



**VALEO PURCHASING TERMS AND CONDITIONS**

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**These Purchasing Terms and Conditions (the “Terms and Conditions”) apply to and are a part of all Purchase Orders and supply agreements, each as amended (individually, the “Purchase Order,” and collectively, “Purchase Orders”) issued by Valeo North America, Inc. and/or its applicable affiliates, subsidiaries and divisions (together, “Valeo”).**

**1. Offer; Acceptance; Exclusive Terms.**

A. Each Purchase Order is an offer by Valeo to the party to whom the Purchase Order is addressed and that party’s applicable affiliates and subsidiaries (individually and collectively, “Seller”) to enter into a contract for the production, purchase and sale of the goods (including Tooling) and/or services specified in the Purchase Order and in any attachments, schedules, exhibits, requests for quotations, designs and drawings provided to Seller by Valeo (collectively, “Goods”). For clarity, “Goods” includes any components and subcomponents that are incorporated into such Goods. Each Purchase Order is deemed accepted by Seller by commencement of any work under the Purchase Order, Seller’s written acknowledgement, or any other conduct of Seller that recognizes the existence of a contract pertaining to the subject matter of the Purchase Order.

B. Seller’s acceptance is expressly limited to these Terms and Conditions. Any purported acceptance of any Purchase Order on terms and conditions which attempt to amend, supersede, supplement or otherwise change these Terms and Conditions in any way are rejected and will not be binding upon Valeo. To the extent of any conflict between the provisions of any Purchase Order and these Terms and Conditions, the terms of the Purchase Order will govern and control.

**2. Quantity and Duration.**

A. Unless the Purchase Order specifies otherwise, the initial term of the Purchase Order begins on the effective date shown on the Purchase Order (the “Effective Date”) and continues through December 31st of the calendar year of the Effective Date (the “Initial Term”). Thereafter, the Purchase Order will automatically be renewed for successive terms of twelve (12) months (each a “Renewal Term,” and together with the Initial Term, the “Term”), with each Renewal Term commencing on January 1st of the succeeding calendar year, unless Valeo provides Seller with written notice of non-renewal before November 1st of the year of the current Term.

B. Valeo may extend the Term of the Purchase Order for a period of up to six (6) months (as determined by Valeo) beyond the scheduled expiration date of the Term (the “Extended Term”). Valeo will provide Seller with written notice of any Extended Term before expiration of the Term, specifying the duration of the Extended Term. Prices in effect at the end of the Term, and all other terms and conditions, including agreements to decrease the prices charged to Valeo for the Goods, will remain in effect during the Extended Term.

C. From time to time, Valeo may provide Seller with estimates, forecasts or projections of its future volume or quantity requirements for the Goods and/or the term of a program (“Projections”). Projections are not binding on Valeo and Valeo makes no representation, warranty, guaranty or commitment regarding any Projections. Valeo will issue releases to Seller to specify the quantities needed, delivery locations and shipment dates for the Goods (each a “Release,” and together “Releases”). Valeo will only be obligated to purchase quantities of Goods specified in a Release.

**3. Price.**

A. Prices charged for Goods will be stated in the Purchase Order and are not subject to increase for any reason including increases in raw material or component costs, labor costs, overhead costs, market fluctuations, or foreign currency exchange rate fluctuations. Prices may be subject to mandatory decreases if so provided in the Purchase Order. Seller is solely responsible for any and all transport and unloading charges and costs, customs charges and costs, taxes, tariffs, duties, insurance charges and costs, and any fiscal contribution related to the Goods, unless otherwise expressly stated in the Purchase Order. Seller will immediately reduce the price charged to Valeo for the Goods as required by Section 3.B and Section 5.E of these Terms and Conditions. Seller will participate in Valeo’s cost savings and productivity programs and initiatives and will implement Seller’s own cost savings and productivity programs and initiatives to reduce Seller’s prices.

B. Seller represents and warrants that the price charged to Valeo for the Goods is at least as low as the price charged by Seller to other buyers under conditions similar to those specified in the Purchase Order and that all prices comply with all applicable governmental laws and regulations in effect at the time of quotation, sale and delivery. Seller will ensure that its prices for the Goods remains competitive with the prices for similar goods available to Valeo from other sellers. Valeo may, without notice to Seller, market test the price of the Goods. If Valeo determines that the price charged for the Goods is not competitive, Seller will promptly reduce its price for the Goods to equal not more than the lowest price identified in Valeo’s market test or Valeo may terminate each Purchase Order for cause pursuant to Section 13.A and resource the supply of such



Goods to another supplier. Seller will fully cooperate with Valeo and its designees in connection with any such resourcing. If Seller's price for the Goods includes an amortized payment or reimbursement to Seller for expenses, including Tooling, equipment and/or research and development expenses, (the "Amortization Amount"), upon Seller's receipt of full repayment or reimbursement of the Amortization Amount, the price for the Goods will automatically be decreased by an amount equal to the per-Good portion of the Amortization Amount.

**4. Invoices.** Seller's invoices and/or advance shipping notices for Goods must: reference the Purchase Order number; Purchase Order amendment or Release number; Valeo's part number; Seller's part number (if different); quantity of pieces in the shipment; number of cartons or containers; Seller's name; bill of lading number; and all other information necessary for identification and control of the Goods, including information required under applicable tax law or regulation, and any applicable import declaration number and/or number of any temporary import program. In accordance with Section 1.B of these Terms and Conditions, no invoice or shipping documents may reference any proposed contract term separate from or different than these Terms and Conditions or the terms in the Purchase Order. Valeo reserves the right to return all invoices or related documents submitted incorrectly (as determined by Valeo). Any payment by Valeo of a nonconforming invoice is not an acceptance thereof. All invoices and advance shipping notices must be submitted by electronic data interchange as defined in Valeo's logistics protocol, including the requirements for Advance Shipping Notification in Rich Mode (interchange with detailed label information), or as otherwise specified in writing by Valeo.

**5. Payment Terms.**

A. Unless otherwise stated in the Purchase Order, Seller's invoices will be payable on the 10th day of the third month following the month in which Valeo receives both the conforming Goods and Seller's invoice for the Goods in accordance with Section 4 of these Terms and Conditions, provided that such Goods and invoice are both received by Valeo by the 15th day of the month; if such conforming Goods and invoice are received by Valeo between the 16th and last day of the month, Seller's invoice will be payable on the 25th day of the third month following the month of receipt. All payments must be made by electronic funds transfers. If a payment date falls on a non-business day, payment will be made on the following business day. If Valeo agrees, at its option, to make a payment to Seller in advance of the time it is due, such payment will be conditioned on Seller first providing Valeo with an irrevocable standby letter of credit or other written guaranty or other form of security acceptable to Valeo. Unless otherwise stated in the Purchase Order, all payments made by Valeo will be in currency of the United States of America.

