damages, without exclusions or without prejudice to MARELLI's rights under the General Terms, the Supply Agreements or the law.

## **9. OWNERSHIP AND RISK TRANSFER**

1. Unless otherwise agreed in writing between the Parties, transfer of ownership of Products shall take place upon arrival of the Products at MARELLI's plant or at the destination otherwise agreed in the Supply Agreements. In case the Parties agree for supplies in consignment stock, the transfer of ownership shall take place at the time of withdrawal of the Products from the warehouse.

2. Any retention of title clause inserted by Seller shall be considered as not accepted.

**10. PRODUCT LIABILITY AND RECALL CAMPAIGN**

1. If, at any time, Customers, third parties or foreign or supranational authorities make a claim against MARELLI for 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 the Products, Seller agrees to indemnify and hold MARELLI harmless from any claim from the competent authorities and/or to third party allegedly damages, without prejudice to Seller's own responsibilities towards the damaged third party and the authorities, where applicable.

2. In case, as a consequence of the above described circumstances, a service and/or recall campaign is declared, Seller shall indemnify and hold MARELLI harmless against damages and expenses incurred by MARELLI to the extent such damages and expenses are immediate and direct consequence of defects, non-compliance with regulatory standards or rules, non-reliability or lack of safety of the Products.

3. Seller shall, at its own expenses, obtain and continuously maintain adequate insurance policies covering any and all Seller's liabilities in connection with the supply of Products, including the risk of services and/or recall campaigns.

Seller shall also take out and maintain adequate product liability insurance for the purpose of covering any product liability risks.

All insurance policies shall be taken out with leading insurance companies.

Seller shall submit to MARELLI, on yearly basis, the insurance certificates and the insurance premium payment receipts issued by the insurance company.

The existence of such insurance policies will not release Seller from any of its obligations or liabilities under this General Terms and/or the Supply Agreements and/or the applicable law.

The Seller shall provide all facilities, assistance and advice required by MARELLI or its insurers for the purpose of contesting or dealing with any action, claim or matter arising out of the Seller's performance or failure to perform.

**11. TRADEMARK**

1. Seller, where authorized, shall place MARELLI's trademark, or others owned by the same, on Products and their packages, ("Trademark"), in accordance with MARELLI's instructions and standards, unless otherwise the Parties have an agreement on the labelling.

2. The use of any Trademark, alone or in combination with Seller's trademark shall in no event mean that Seller is granted any other license to use Trademarks.

3. Seller shall immediately stop using Trademarks upon MARELLI's request, and in any case, after the last delivery of Products.

**12. SPARE PARTS SUPPLY TERMS**

1. After the termination of the manufacturing of the Products for the mass production, Seller shall continue to supply Products for the aftermarket spare parts (A.M.), for at least 15 (fifteen) years from the last manufacturing date for mass production. Supply prices shall be agreed to by taking into account the last price paid for the Products supplied for mass production for first equipment, forecasted volumes and supply lots requested by MARELLI.

**13. PRODUCTS DATA CODE**

1. Products shall be identified with a MARELLI's product data code. Seller acknowledges and agrees that the data codes are part of a complex numerical system designed by MARELLI, and that MARELLI is the sole owner of this numerical system.

Seller shall use this numerical system only for the purposes of the supply of Products to MARELLI and shall immediately stop use at the end of the supply relationship. Seller shall ensure compliance with this condition by its own subcontractors, in accordance with this General Terms.

**14. STOCK**

1. Seller agrees to keep adequate stocks of Products in its warehouses at its own cost and for all the supplying period, according to the monthly demand specified in supplying plans; Seller agrees to immediately replace the stock when used to meet Purchase Orders.

2. In case of default, MARELLI shall have the right to charge Seller all costs and damages incurred as a result of its failure, without prejudice to the right to terminate the Supply Agreement in accordance with Art. 20 ("TERMINATION") of this General Terms.

**15. FORCE MAJEURE**

1. Neither Party shall be responsible to the other by reason of failure to perform obligations hereunder to the extent that the failure to perform is caused by an act of God, natural disaster, flood, fire, epidemic, pandemic, storm, earthquake, shipwreck, acts of public enemy, or acts or omissions of any sovereign government, branch or agency thereof and other similar events beyond reasonable control of the Party whose performance is prevented or interfered with. The affected Party shall promptly notify the other Party and shall not be responsible for its failure to perform any obligation required under this Agreement as a result of any of the foregoing. The Parties specifically agree that strikes and labor disputes at the Party whose performance is prevented or interfered with shall not be included in the Force Majeure events.

2. In case a Firm Order, Purchase Order, or supply agreement cannot be executed on schedule due to Force Majeure events, delivery terms shall be deemed to be postponed and a new delivery term shall be agreed upon between MARELLI and Seller in relation to the specific situation (in this respect, it remains understood that the liability of Seller is never excluded in case of a strike).

3. The application of this Article 15 is conditional upon Seller promptly notifying MARELLI of the commencement of a Force Majeure event in accordance with the notice requirements outlined in the Master Purchase Agreement and/or related Purchase Orders.

4. The application of this Article 15 is further conditional upon Seller taking all necessary steps to avoid, end, or mitigate the effects of the force majeure event at Seller's own expense and without any cost to MARELLI, including but not limited to Seller arraigning and paying for: (1) any and all premium freight; (2) any and all broker costs; and (3) any and all cost differential from securing alternative sources of materials, goods or services. Seller shall not be excused from performance hereunder where alternate sources of materials, goods or services are available.

5. Force majeure may not be invoked if it arises after expiration of the agreed delivery term.

6. Subcontractors' delays shall not be considered force majeure events, unless it is proved that said delays are caused by force majeure.

7. If force majeure causes such a delay in delivery of Products not complying as to prevent compliance with MARELLI's production needs (production interruption), MARELLI shall have the right to purchase Products from third parties. In the event that substitute goods must be acquired from an alternate Seller by MARELLI, any and all cost differential from securing alternative sources of materials, goods or services shall be the sole obligation of Seller.

8. Should the above measure as stipulated in Article 15.7 – in MARELLI's sole discretion - prove impossible to be put in place or unreasonably expensive, MARELLI shall have the right to terminate the Agreement with immediate effect. MARELLI's liability is excluded in case of circumstances out of MARELLI's control preventing receipt of deliveries or reducing the need of Products ordered.

9. Notwithstanding the foregoing, it is hereby agreed that, MARELLI shall, at its discretion, have the right to, after ten (10) days of the occurrence of force majeure events, cancel the Firm Order effective immediately, through a Notice to Seller.

**16. COMPLIANCE WITH LAW**

1. 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.

2. Seller shall establish and continuously develop a quality system in compliance with ISO 14001.

MARELLI also suggests that Seller comply with the rules according to ISO 45001.

3. The Seller declares that it shall supply the Product in compliance with the ISO 26262 (last edition), if required. If the Product is subject to the application of the ISO 26262, the Seller, according to the Automotive Safety Integrity Level (ASIL) requirements as specified for the Products' component(s), must produce all the evidences necessary to demonstrate the compliance with the ISO 26262 prescriptions (including reliability analysis data for all the ASIL level). The Products, as defined by MARELLI as safety relevant for the vehicle but for which ISO26262 is not applicable, shall be developed and made through safety risk analysis, risk mitigation actions including the so called "safety analysis" (e.g.: FMEA, FTA, etc...) and risk assessment to confirm the efficiency of the risk mitigation actions, also in the design and the manufacturing phases. Products shall be tested, qualified, verified and produced in compliance with the "State of the Art" of functional safety applicable to the specific technology of the Product and recorded for 15 years (including the documentation related to the whole project, the test results and all information related to the safety of the Products, even during manufacturing) after end of life of the project. The Seller shall be liable vis-à-vis MARELLI for any safety non-compliance.

4. The Development Interface Agreement (DIA), that defines the responsibilities for activities, the evidence and work products to be exchanged by each Party, in accordance with ISO 26262, shall be defined on a Product basis.

5. Upon 48 hours' notice to the Seller, MARELLI is entitled to perform preventive audits in the Seller's plants and design centers in order to verify the Seller's safety compliance capability. MARELLI may, at its own discretion, request that Seller be audited by a third party provider, at Seller expenses, appointed by the Seller and finally approved by MARELLI; in such case Seller will provide to MARELLI the results of such third party audit.

MARELLI will be entitled to perform/have performed by third parties assessment sessions in order to verify the fulfilment of Seller's preventive audits.