B. Notwithstanding the payment terms applicable to the Purchase Order: (i) in no event will Seller have a right to payment for Tooling before Valeo is paid by Valeo's customer for such Tooling; and (ii) Valeo may, at its option and upon written notice to Seller, revise its payment terms for Goods to take into account any change in the payment terms of Valeo's customer(s) applicable to such Goods. "Tooling" means, collectively, all tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation (including engineering specifications and test reports) used by Seller in connection with its manufacture and sale of the Goods to Valeo.

C. Any payment by Valeo is not a waiver of any breach of the Purchase Order by Seller or any amount otherwise due to Valeo, nor will it be deemed final acceptance of any Goods or a waiver of any rights of Valeo to reject any Goods. Any waiver by Valeo of a breach by Seller on one occasion will not constitute a waiver of any other breach by Seller or any remedy available to Valeo.

D. Valeo may, at its option, remit payments directly to Seller's suppliers or subcontractors for materials, parts, components, and other goods and services ordered by Seller from such sub-tier suppliers or subcontractors. If Valeo makes such direct payments to Seller's sub-tier suppliers or subcontractors, Valeo will reduce its subsequent payments to Seller for the Goods, dollar-for-dollar, by the amount of those direct payments.

E. If a customer of Valeo directs or recommends that Seller be Valeo's source for the Goods: (i) payment from Valeo for the Goods will be due to Seller only after and to the extent of Valeo's actual receipt of payment from such customer for Valeo's products into which the Goods are incorporated; (ii) any extension of such customer's payment terms to Valeo will automatically extend, by the same amount of time, the payment terms between Valeo and Seller; and (iii) within three (3) business days following any reduction in price paid by Valeo's customer, to Valeo, for the Goods or products into which the Goods are incorporated, Seller will proportionately reduce the price charged by Seller to Valeo for such Goods.

**6. Quality.** Seller and the Goods will satisfy all quality requirements of Valeo and Valeo's customer(s). All Goods, including Goods supplied by any sub-tier supplier or subcontractor of Seller, will conform to all specifications, standards, drawings, samples and descriptions, including as to quality, performance, fit, form, function and appearance under the

Purchase Order. Seller will, at its expense, furnish, keep in good condition, and replace when necessary all Tooling, machinery and equipment and other items necessary for the production of the Goods.

**7. Delivery; Premium Shipping Costs; Risk of Loss; No Duty to Inspect.**

A. Deliveries will be made in quantities and at the times specified on the Purchase Order or Releases. Time and quantity of delivery are of the essence. Seller will adhere to shipping directions specified on the Purchase Order or Releases. Valeo will not be required to make payment for Goods delivered in excess of quantities ordered by Valeo. Premium shipping expenses and/or other related expenses necessary to satisfy Valeo's delivery schedules will be Seller's sole responsibility unless: (i) the delay or expense was solely the result of Valeo's material breach of the Purchase Order (not caused by Seller); and (ii) Seller provides Valeo with written notice of any such breach by Valeo within ten (10) days after the occurrence thereof.

B. Notwithstanding any agreement concerning payment of freight expenses, delivery will not have occurred and risk of loss will not have transferred to Valeo until the Goods have been received at the specified delivery location and have been accepted by Valeo. Valeo has no duty to inspect the Goods at the time of delivery. Valeo's conditional acceptance of Goods at the time of delivery will not be deemed a waiver or limitation of any of Valeo's rights and remedies should the Goods fail to conform to any applicable requirements, specifications or warranties.

**8. Intellectual Property.**

A. Intellectual Property Rights. The term "Intellectual Property Rights" means inventions, patents (including utility patents and design patents), trade secrets, trademarks, service marks, trade dress, industrial designs, mask works, copyrights, know-how, software, data base rights and all other proprietary rights. The term "Background Intellectual Property Rights" means the Intellectual Property Rights of either Valeo or Seller existing prior to an applicable Purchase Order, as well as any improvements thereto. The term "Foreground Intellectual Property Rights" means, except for any Background Intellectual Property Rights, any and all Intellectual Property Rights related to the Goods, including those developed for incorporation into the Goods that are either developed by Valeo alone, by Valeo and Seller jointly, or by Seller alone as requested by Valeo in connection with any Purchase Order. Foreground Intellectual Property Rights do not include any Background Intellectual Property Rights.

B. Background Intellectual Property Rights. Each party retains exclusive ownership of its Background Intellectual Property Rights. Seller may use Valeo's Background Intellectual Property Rights solely to produce Goods for and supply Goods to Valeo. Seller grants to Valeo and Valeo's customers, the right to: (i) resell Goods purchased from Seller; (ii) incorporate Goods purchased from Seller in vehicles, component parts or assemblies ("Incorporated Goods"); and (iii) sell Incorporated Goods. Seller hereby grants, and agrees to grant, to Valeo a worldwide, irrevocable, royalty free, fully paid-up, and non-exclusive worldwide license, with the right to grant sublicenses, to use Seller's Background Intellectual Property Rights relating to all Goods identified in any Purchase Order and to produce, use, sell and to obtain, from alternate sources, products and services similar to the Goods (including related systems and components). For certainty there will be no fee for this license. Seller will do any and all acts, and will execute any and all instruments, that Valeo may request to secure Valeo's ownership rights and interests under any Purchase Order. Seller hereby constitutes and appoints Valeo with full power of substitution, Seller's true and lawful attorney-in-fact to execute, acknowledge and deliver on behalf of Seller all documents and agreements necessary or proper to effect the assignment obligations contemplated by this Section.

C. Foreground Intellectual Property Rights. All Foreground Intellectual Property Rights are owned by Valeo and not by Seller. Seller hereby assigns, and agrees to assign, to Valeo all of Seller's right, title and interest in and to all Foreground Intellectual Property Rights, including those rights that are developed or created in the course of performing any Purchase Order (separately or as part of any Goods). To the extent that any Foreground Intellectual Property Rights are copyrightable works or works of authorship (including computer programs, technical specifications, documentation and manuals), the parties agree that they are "works made for hire" as that term is used in connection with the U.S. Copyright Act. Seller may only use the Foreground Intellectual Property Rights to produce and supply Goods to Valeo.

D. Seller warrants that all Goods covered by each Purchase Order do not and will not: (i) infringe upon, violate or misappropriate the Intellectual Property Rights of any third party or (ii) contain any open source software, object code or source code. Seller: (i) will defend, hold harmless and indemnify Valeo, its directors, officers, employees, agents and Valeo's customers against all claims, demands, losses, suits, damages, liability and expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments) arising out of any lawsuit, claim, demand or action for actual or alleged direct or contributory or vicarious infringement of, or inducement to infringe, any United States or foreign Intellectual Property Right by reason of the manufacture, use, sale, offering for sale, importation or distribution of the Goods (including

such claims where Seller has provided only part of the Goods); and (ii) waives any claim against Valeo and Valeo's customers, including any hold-harmless or similar claim, whether known or unknown, contingent or latent, in any way related to a claim asserted against Seller or Valeo for infringement of any Intellectual Property Rights, including claims arising out of compliance with specifications furnished by Valeo.

E. Seller will not assert or transfer to any third party a right to assert against Valeo or Valeo's customers any Intellectual Property Rights that Seller has or may have that are applicable to the Goods used or furnished under the Purchase Order. Seller will not sell or otherwise dispose of any Goods that incorporate any Intellectual Property Rights of Valeo to any party other than Valeo without Valeo's prior written consent.

## **9. Warranties.**

A. Seller warrants that the Goods will: (i) conform to all specifications, standards, drawings, and samples and/or descriptions, and all quality, performance, fit, form, function and appearance requirements furnished to Seller by Valeo or Valeo's customer; (ii) conform to all industry standards, laws and regulations in force in countries where the Goods or vehicles equipped with the Goods are sold, including all Federal Motor Vehicle Safety Standards and regulations existing or issued by the U.S. Department of Transportation, the National Highway Traffic Safety Administration and other vehicle safety regulations issued by any governmental authority or agency; and (iii) be new, merchantable, safe, of good material and workmanship and free from any defects. Seller acknowledges that Seller knows of Valeo's intended use of the Goods and expressly warrants that all Goods will be fit and sufficient for the particular purpose intended by Valeo. Seller warrants that Seller will convey good title to the Goods to Valeo, free and clear of all liens, claims, interests and other encumbrances. All warranties are intended to provide Valeo with protection from any and all warranty claims brought against Valeo by Valeo's customer relating to the Goods or Incorporated Goods; therefore, all such customer-required warranties are incorporated herein by reference.

B. All warranties will be effective for the longer of (i) the period provided by applicable law, or (ii) the warranty period provided by Valeo to Valeo's customer; provided, however, that if Valeo or Valeo's customer, voluntarily or pursuant to a government mandate, makes an offer to owners of vehicles (or other finished products) on which the Goods or any parts, components or systems incorporating the Goods are installed to provide remedial action to address a defect or condition that relates to motor vehicle safety or the failure of the vehicle to comply with any applicable law, safety standard or guideline, whether in connection with a recall campaign or other customer satisfaction or corrective service action (a "Remedial Action"), the warranty will continue for such time period as may be required by Valeo's customer or the federal, state, local or foreign government where the Goods are used or provided. Notwithstanding any expiration of a warranty period set forth in this Section 9, Seller will be liable for costs and damages associated with any Remedial Action to the extent that such Remedial Action is based upon a reasonable determination that the Goods fail to conform to Seller's warranties (as determined by Valeo). Where applicable, Seller will pay all reasonable expenses associated with determining whether a Remedial Action is necessary.

C. The warranties provided for in this Section 9 are in addition to all other warranties, express, implied or statutory, and will survive Valeo's inspection, test, delivery, acceptance, use and payment of and for the Goods, and inure to the benefit of Valeo, its successors and assigns, and Valeo's customers and the users of Valeo's or Valeo's customers' products. The warranties provided for in this Section 9 may not be limited or disclaimed by Seller. Valeo's approval of Seller's designs, materials, processes, drawings, specifications or the like will not be construed to relieve Seller of any warranties, nor will a waiver by Valeo of any required specification as to any particular Goods constitute a waiver of any such requirements for any other Goods.

D. Seller will immediately notify Valeo in writing of the occurrence of any event which causes or threatens to cause a breach of the Purchase Order or an interruption or delay in Seller's production of Goods. Seller's acceptance of the Purchase Order constitutes Seller's continuing warranty that Seller is not and will not become the subject of an Insolvency Event (defined below).

E. To mitigate its damages, Valeo may, at its option, defend any claim that any Goods supplied by Seller are defective, in breach of warranty, or otherwise do not meet any applicable requirements. Such defense is in the interest of both Seller and Valeo. Seller waives the right to argue that any such defense by Valeo limits Valeo's right to assert a claim against Seller for breach of warranty, contribution, indemnification or any other claim related thereto. Seller will work cooperatively and expeditiously with Valeo to determine the root cause of any defect in or failure of the Goods (and Incorporated Goods).

## 10. Remedies for Breach; Indemnification.

A. Without limiting any of Valeo's rights and remedies (all of which are preserved), Seller will be liable for any and all actual, claims, liabilities, losses, damages (including actual, special, incidental, consequential, exemplary and punitive damages), costs and expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments) special, incidental and consequential damages and other losses (collectively, "Losses") incurred by Valeo due to any repudiation, breach, threatened repudiation or threatened breach of the Purchase Order, including with respect to any acts or occurrences subject to indemnification pursuant to Section 10.B below. Seller acknowledges and agrees that money damages will not be a sufficient remedy for any actual, anticipatory or threatened breach of any Purchase Order by Seller with respect to Seller's delivery of Goods to Valeo and that, in addition to all other rights and remedies which Valeo may have, Valeo will be entitled to specific performance and temporary, preliminary and permanent injunctive and other equitable relief as a remedy for any such breach, without proof of actual damages and without posting a bond or other security.

B. Seller covenants and agrees to indemnify and hold harmless Valeo and its directors, officers, employees, designees and agents from any Losses incurred in connection with or related to: (i) lawsuits, administrative claims, regulatory actions and other proceedings related in any way to the Goods; (ii) Seller's representations, performance or failure to perform under any Purchase Order; (iii) any breach or alleged breach of any Seller warranty; (iv) violation of any law, ordinance, regulation or order; (v) damages to any property or personal injuries to or death of any person arising from or in connection with Seller's performance under any Purchase Order; (vi) Seller's use of Valeo's property, and/or the performance of any work by Valeo or its employees, designees or agents at Seller's premises, except to the extent caused solely by the gross negligence of Valeo; and (vii) Valeo's compliance with any third party request or order of any court or governmental agency for information relating to the Purchase Orders or Goods. Seller's indemnification obligations will apply even if Valeo furnishes all or a portion of the design and specifies all or a portion of the processing used by Seller to produce the Goods.

## 11. Changes.

A. Valeo may at any time direct changes, or cause Seller to make changes, and Seller will promptly make all such changes to the Goods, including changes in the design (including drawings and specifications), processing, methods of packing and shipping and the date or place of delivery of the Goods or to otherwise change the scope of the work covered by the Purchase Order, including inspection, testing or quality control. Price and/or timing for delivery of Goods affected by such changes will be equitably adjusted by Valeo (as determined by Valeo) following Valeo's receipt from Seller of sufficient documentation regarding consequent changes to Seller's costs and/or production timing. Seller may not delay implementing any changes because an adjustment to price and/or time for delivery has not been made.