6. Seller undertakes to register all information related to composition of Products in the Material Data System "IMDS".

7. Where applicable, Seller shall comply with the legislation on registration, evaluation, authorization and restriction of chemicals, as well as the legislation on classification, labelling and packaging of substances and mixtures, with particular reference to Regulation (EC) No 1907/2006 ("REACH Regulation") and Regulation (EC) No 1272/2008 ("CLP regulation") and any subsequent amendments and additions and with all applicable regulations, standards and best practices in environmental protection matters, including those related to emissions and heavy materials.

8. In addition, Seller shall comply with the ONU principles, in particular those related to international human rights protection, to collective bargaining, to prohibition of employing under-age workers, to forced and child labor abolition, to the elimination of discriminatory policies, environmental responsibility and the prevention of corruption.

9. 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 MARELLI upon request.

10. If any Product, or component thereof, contains minerals which originated in the Democratic Republic of Congo or its surrounding Countries or which is anyway related to the Conflict Mineral Legislation ("Conflict Minerals") then Seller shall immediately notify MARELLI 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. In any case, Seller shall be required to send to MARELLI a report ("Report"), on an annual basis, specifying the usage of Conflict Mineral. In the absence of any receipt of annual Report, MARELLI shall have the right to exclude Seller from the list of eligible Sellers.

11. MARELLI reserves the right to conduct audits (directly or also through the assistance of third parties) on Seller facilities, in order to verify the accomplishment and implementation of proper level of information security standards according to ISO27001. Seller may also be requested to fill an Information Security Self-Assessment based on information security standard ISO27001.

12. Seller is required to impose similar obligations to its subcontractors, where specifically authorized as per this General Terms.

## **17. EXPORT CONTROL AND CUSTOMS**

1. Seller shall comply with applicable law and regulations regarding import/export and customs. Seller shall present customs with a specific document attesting the origin of goods at the moment of importing the Product, in order to claim the reduced duty or zero duty, according to the applicable laws.

2. Seller shall inform MARELLI about any import/export license requirement in accordance with Applicable Laws, regulations and on export controls and customs regulations; at the same time Seller shall inform MARELLI about import/export laws and regulation in force in the country of origin of the Products.

Export licenses or authorizations necessary for the import/export of the Products shall be the responsibility of Seller unless otherwise expressly stated in this General Terms, Purchase Orders or Supply Agreements, in which case Seller shall provide such information as may be necessary to enable Buyer to obtain such licenses or authorizations. Seller shall undertake such arrangements as necessary for the Goods to be covered by any duty deferral or free trade zone programs of the country of import.

3. Therefore, at least in the offers, order confirmations and invoices, Seller must provide the following information about the Products:

- export list number;
- ECCN (Export Control Classification Number) for the U.S. market (including technology and software) according to the U.S. Export Administration Regulations (EAR);
- country of origin of the Products and their components, including technology and software;
- possible transport of Products within the territory of the U.S., any manufacturing or storage of Products in the U.S. and possible manufacturing of the Products with U.S. technology;
- custom tariffs of Products;
- contact person within the company, which is available on request to provide further information.

Upon request, Seller shall provide in writing any further details on foreign trade related to the Products and shall inform MARELLI of any change.

Unless otherwise expressly stated in this General Terms, Purchase Order or Supply Agreements, Price includes customs duties and expenses, tariffs and all federal, provincial, state and local taxes (including all import taxes, excise taxes and sales taxes) applicable to the manufacture, sale or provision of the Products.

Any reduction in Seller's cost resulting from a reduction in transportation charges, customs duties, import taxes, excise taxes and/or sales taxes from those in effect on the date of General Terms, Purchase Orders or Supply Agreements shall be paid to MARELLI by Seller as a reduction of the price.

**18. EQUIPMENT AND MACHINING (jointly "EQUIPMENT")**

EQUIPMENT OWNED BY MARELLI or CUSTOMER

1. All equipment owned by MARELLI or Customer(s) and made available to Seller for Product's manufacturing shall be labeled with a registration number communicated to MARELLI.

Moreover, they shall be indicated in Seller's statutory books as MARELLI's or Customer's exclusive property.

2. Seller shall use MARELLI's or Customer(s) equipment based on a free loan agreement between the Parties and a specific Tooling Loan Agreement shall be signed by the Parties in accordance with the MARELLI standard template.

3. Seller shall use MARELLI's or Customer(s) equipment exclusively for manufacturing the Products. It is expressly forbidden any other use.

4. In case of breach of the above obligation, MARELLI shall have the right to charge Seller any damage directly or indirectly resulting from such improper use.

5. Equipment shall be returned to MARELLI or Customer(s) upon a simple request of MARELLI, at any time for any reason or no reason at all.

6. Seller shall perform routine maintenance and shall not disassemble or modify the equipment for any reason, except for performing actions related to improving the process/Product, subject to prior written authorization of MARELLI.

7. Seller shall bear the risk of loss and damage to MARELLI's or Customer(s) equipment.

8. Seller shall insure such MARELLI or Customer(s) Equipment against all risks, including but not limited to fire, theft, or industrial accidents, at an insurance value at least to allow the replacement of the above mentioned Equipment.

Seller shall maintain liability coverage for personal injuries, death, or property damage that may result from the use or operation of the Equipment. On yearly basis Seller will submit to MARELLI the insurance policy certificate and the relevant insurance premium payment receipts.

Seller shall be required to inform MARELLI of the termination of any insurance contracts above, providing MARELLI with the evidence of a new agreement with the new insurance company replacing the previous one.

9. MARELLI or Customer(s) Equipment shall at all times be properly kept and maintained by Seller, at its expense and shall not be moved from Seller's premises without MARELLI's prior written approval.

10. Seller shall not, without prior written approval, transfer equipment to third parties.

11. MARELLI shall have the right to enter Seller's premises at all reasonable times to inspect such property and relevant records.

12. Upon the written demand of MARELLI or upon the termination of Supply Agreements or the underlying supply arrangement between the parties, the Seller shall surrender any Tooling and equipment to MARELLI together with accessories, in particular assembly and auxiliary devices, tool drawings, production documents as well as maintenance and operating instructions and Technical Information at its own expense and at its own risk. Seller agrees that it will return, all of the above items to MARELLI to the location designated in the termination notice or such other place designated by MARELLI, in the same appearance and condition as when received, ordinary wear and tear excepted. Alternatively, at MARELLI's discretion, MARELLI may repossess any Tooling or equipment on Seller's premises and Seller shall grant access for such repossession.

#### EQUIPMENT OWNED BY SELLER

13. Upon termination or expiration of the supply of the Products, for any reason, MARELLI shall have an option to purchase the Equipment owned by Seller (which in turn shall have the obligation to sell and deliver the Equipment).

14. In case, at the moment of exercising the afore mentioned option, MARELLI has already paid to Seller a portion of Equipment price (e.g. by means of specific markup above the unit price of the Products), the Seller shall immediately deliver the Equipment upon payment by MARELLI of the residual portion of Equipment price.

### **19. INTELLECTUAL PROPERTY RIGHTS**

1. Unless otherwise agreed in writing between the Parties, the ownership of drawings, descriptions, calculations performed by Seller for the development of the Product shall be transferred to MARELLI at the time of their creation, without any consideration. The Parties agree that Seller shall have no rights to such works, which will become fully owned by MARELLI.

MARELLI and MARELLI GROUP have valuable Intellectual Property Rights in Tooling, Drawings, documents, and information provided to the Seller. The Seller may use the said Intellectual Property Rights only in the production and supply of the Products under the Purchase Order and Supply Agreement. The Seller shall not use in any manner any trademarks, trade names, trade dress or other marks which are owned or controlled by MARELLI or which MARELLI is licensed to use except to apply, use or affix them to goods supplied by the Seller at such place and in such manner as shall be designed in writing by the Company.

Seller may not manufacture, sell, or otherwise dispose to third parties any goods made by the Seller or subcontractor using any Tooling, equipment or Intellectual Property Rights of MARELLI or MARELLI GROUP

2. With reference to off-the-shelf Products (i.e. those Products which have not been specifically developed for or dedicated by Seller to MARELLI), all relevant intellectual property rights, drawings, specifications and other technical documentation will remain Seller's proprietary rights.

3. Seller shall deliver to MARELLI all the above original documents as soon as completed.

4. Documents made available by MARELLI shall be carefully preserved and kept in a safe place. These documents produced or obtained in order to execute the Supply Agreement shall remain the property of MARELLI.

5. MARELLI reserves all rights on the documents made available to Seller.

6. Unless otherwise agreed in advance by the Parties and subject to the Seller's intellectual property rights communicated in advance to MARELLI as described above, when, in connection with Product's research, design, testing or development, Seller shall perform inventions, whether patentable or not, Seller shall give notice to MARELLI and, upon MARELLI's request, shall provide any and all information and documents necessary or useful for the Product's implementation.