B. Any change in (i) sub-tier suppliers or subcontractors of Seller, (ii) the processes or procedures used by Seller or Seller's sub-tier suppliers or subcontractors in production of Goods, materials, parts or components or (iii) the fit, form, function or appearance of the Goods or materials, parts or components supplied by Seller's sub-tier suppliers or subcontractors, must be approved by Valeo in advance and in writing.

**12. Financial and Operational Condition of Seller; Adequate Assurance of Performance.** Seller represents and warrants to Valeo that it is solvent and is paying all debts as they become due; that it is in compliance with all of its loan covenants and other financial obligations; that all financial information provided to Valeo concerning Seller is true and accurate and fairly represents Seller's financial condition; and that all financial statements of Seller have been prepared in accordance with generally accepted accounting principles, uniformly and consistently applied. Seller will respond, in writing, within ten (10) days from the date of Seller's receipt of any demand for adequate assurance of due performance from Valeo (or such lesser time as Valeo determines is necessary to avoid an imminent interruption or delay in Valeo's or Valeo's customer's production).

## 13. Termination.

A. Valeo's Right to Terminate for Cause. Valeo may terminate immediately all or any part of each Purchase Order, without any liability of Valeo to Seller, if Seller: (i) repudiates, breaches, or threatens to repudiate or breach, any of the terms of the Purchase Order; (ii) fails to perform or deliver Goods as and when specified by Valeo; (iii) fails to timely provide Valeo with adequate and reasonable assurance of due performance; (iv) repudiates, breaches, or threatens to repudiate or breach, any of the terms of any other Purchase Order issued by Valeo to Seller; (v) has its export privileges denied, suspended or revoked in whole or in part by the government of the United States or any agency thereof; (vi) is insolvent or files, or has filed against it, a petition for relief in bankruptcy (or comparable proceeding); (vii) has a receiver or trustee appointed with control over it or its assets; or (viii) executes an assignment for the benefit of creditors (each of subsections vi, vii and viii, an "Insolvency Event").

B. Valeo's Right to Terminate for Convenience. Valeo may terminate all or any part of the Purchase Order at any time and for any reason by giving written notice to Seller. Upon receipt of such notice, unless otherwise directed in writing by Valeo, Seller will: (i) immediately terminate all work under the Purchase Order; (ii) transfer title and deliver to Valeo all usable and merchantable finished Goods and raw materials/components that Seller produced or acquired in accordance with Valeo's Releases and which Seller cannot reasonably use in producing goods for itself or for others; (iii) take all actions reasonably necessary to protect property in Seller's possession which Valeo has an interest; and (iv) upon Valeo's written request, fully cooperate with Valeo in resourcing of the Goods covered by the Purchase Order to Valeo's alternative supplier.

C. Because Valeo's commitments to Valeo's customers are made in reliance on Seller's commitments under each Purchase Order, Seller has no right to terminate any Purchase Order.

D. Upon the expiration or termination of any Purchase Order for any reason, Seller will take such actions as may be reasonably required by Valeo to transition production of the Goods from Seller to Valeo's alternative seller (including any Valeo affiliate), including:

(1) Seller will provide Valeo with a sufficient inventory bank of Goods covered by the Purchase Order to ensure an orderly and efficient transition to such alternative seller. Unless otherwise specified by Valeo in the Purchase Order, an eight (8) week inventory bank of Goods will be deemed sufficient to accomplish the transition. The inventory bank will be calculated using Purchase Orders and Releases for the eight (8) week-period immediately prior to Valeo's notice of termination, excluding any temporary interruptions, plant or industry shutdowns or other reduced schedules. Prices in effect immediately prior to expiration or termination of the Purchase Order will be the prices to be paid by Valeo for the inventory bank.

(2) Seller will promptly return to Valeo all Bailed Property and any other property furnished by or belonging to Valeo or Valeo's customers in the condition originally received by Seller, reasonable wear and tear excepted.

(3) Seller will, at Valeo's option: (i) assign to Valeo or an alternative seller any or all supply contracts or orders for raw material or components relating to the Purchase Order; (ii) sell to Valeo, at Seller's cost, any or all inventory and/or work in process relating to the Purchase Order; and (iii) sell to Valeo, for a price equal to the unamortized portion of the cost of such items less any amounts Valeo previously has paid to Seller for the cost of such items, any or all of Seller's Tooling or machinery or equipment used by Seller to manufacture the Goods.

**14. Limitation of Damages.** In no event will Valeo be liable to Seller or Seller's sub-tier suppliers or subcontractors for anticipated profits or for special, incidental, consequential, exemplary or punitive damages.

**15. Assignment.** Seller may not assign or delegate any of its duties or obligations under any Purchase Order without the prior written consent of Valeo. Any sale, assignment or other transfer of stock, securities, or other interests of Seller that would result in a change in control of Seller will be deemed an attempt to assign the Purchase Order. Valeo may assign the Purchase Order and/or any of its rights and interests in the Purchase Order, without Seller's consent, to any person or entity including Valeo's affiliates or any purchaser of or successor to all or any portion of Valeo's business or assets.

**16. Bailed Property.**

A. All supplies, materials, machinery, equipment, Tooling, blueprints, designs, specifications, drawings, photographic negatives and positives, artwork, copy layout, electronic data, consigned material for production or repair and other items furnished by Valeo or Valeo's customers, either directly or indirectly, to Seller or to any sub-tier supplier and subcontractor of Seller in connection with or related to any Purchase Order, or for which Seller has been at least partially reimbursed by Valeo (collectively, "Bailed Property") will be and remain the property of Valeo (or Valeo's customers, as applicable) and be held by Seller on a bailment at-will basis.

B. Seller will bear the risk of loss of and damage to Bailed Property and, at its own expense, will keep Bailed Property fully insured for the benefit of Valeo, naming Valeo as the loss payee and an additional insured. The Bailed Property will at all times be properly maintained by Seller, will not be used by Seller for any purpose other than the performance of the Purchase Order, will be deemed to be personal property, will be conspicuously marked by Seller to identify it as the property of Valeo, will not be commingled with the property of Seller or with that of any third person, and will not be moved from Seller's premises without the prior written approval by Valeo. Seller will maintain a written inventory of all Bailed Property that includes a description and the location of all Bailed Property, and provide a copy thereof to Valeo upon request. Seller, at its

expense, will maintain, repair and refurbish Bailed Property. All replacement parts, additions, improvements and accessories for such Bailed Property will be Valeo's property upon their incorporation into or attachment to the Bailed Property.

C. Upon Valeo's request, for any reason and without payment of any kind and without the necessity of obtaining a court order, Bailed Property will be immediately released to Valeo or delivered to Valeo by Seller, either (i) F.O.B. transport equipment at Seller's plant, properly packaged and marked in accordance with the requirements of the carrier selected by Valeo, or (ii) to any location designated by Valeo, in which event Valeo will pay to Seller the reasonable cost of delivery.