7. A license of intellectual property rights shall be deemed automatically granted free of charge to MARELLI for Product's manufacturing (direct and/or through third parties), selling and use in the United States, Mexico and abroad.

8. Seller hereby agrees to, upon MARELLI's request, ask for the assignment of the ownership of the invention in the United States and in major foreign countries, or to allow MARELLI to do so, on behalf of Seller.

9. If research, design, testing or development are carried out by Seller for specific assignment to MARELLI, the invention or its intellectual property rights, designs and technical results shall be exclusively owned by MARELLI.

10. Seller represents and warrants that the Product and the relevant documentation shall not infringe any patent, copyright and/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.

11. Seller shall indemnify and hold MARELLI harmless from any and all liabilities or claims arising out of any third party's claim or action in connection with the above and likely to affect the free production, sale and usage of Products (Seller shall immediately settle, at its own expense, any such claim or action, judicially or extra-judicially) and from and against any costs or damages incurred by MARELLI and arising out of a violation of the warranty contemplated hereby.

12. MARELLI shall promptly give written notice to Seller of any claim received by third parties in respect of the above.

13. If, as a result of a claim, suit or proceeding, MARELLI is enjoined from selling or using a Product purchased from Seller, Seller agrees to ensure that MARELLI will have a continuous supply either by

- i) replacing the Product with a non-infringing product (Seller bearing all the relevant costs), or in any case
- ii) securing for MARELLI the right to sell or use the Product (Seller bearing all the relevant costs), as will be time to time agreed upon in advance with MARELLI, without prejudice to any other right and/or remedy recognized to MARELLI under this General Terms and/or the applicable law.

14. In case the Product is a software or a component/module with a software embedded, Seller shall provide to MARELLI a complete bill of material (also known as BOM) including the list of any free and open source software (also known as "FOSS") included in the Product. In any case Seller warrants that it shall comply with the MARELLI FOSS policy (details of which may vary from Product to Product, as specified on a need basis).

## **20. TERMINATION**

1. MARELLI may, at its option, in whole or in part, upon written notice, terminate Supply Agreements and/or the Purchase Orders (i) for convenience upon written notice to the Seller or, (ii) in case Seller fails to perform any of its material obligations under these General Terms, the Supply Agreement and/ or the Purchase Orders, and such failure is not remedied (provided it is remediable) within thirty (30) days after the written notification of default by MARELLI.

2. MARELLI shall have the right to immediately terminate any Supply Agreement governed by these General Terms, if Seller fails to comply with even one of the provisions concerning "Changes and updates" (Article 3), "Delivery, delays and liquidated damages" (Article 6), "Products Warranties and Quality Compliance" (Article 8), "Trademark" (Article 11), "Products Data Code" (Article 13), "Stock" (Article 14), "Compliance with Law" (Article 16), Export Control and Customs (Article 17), "Equipment and Machining" (Article 18), "Intellectual Property Rights" (Article 19), "Code Of Conduct" (Article 26).

3. **Post termination.** Upon receipt of notice of termination and unless directed by MARELLI, Seller shall: 1) promptly terminate all work under Purchase Order or Supply Agreement; 2) transfer title and deliver to MARELLI the Product, the work in process and the parts and materials that Seller reasonably produced or acquired according to quantities ordered by MARELLI, free and clear of liens, claims and encumbrances; 3) verify and settle any claims by subcontractors for actual costs incurred directly as a result of the termination and ensure the recovery of materials in subcontractor's possession; 4) take actions reasonably necessary to protect property in Seller's possession in which

MARELLI has an interest until disposal instruction from MARELLI has been received; and 5) upon MARELLI's request, cooperate with MARELLI in transferring the production of Products to a different Seller.

4. MARELLI reserves the right to terminate early any Supply Agreement in force with Seller in case:

Seller is merged into or acquired by another Party or there is otherwise a substantial change in its direct or indirect shareholding; in this case, Seller undertakes to inform MARELLI within 30 (thirty) days;

Seller undergoes a bankruptcy or other insolvency procedure or becomes otherwise unable to meet its financial and business obligations.

5. In any case, termination of Supply Agreements shall be effective by written notice to Seller by MARELLI, without prejudice to any other of MARELLI's rights and/or remedies.

6. Termination of Supply Agreements, as above described, shall not result in any liability for MARELLI.

7. In case Seller has planned or envisages to suspend the supply of the Products or to discontinue or close down, also temporarily, the manufacturing of one or more Products, it shall immediately provide written notice of such decision to MARELLI (hereinafter "Product Termination Notification" or "PTN"), specifying the component and/or the version to be discontinued and the expected date of such discontinuation.

8. It is being understood, in such event, that MARELLI shall have the right to require Seller to continue to supply such Products, at the terms and conditions provided for by the Supply Agreement or by the Purchase Orders for the following period:

(i) for off-the-shelf Products: twelve (12) months from the date the discontinuation has become effective;

(ii) for customized Products: eighteen (18) months from the date the discontinuation has become effective

9. All industrial alternative solutions, including management of deliveries according to MARELLI's manufacturing requirements, aiming to minimize impact on MARELLI's stock level and to avoid obsolescence risks of MARELLI's inventory, shall be carried out by Seller according to "Last Time Buy" instructions provided by MARELLI.

10. Notwithstanding the above, MARELLI reserves the right to request postponing the date of the Seller's last manufacturing date or to refuse the discontinuation if technically and economically viable solutions are not defined between the Parties.

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

12. Seller shall provide MARELLI with equivalent alternative source of supply. It is understood and agreed that all the costs to implement and validate such new source, plant or Product shall be entirely sustained by the Seller, including software redesign and validation.

## **21. CONFIDENTIALITY**

1. If Seller and MARELLI have an enforceable non-disclosure and confidentiality agreement then its provisions will be incorporated by reference to these General Terms, otherwise, Seller and MARELLI shall keep strictly confidential and, without the other party's prior consent, shall not disclose to any third party any documentation or any information designated by the disclosing party as confidential, whether of a commercial or a technical nature, furnished by the other party pursuant to the Supply Agreement, i.e. the receiving party shall use the information only for the purpose the Supply Agreement, subject to any applicable non-disclosure agreement which shall supersede this Section 22. The Parties agree not to disclose to third parties, including any subcontractors, terms and conditions of any other Supply Agreement, except in cases where such disclosure is required by the law or authorized in writing from the party that owns the confidential information.

2. Each Party agrees to notify the other party in writing of the occurrence of any event giving rise to the disclosure of confidential information, with a notice of at least fifteen (15) days from the date of the disclosure. It is understood that, even in the case of disclosure, each Party shall take all necessary precautions to minimize the effects resulting from the disclosure. Each Party agrees not to reproduce, confidential information of the other Party, except for reproductions previously agreed to in writing.

3. Each Party undertakes to notify the other party in writing of the occurrence of any event giving rise to the disclosure of confidential information, with a notice of at least 15 (fifteen) days from the date of the disclosure.



4. It is understood that, even in the case of disclosure, each Party shall take all necessary precautions to minimize the effects resulting from the disclosure.

5. Each Party undertakes not to reproduce confidential information of the other Party, except for reproductions previously agreed in writing.

## **22. ASSIGNMENT**

1. MARELLI may assign any Supply Agreement in force with Seller to any parent, subsidiary, affiliate or other entity that shares common ownership with MARELLI. Seller may not assign any Supply Agreement without the express written consent of an authorized agent of MARELLI.

## **23. DISPUTE RESOLUTION**

**1. Negotiation Phase.** In the event that any dispute between the parties arises, the party raising the matter in dispute shall notify the other party in writing detailing the specific nature of the dispute. Thereafter, the parties shall negotiate in good faith in an attempt to reach a fair and equitable resolution of said dispute. At any time, either party may, at their own discretion, terminate this "Negotiation Phase" by providing the other party 10 days advance written notice.

**2. Arbitration.** Following the conclusion of the Negotiation Phase, under Article 23.1, either party may request the other to participate in binding arbitration by making a written request to the other party. The party receiving the written request to arbitrate shall have 14 days after receipt of such request to respond in writing as to whether it will agree to binding arbitration administered by the American Arbitration Association under its Commercial Rules in effect on the date of this Agreement. However, in the case of disputes relating to quality, quantities, delivery, payments, warranty, indemnification, any service action, and other topics contemplated by these General Terms, MARELLI may unilaterally elect to arbitrate, at which time the parties shall submit to binding arbitration administered by the American Arbitration Association under its Commercial Rules in effect on the date of this Agreement. Prior to any unilateral election to arbitrate by MARELLI, the parties must have participated in the Negotiation Phase. Any arbitration proceedings shall be conducted in Michigan in accordance with the laws of the State of Michigan.