D. SELLER WAIVES ANY LIENS, CLAIMS, INTERESTS OR OTHER RIGHTS SELLER MAY HAVE WITH RESPECT TO ANY BAILED PROPERTY FOR WORK PERFORMED ON SUCH BAILED PROPERTY AND FOR THE PURCHASE PRICE OF ANY GOODS MANUFACTURED USING SUCH BAILED PROPERTY.

E. Seller acknowledges and agrees that (i) Valeo is bailing the Bailed Property to Seller for Seller's benefit and Seller has inspected the Bailed Property and is satisfied that the Bailed Property is suitable and fit for its intended purposes. VALEO HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE BAILED PROPERTY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. Valeo will not be liable to Seller for any damages, injuries (including death) or Losses of any kind or nature caused or arising, directly or indirectly, from this bailment, including Seller's possession, use or maintenance thereof, or for any interruption in or loss of business caused by the Bailed Property.

F. Notwithstanding Valeo's ownership of, and title to, the Bailed Property, if, for any reason, it is determined that Valeo does not have title thereto, Seller hereby grants to Valeo a first priority purchase-money security interest in the Bailed Property. Seller will execute and deliver to Valeo and/or file, and authorizes Valeo to prepare and file on Seller's behalf, any financing statement or similar document to give notice of Valeo's ownership and/or purchase money security interest in, the Bailed Property. Failure to file a financing statement will not alter or affect Valeo's interests in and rights to the Bailed Property.

G. If Seller and Valeo dispute whether any property in Seller's possession or control is Bailed Property, it will be considered Bailed Property pending resolution of the dispute and subject to this Section; provided that Seller shall retain any claim or right to payment for disputed amounts despite Seller's relinquishment of possession of such property.

**17. Transfer of Title to Purchased Property.** Seller transfers to Valeo title to all Goods, Tooling and other machinery and equipment which is subject to the Purchase Order ("Purchased Property") upon the earlier to occur of (i) Seller's commencement of work with or on such Purchased Property, or (ii) acquisition of such Purchased Property by Seller. Even if Valeo has not paid Seller for such Purchased Property, title to Purchased Property will transfer to Valeo, as provided above, except that Valeo will not be relieved of its obligation to pay Seller therefor to the extent required by the Purchase Order. Purchased Property is identified to the Purchase Order upon the earlier of when Seller obtains a legal or equitable right in or to the Purchased Property or when the manufacture of the Purchased Property commences. Seller waives, releases and discharges all liens, claims, interests and encumbrances it has or may have with respect to Purchased Property, other than Seller's right of payment under the Purchase Order. Notwithstanding Valeo's ownership of, and title to, the Purchased Property, if, for any reason, it is determined that Valeo does not have title thereto, Seller hereby grants to Valeo a first priority purchase-money security interest in the Purchased Property. Seller will execute and deliver to Valeo and/or file, and authorizes Valeo to prepare and file on Seller's behalf, any financing statement or similar document to give notice of Valeo's ownership and/or purchase money security interest in, the Purchased Property. Failure to file a financing statement will not alter or affect Valeo's interests in and rights to the Purchased Property. Any payments made to Seller for Purchased Property shall be held in trust for the benefit of any of Seller's sub-tier suppliers or subcontractors that participated in the manufacture of, or supplied parts or components for, the Purchased Property and Seller will hold such payments in an express trust for the sole benefit of such sub-tier suppliers or subcontractors until each of them has been paid in full.

**18. Seller-Owned Tooling.** If Tooling required for production under the Purchase Order is to be funded or provided by Seller ("Seller-Owned Tooling"):

A. Seller acknowledges that the price for the Goods includes any amount to be paid by Valeo for the cost of Seller-Owned Tooling. Seller-Owned Tooling will be properly maintained by Seller at its own expense for the term of the Purchase Order and any period Seller is obligated to provide service or replacement parts. If Seller finances any portion of Seller-Owned Tooling, Seller will obtain for Valeo the rights granted in this Section from its financing source/lender. Unless

agreed to in writing by Valeo, Seller will not use Seller-Owned Tooling to produce goods for other customers, including aftermarket customers.

B. Seller grants to Valeo an exclusive, irrevocable option to purchase any or all Seller-Owned Tooling for an amount equal to the lesser of Seller's net book value or the fair market value of the Seller-Owned Tooling to be purchased, minus the sum of any amounts previously paid to Seller therefor, including any such amounts amortized in the purchase price paid by Valeo for Goods produced with such Seller-Owned Tooling. Valeo may exercise this option at any time and not just in the case of termination, expiration or cancellation of Purchase Orders. Upon Valeo's exercise of its option to purchase Seller-Owned Tooling, Seller will fully cooperate with and assist Valeo in the removal thereof from Seller's facility or, at Valeo's option, Seller may continue to possess such Tooling which will then be Bailed Property.

**19. Rights of Entry, Reclamation and Inspection.** Valeo will have the right to enter Seller's facilities during normal business hours at reasonable times to inspect the facilities, Goods, Tooling, any Bailed Property and, without the necessity of a court order, remove property belonging to Valeo or Valeo's customers, including Bailed Property and Goods, inventory or Seller's property that has been or is agreed to be sold to Valeo. Valeo's inspection of the Goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, will not constitute acceptance of any work in process or finished Goods.

**20. Subcontracting.** Seller will not subcontract any of its duties or obligations to Valeo without Valeo's prior written consent. Seller will ensure that any approved subcontractor complies with all requirements of Valeo and Valeo's customer. Valeo and its designees will be afforded the right to verify, at Seller's and any subcontractor's facilities, Seller's and each subcontractor's compliance with the forgoing.

**21. Nonconforming Goods.** Valeo may, at any time and at its option, reject and return Goods that fail to conform to the requirements of the Purchase Order, at Seller's risk and expense. To the extent Valeo rejects such Goods, the quantities of conforming Goods due under the Purchase Order/Releases will not be reduced and, unless Valeo so notifies Seller in writing, Seller will replace nonconforming Goods with conforming Goods. Seller will reimburse Valeo for (i) any amounts paid by Valeo for any rejected Goods, and (ii) any costs incurred by Valeo in connection with the nonconforming Goods, including inspection, sorting, testing, evaluations, storage and rework. Payment by Valeo for nonconforming Goods will not constitute an acceptance, limit or impair Valeo's right to seek any remedy, or relieve Seller's responsibility for any defects.