**3.1 Litigation.** In the event that a dispute has not been resolved within the Negotiation Phase, litigation may be initiated, unless the parties arbitrate under section 23.2. In any litigation, the parties agree that the litigation will be filed in the State of Michigan. These General Terms and any Supply Agreements shall be governed by and construed in accordance with the laws of the State of Michigan without taking into account its principles on conflicts of law. Any action, suit or other proceedings pursuant to, arising under, or touching or concerning these General Terms or any Supply Agreements or the transactions contemplated hereby shall be brought in any federal or state court of competent jurisdiction in the State of Michigan. The parties agree to take any and all necessary or appropriate action to submit to the jurisdiction and venue of any such court. In any such action, suit or proceeding, (i) service of process may be by certified mail, return receipt requested or any means permitted or provided by applicable law and (ii) the successful or prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs incurred in connection with that action, suit or proceeding, in addition to any other relief to which such party may be entitled. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to these General Terms or any Supply Agreements.

**3.2 Litigation (Mexico).** In the event that a dispute has not been resolved within the Negotiation Phase, and such dispute arises between a Supplier's Mexico affiliate or subsidiary and MARELLI's Mexico entity, litigation may be initiated, unless the parties arbitrate under section 23.2. In such litigation, the parties agree that the litigation will be filed in Mexico City. These General Terms and any Supply Agreements shall be governed by and construed in accordance with the laws of Mexico without taking into account its principles on conflicts of law. Any action, suit or other proceedings pursuant to, arising under, or touching or concerning these General Terms or any Supply Agreements or the transactions contemplated hereby shall be brought in any federal or state court of competent jurisdiction in Mexico City. The parties agree to take any and all necessary or appropriate action to submit to the jurisdiction and venue of any such court. In any such action, suit or proceeding, (i) service of process may be by certified mail, return receipt requested or any means permitted or provided by applicable law and (ii) the successful or prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs incurred in connection with that action, suit or proceeding, in addition to any other relief to which such party may be entitled. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to these General Terms or any Supply Agreements.

## **24. COMPETITIVENESS**

1. Seller undertakes to guarantee, during the entire duration of the Supply Agreement, the competitiveness of the Product, in terms of technological level, price, quality, reliability, technical and service level, with respect to similar products from competitors on the market that meet MARELLI's requirements.

2. If a similar product is offered at a more advantageous price, guaranteeing at the same time same or better technological level, quality, reliability, technical and service level, MARELLI shall give Seller proper information to the maximum possible extent, provided no confidentiality restraints, and allow it a proper period of time to submit a competitiveness restoration plan. MARELLI, at its sole discretion, may verify the plan and provide guidance to Seller for any possible improvements, as well as to support in the implementation, whenever possible.

3. The submission of a convincing competitiveness restoration plan, as well as the implementation within the agreed timeframe, are essential contractual obligations of the Seller.

## **25. SEVERABILITY**

1. If one or more provisions of this General Terms and/or of the Supply Agreement is determined to be invalid, void, or unenforceable by any reviewing authority of competent jurisdiction, the rest of provisions shall remain in full force and effect to the extent permitted by Law and shall not be affected, impaired or invalidated, provided that the intent and purpose of the Parties is not materially frustrated thereby.

## **26. CODE OF CONDUCT**

1. The Seller is aware of the provisions of the Code of Conduct (hereinafter "Code of Conduct") adopted by the Purchaser and downloadable from the web-site

[https://www.marelli.com/public/uploads/2020/02/MARELLI\\_Code\\_of\\_Conduct\\_ENG.pdf](https://www.marelli.com/public/uploads/2020/02/MARELLI_Code_of_Conduct_ENG.pdf)

which set forth the basic principles and the business behaviors that the companies, directly or indirectly, controlled by MARELLI are committed to comply with in their business activities.

2. The Seller shall perform its business activities in accordance with ethical standards and procedures similar to those provided for in the laws of the Country(ies) where it operates (included but not limited to bribery, money-laundering and any case of Corporate Liability), in the Code of Conduct, aimed to ensure the compliance with proper.

3. The Seller is aware that the MARELLI shall not further carry on business relationships with any Seller which does not comply with the provisions of Applicable Laws where its business activities are carried out and/or the Code of Conduct.

4. Any breach by the Seller of the provisions the Code of Conduct shall constitute a breach of these General Terms according to Article 20 above.

## **27. INDEMNIFICATION**

1. **Indemnification.** In addition to what is specified elsewhere in this General Terms, Seller shall indemnify and hold harmless MARELLI, its affiliates, successors, contractors, shareholders assigns and their customers, in full against all loss, liability, damages, costs and all expenses, including attorney fees and expert fees, arising directly or indirectly out of Seller's performance of work hereunder or the use or sale or importation/exportation of any Products, including claims, actions or lawsuits alleging:

- a. personal injury, property damage or economic damage;
- b. any design, manufacturing or warning defect relating to any Product;
- c. any violation by Seller of any law, rule or regulation applicable to Seller or Seller's business, facilities or operations;
- d. any act or omission of Seller or its employees, agents or sub-contractors designing, manufacturing, supplying or delivering the Products, including any injury, loss or damage to persons caused or contributed to by any of their negligence or by faulty design, workmanship or materials; or
- e. any other claims resulting from the acts or omissions of Seller or its employees, agents or sub-contractors.

## **28. FINANCIAL AND OPERATIONAL INFORMATION**

1. Seller agrees to provide to MARELLI, without demand, within one hundred twenty (120) days after the end of Seller's fiscal year, Seller's audited balance sheet as of the end of such fiscal year (which balance sheet may be consolidated with any disclosed subsidiaries but not with any parent entity unless the parent entity has guaranteed all of Seller's obligations to MARELLI) and the related statements of income, owners' equity, and cash flows, together with an auditor's report issued by an independent regional, national, or international audit firm and any other comment letters or other formal communications issued by the auditors with respect to such fiscal year. Alternatively, upon

written approval or consent of MARELLI, Seller may provide such financial statements related to statements of income, owners' equity, and cash flows, prepared internally and which shall be certified as correct by Seller's chief financial officer.

2. Seller agrees to provide to MARELLI, within twenty (20) days after MARELLI's written request at any time, Seller's internally-prepared balance sheet as of the end of the month most recently ended (which balance sheet may be consolidated with any disclosed subsidiaries but not with any parent entity unless the parent entity has guaranteed all of Seller's obligations to MARELLI) and the related statements of income, owners' equity, and cash flows, prepared internally and certified as correct by Seller's chief financial officer.

3. Seller warrants and agrees that all financial information delivered to MARELLI pursuant to this Article or otherwise shall be true and correct and will be prepared in accordance with generally accepted accounting principles, consistently applied (except for year-end adjustments as to unaudited financial statements).

4. If at any time Seller's financial condition materially declines from its condition in effect as of the execution of the Agreement or from its condition as most recently disclosed pursuant to this Section, MARELLI may by its written election terminate this Agreement with the effect of a termination under Article 20

5. Seller agrees to provide to MARELLI, within thirty (30) days after MARELLI's written request at any time, reasonable assurances that Seller has the financial and operational capabilities to perform its obligations to MARELLI fully and on a timely basis (time being of the essence). Such response shall address specifically any particular concerns identified in MARELLI's request. If Seller fails to respond fully to such request, or if the response does not in MARELLI's good faith opinion provide reasonable assurance of such performance, MARELLI may by its written elections terminate this Agreement with the effect of a termination under Article 20. This provision shall be in addition to MARELLI's right to demand reasonable assurances, to suspend performance, and other rights arising under Section 2-609 of the Uniform Commercial Code or which may be otherwise available at law or equity.

**29. MARELLI PERSONAL DATA**

1. If, in the course of providing the Products describe herein, Seller collects, transfers, or uses third parties' personal data (information that can be linked to a specific individual), Seller acknowledges that such collection, transfer, or use may be governed by certain personal data protection laws, regulations, and industry standards. Should any sanctions (e.g., monetary fines or penalties) be imposed on MARELLI by any government authority as a result of Seller's failure to comply with its data protection obligations, Seller shall reimburse MARELLI the full amount of such sanction within five (5) banking days of being notified by MARELLI of the sanction imposed.

2. In any case, the Seller undertakes and warrants to hold harmless MARELLI from and against every objection, action claim, losses, damages, or costs relating to any third party claims arising from Seller's failure to comply or Seller's breach of the provisions of all applicable data protection legislation.

<b>SUPPLIER ENTITY:</b>		
<b>ACKNOWLEDGMENT, ACCEPTANCE AND EXECUTION BY THE AUTHORIZED SIGNATORY OR LEGAL REPRESENTATIVE OF THE SUPPLIER</b>		
NAME	STAMP AND SIGNATURE	
TITLE		
DATE		