**22. Insurance.** Seller will subscribe to the Product Liability Insurance Program for Valeo's Suppliers, a copy of which will be provided to Seller upon Seller's written request. In addition, Seller will obtain and maintain, at its sole expense, insurance coverage on terms and in such amounts that are customary in the automotive supply industry and as otherwise required by law or reasonably requested by Valeo. This includes, but is not limited to, full fire and extended coverage insurance for the replacement value of all of Seller's Property and any Bailed Property for their full replacement value. All such insurance coverage will name Valeo as loss payee and additional insured. Upon request, Seller will furnish to Valeo certificates of insurance setting forth the amount of coverage, policy number and date(s) of expiration for insurance maintained by Seller and such certificates must provide that Valeo will receive not less than thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverage. Seller's furnishing of certificates of insurance will not release Seller of its obligations or liabilities under any Purchase Order. Seller will participate in any products liability insurance programs required by Valeo and will be directly liable for and promptly pay when due all premiums associated with such participation. If Seller fails to maintain any required insurance, Valeo may procure such insurance and Seller will reimburse Valeo, on demand, for all actual costs and expenses incurred by Valeo therefor.

**23. Customs Requirements and Export Controls.**

A. Seller will promptly furnish to Valeo all documents required for customs drawback purposes, properly completed in accordance with all applicable laws and regulations. Seller will, at Seller's sole expense, provide all information (including written documentation and electronic transaction records) relating to the Goods which is necessary for Valeo to fulfill any customs-related or other governmental agency-related obligations, origin marking and labeling requirements, and certification and local content reporting requirements, so as to enable Valeo to claim preferential duty treatment at the time of entry for Goods eligible under trade preference regimes, and to make all arrangements necessary for the Goods to be covered by any applicable duty deferral or free trade zone program(s) of the country of import.

B. Seller will comply with all applicable recommendations or requirements for importation/exportation of the Goods, including those of the World Customs Organization for Authorized Economic Operators (AEO). Seller will promptly (i) notify Valeo in writing of those such specific recommendations or requirements to which the importation/exportation of the Goods is subject and (ii) certify in writing its compliance with such recommendations or requirements.

C. Any required licenses or authorizations for the export of Goods will be the responsibility of Seller unless otherwise expressly stated in the Purchase Order, in which case Seller will, at Seller's expense, provide all information and documentation necessary or desirable to enable Valeo to obtain necessary or appropriate licenses or authorizations. Credits or benefits resulting or arising from any Purchase Order, including trade credits, export credits, customs drawbacks, and the refund of duties, taxes or fees, will belong to Valeo. Seller will indemnify and hold Valeo and Valeo's customers and their respective successors, assigns, representatives, employees and agents harmless from and against any costs, expenses or liabilities arising from Seller's provision of incorrect information or non-compliance with customs regulations.

D. Seller will, and will cause its subcontractors and suppliers to, comply with all applicable export control laws and regulations, including the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq., the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1701 et seq., the Export Administration Act, 50 U.S.C. app. 2401-2420, and the Export Administration Regulations (EAR), 15 C.F.R. 730-774, including the requirement for obtaining any export license or agreement (collectively, "Export Controls"). Without in any way limiting the foregoing, Seller will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Seller or Seller's subcontractors or suppliers, without authority of an export license, agreement or applicable exemption or exception. Seller will promptly notify Valeo in writing of the export classification of any deliverable under a Purchase Order which is subject to Export Controls. Seller will immediately notify Valeo in writing if Seller is or becomes listed on any relevant jurisdiction's Export Controls, sanctions or similar list (including the Denied Persons List, the Unverified List, and the Entity List, as defined by the Bureau of Industry and Security of the U.S. Department of Commerce, the Specially Designated Nationals List as defined by the U.S. Department of Treasury, and the Debarred List as defined by the U.S. Department of State), or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by the government of the United States or any agency thereof.

E. In addition to the disclosure requirements above, upon Valeo's request, Seller will promptly furnish to Valeo all certifications, declarations, reports and audit results (including those of Seller's subcontractors) so as to permit Valeo to confirm Seller's compliance with this Section.

#### **24. Certificates of Origin.**

A. Upon request, Seller will promptly furnish Valeo with all certificates of origin and domestic value-added and other information relating to the costs and places of origin of the Goods and the materials contained therein or used in the performance thereof, as may be required by Valeo to comply fully with all customs, tariffs and other applicable governmental regulations. Seller will comply with all such regulations. Seller will indemnify and hold Valeo, Valeo's customers and their respective successors, assigns, representatives, employees and agents harmless from and against all Losses arising or resulting from (i) Seller's delay in furnishing such certificates or other information to Valeo, (ii) any errors or omissions contained in such certificates, and (iii) any non-compliance by Seller with such regulations.

B. Seller will provide the applicable completed free trade agreement Certificate(s) of Origin for all qualifying Goods sold to Valeo pursuant to the Purchase Order. For Goods not qualified under a free trade agreement, Seller will provide Valeo with correct Country of Origin information for each such item. If Seller does not provide the required Certificate(s) or correct Country of Origin information, Valeo may charge-back to Seller any Losses charged to or imposed or assessed against Valeo.

C. For each shipment of Goods, Seller will provide Valeo a Manufacturer's Affidavit stating the country of origin, Harmonized System Code ("HS Code"), exporter and producer. Valeo may, at any time, request, and Seller will provide, detailed information regarding the Goods sufficient to verify the HS Code, including production process and technical information.

#### **25. Compliance with Laws.**

A. Seller and all Goods will comply with all applicable laws, rules, regulations, orders, ordinances and conventions. Seller will not (i) utilize forced or involuntary labor, regardless of its form, (ii) employ any child, except as part of a government approved job training, apprenticeship or similar program, or (iii) engage in abusive employment or corrupt business practices in the supply or provision of Goods under any Purchase Order. If Seller subcontracts any of its duties or obligations under any Purchase Order in accordance with [Section 20](#), Seller will ensure that all sub-tier suppliers and subcontractors comply with the requirements of this Section. Upon Valeo's request, Seller will promptly provide to Valeo, in such form as Valeo may request, information to enable Valeo and Valeo's customers, as the case may be, to timely comply with all due diligence, disclosure and/or audit requests and requirements with respect to the ingredients and materials used in Seller's Goods, including under so-called "conflict minerals" laws (for example, Section 1502 of the Dodd-Frank Wall Street

Reform and Consumer Protection Act and other laws passed in any jurisdiction requiring any disclosure or restriction on the use of ingredients or materials (collectively, "Ingredients Laws"). Seller's responses shall be sufficiently detailed, and include any requested written certifications regarding the accuracy and completeness thereof, so as to enable Valeo and Valeo's customers to fully comply with Ingredients Laws. If requested by Valeo, Seller's response shall include a thorough inquiry of Seller's supply chain (and written certifications by all entities in such supply chain) identifying the ingredients or materials in the Goods and the country of origin of such ingredients or materials (or, following due inquiry, information regarding why such country of origin cannot be determined). Seller shall be responsible for the timeliness, accuracy and completeness of its sub-tier suppliers' and subcontractors' responses to such inquiries. Seller will take all actions necessary to ensure that the Goods will be free of ingredients or materials restricted by Ingredients Laws, including ensuring that Seller's contracts with its sub-tier and subcontractors enable Seller to timely obtain, from such sub-tier suppliers and subcontractors, information sufficient for Seller to timely respond to Valeo's and Valeo's customers' requests for information under Ingredients Laws.

B. Applicable laws and regulations may set occupational dose levels for ionizing radiation in the workplace, and require licenses and/or other governmental authorizations for the distribution of products or materials containing nuclear byproduct material in concentrations exceeding levels established by governmental authorities and regulatory agencies, including the United States Nuclear Regulatory Commission. All Goods (including all components and materials used in such Goods) shall be free of radiation exceeding naturally-occurring background levels. Any Goods (including all components and materials used in such Goods) exceeding radiation levels set or recommended by any applicable governmental authority or regulatory agency shall be deemed defective, and Seller will indemnify and hold harmless Valeo and its respective directors, officers, employees and agents from for all Losses that are related to or arise in any way therefrom. Seller shall be responsible for all costs of disposal, storage, and return shipment, including return shipment to the country of origin if such Goods are denied entry to any country, state or province.

C. Neither Intermediary nor Intermediary Personnel will, directly or indirectly, pay, offer, promise to pay or authorize the payment of, any monies or financial or other advantage in violation of Anti-Corruption Laws and/or Valeo's Code of Ethics and/or the Valeo Supplier Standards of Conduct. Further, neither Intermediary nor Intermediary Personnel has taken, or will take, directly or indirectly, any action that could cause Valeo or Valeo's officers, directors, employees and/or affiliates to be in violation of Anti-Corruption Laws. Intermediary will (i) make all Intermediary Personnel available for compliance training as requested by Valeo, (ii) keep full and accurate books and records of all payments made in respect of any transaction or business effected in connection with this Purchase Order, and (iii) make all such books and records available to Valeo or its designee as requested by Valeo to verify Intermediary's compliance with Anti-Corruption Laws and this Purchase Order. Intermediary shall maintain an adequate program to protect against breaches of Anti-Corruption Laws. Valeo may terminate this Purchase Order, without liability to Intermediary, immediately upon written notice to Intermediary, if Valeo determines, in good faith, that Intermediary has breached this provision. Intermediary will indemnify and hold harmless Valeo and its respective directors, officers, employees and agents from for all Losses incurred in connection with and arising from any breach of this provision. For purposes of this Section, the foregoing terms have the following meanings: "Anti-Corruption Laws" means any applicable foreign or domestic anti-bribery and anti-corruption laws and regulations, as amended from time to time, including the United Kingdom's Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 and any laws intended to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; "Intermediary" means any service provider or supplier, including Seller, acting in the name or behalf of Valeo as an intermediary or perceived as acting on behalf of Valeo, including when interacting with governmental authorities or public officials; and "Intermediary Personnel" means Intermediary's officers, directors, employees, direct or indirect beneficial owners or shareholders, or any other party acting for or on behalf of Intermediary.

**26. Identification of Goods.** As directed by Valeo, all Goods supplied pursuant to Purchase Orders that are construed as a completed part will permanently bear Valeo's part number and name or code name, lot number, Seller's name or code name, and/or date of manufacture by Seller.

**27. Packaging and Shipping.** All packaging must conform to Valeo's packaging requirements. Seller will: (i) properly pack, mark and ship Goods in accordance with Valeo's requirements and the involved carrier in a manner to secure the lowest transportation cost; (ii) route shipment in accordance with Valeo's instructions; (iii) unless otherwise stated in the Purchase Order, sell and deliver all Goods Delivered Duty Paid (DDP) (Incoterms 2010) to Valeo's specified delivery location and make no charge for handling, packaging, storage, transportation (including duties, taxes, fees, etc.), cost of vehicle or other transport expenses, unless otherwise specified in the Purchase Order; (iv) provide Valeo with shipment papers showing the Purchase Order number, Purchase Order amendment or Release number, Valeo's part number, Seller's part number where applicable, quantity of pieces in shipment, number of cartons or containers in shipment, Seller's name, the bill of lading number and the country of origin; and (v) promptly forward to Valeo the original bill of lading or other shipment receipt for each shipment identification of the Goods on packing slips, bills of lading and invoices will be sufficient to enable Valeo to easily identify the Goods purchased.

**28. Setoff and Contractual Recoupment.** In addition to any right of setoff or recoupment provided or allowed by law, Valeo and any of its affiliates, subsidiaries and divisions ("Valeo Group") may set off against or recoup from any amounts owing to Seller or any of its affiliates, subsidiaries and divisions ("Seller Group") any amounts owing to any member of the Valeo Group by any member of the Seller Group including for Losses resulting from breaches by Seller of its obligations under any Purchase Order. If an obligation of any member of the Seller Group is disputed, contingent or unliquidated, payment by any member of the Valeo Group of all or any portion of the amount due may be deferred until such dispute contingency is resolved or the obligation is liquidated. Without limiting the generality of the foregoing and by way of example only, in the event of a bankruptcy of Seller, if all Purchase Orders between Valeo and Seller have not been assumed, then Valeo may withhold payment to Seller for Goods previously delivered (via an administrative hold or otherwise) until the risk of potential rejection and other damages is eliminated.

**29. Audit Rights and Financial Information; Document Retention.** If requested by Valeo, Seller will fully cooperate with and permit Valeo and/or its designees to: (i) examine and audit all documents, data and other information relating to the Goods, Tooling, Seller's obligations under the Purchase Order, any payment made to Seller, any claim made by Seller for payment of any kind, and any quotes, invoices or similar materials from Seller's own sub-tier suppliers and subcontractors; (ii) view any facility or process relating to the Goods or the Purchase Order, including those relating to production quality; and (iii) audit any facility or process to determine compliance with the requirements of the Purchase Order. If requested by Valeo, Seller will provide to Valeo Seller's most current income and financial statements, balance sheets, cash flow statements and supporting data and schedules. Seller will securely maintain all documents, data and other information (in any form of media) that concern or relate to the Goods, Seller's production, sale, packaging and transportation of the Goods, Tooling, Purchase Orders, and any agreements and/or documents with or concerning any of Seller's sub-tier suppliers and subcontractors, for the longer of: (a) one (1) year after the date of Seller's final delivery of such Goods to Valeo or its designee; (b) the time period required by Seller's document retention policy; or (c) the time required by applicable law.

**30. Advertising.** Seller will not refer to Valeo or Valeo's trademarks and/or trade names without Valeo's prior written consent, whether in connection with any in advertising, public releases, or otherwise.

**31. Force Majeure; Labor Disruptions.** Any delay or failure of Valeo or Seller to perform its obligations under the Purchase Order will be excused if and to the extent that the party is unable to perform specifically due to an event or occurrence beyond its reasonable control and without its fault or negligence, such as: acts of God; restrictions, prohibitions, priorities or allocations imposed or actions taken by a governmental authority; embargoes; fires; explosions; natural disasters; riots; or wars. During any such delay or failure to perform by Seller, Valeo may, at its option: (i) purchase the Goods from other sources and reduce its Releases to Seller by such quantities, without liability of Valeo to Seller, and require Seller to reimburse Valeo for any additional costs to Valeo of obtaining the substitute Goods compared to the prices set forth in the Purchase Order; (ii) require Seller to deliver to Valeo, at Valeo's expense, all finished Goods, work in process and/or parts and materials produced or acquired for work under the Purchase Order; or (iii) require Seller to provide Goods from other sources in quantities and at a time requested by Valeo and at the price set forth in the Purchase Order. Seller's financial inability to perform, changes in cost or availability of materials, components or services based on market conditions, supplier actions or contract disputes, and/or labor disruptions, strikes or lockouts will not excuse performance by Seller under theories of force majeure, commercial impracticability or otherwise, and Seller expressly assumes these risks. Seller will use all diligent efforts to mitigate the adverse effects of any force majeure event and resume full performance under the Purchase Order for the benefit of Valeo.

**32. Service and Replacement Parts.**

A. From time to time, upon receipt of Valeo's Release for such Goods, Seller will sell to Valeo all Goods necessary for Valeo to fulfill Valeo's and Valeo's customer's service and replacement parts requirements for its current model year at the then current production prices plus any actual net cost differential for required unique packaging, provided that sufficient evidence of such packaging costs is provided to Valeo. If the Goods are systems, modules or assemblies, Seller will sell the components or parts of such systems, modules or assemblies at prices that will not in the aggregate exceed the then current production price of the system, module or assembly less the costs of labor involved in connection with the system, module or assembly plus any actual net cost differential for required unique packaging.

B. After termination of the current model production of the vehicle model(s) for which the Goods are produced, Seller will sell to Valeo additional Goods necessary for Valeo to fulfill Valeo's and Valeo's customer's service and replacement parts requirements for past model years at the prices then specified in the last Purchase Order for current model production plus any actual net cost differential for required unique packaging for the first five (5) years of past model service. For the following ten (10) years of past model service or such longer period as Valeo's customer requires service parts, the prices will be as specified in the last Purchase Order for current model production plus any actual net cost differential for

required unique packaging plus any actual net cost differential for manufacturing costs as mutually agreed by Valeo and Seller.

**33. Claims from Seller.** Any legal action by Seller against Valeo arising under or relating to any Purchase Order must be commenced within one (1) year after the breach or other event giving rise to such claim or it will be deemed waived by Seller.

**34. Customer Terms.** If Goods will be sold, or incorporated into products that will be sold, by Valeo to a customer (whether directly or indirectly), Seller acknowledges and agrees that it is Valeo's and Seller's intent that these Terms and Conditions ensure that Valeo will be in compliance with Valeo's obligations to such customer. Therefore, upon Valeo's request, Seller will perform such acts, provide such disclosures, and comply with such requirements and requests as Valeo deems necessary or desirable, and within Seller's control, to satisfy Valeo's obligations under the terms and conditions of any purchase order, supply agreement or other document ("Customer Terms") applicable to Valeo's agreement with its direct or indirect customer and to which the Goods relate. In Valeo's sole discretion and upon Valeo's written notice to Seller (whether before or after the Purchase Order is accepted by Seller), any portion of the Customer Terms designated by Valeo will be deemed incorporated into these Terms and Conditions, and, in such event, to the extent of any conflict between the Purchase Order and the subject Customer Terms, the Customer Terms will govern and control.

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

**36. Notices and Electronic Communication.** All notices, claims and other communications to Valeo required or permitted under the Purchase Order will be made in writing and will be effective only upon receipt by Valeo. Seller's failure to provide any notice, claim or other communication to Valeo in the manner and within the time periods specified in the Purchase Order will constitute a waiver by Seller of any and all rights and remedies that otherwise would have been available to Seller upon making such notice, claim or other communication. Seller will comply with the method of electronic communication specified by Valeo, including requirements for electronic funds transfer, purchase order transmission, electronic signature, and other communications.

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

**38. Confidentiality.** Seller will (i) keep all of Valeo's information confidential and disclose it only to its employees who need to know such information in order for Seller to supply Goods, Tooling, and equipment to Valeo under the Purchase Order and (ii) use Valeo's information solely for the purpose of supplying Goods to Valeo. "Valeo's information" means all information provided to Seller by Valeo or its representatives or subcontractors in connection with the business, programs, and Goods data, formulas, compositions, designs, sketches, photographs, samples, prototypes, test vehicles, manufacturing, packaging or shipping methods and processes and computer software and programs (including object code and source code). Valeo's information also includes, but is not limited to, any materials or information that contains, or is based on any Valeo's information, whether prepared by Valeo, Seller or any other person.

**39. Entire Agreement; Modification; Interpretation.** The Purchase Order may hereafter be modified together with the attachments, exhibits or supplements specifically referenced in the Purchase Order, constitutes the entire agreement between Seller and Valeo with respect to the matters contained in the Purchase Order and will be deemed to supersede all prior oral or written representations and agreements. Valeo may modify the Terms and Conditions, at any time, by posting notice of such modified Terms and Conditions on Valeo's website, <http://www.valeo.com>. As used in these Terms and Conditions, the term "including" means "including, but not limited to." These Terms and Conditions will be construed without application of any presumption or rule requiring construction or interpretation against the drafting party.

**40. Governing Law; Jurisdiction; Venue.** Each Purchase Order will be governed by the laws of the State of Michigan without regard to any otherwise applicable conflict of laws provisions. The United Nations Convention on the International Sale of Goods is expressly excluded. Valeo and Seller agree that any and all disputes between them will be resolved by, and they each consent to, the jurisdiction and venue of the Oakland County, Michigan Circuit Court and the United States District Court for the Eastern District of Michigan, Southern Division to resolve any such disputes, including for lawsuits seeking monetary relief or equitable relief. Notwithstanding anything in these Terms and Conditions to the contrary, at Valeo's option, Valeo may commence any action or proceeding in any court of competent jurisdiction in the country in which

the Goods are manufactured or any other court of competent jurisdiction. Seller specifically waives any and all objections to jurisdiction of and venue in such courts.

**41. Waiver of Jury Trial.** VALEO AND SELLER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH OF VALEO AND SELLER, AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO ANY PURCHASE ORDER OR ANY OTHER DOCUMENT PERTAINING TO ANY PURCHASE ORDER.

**42. Continuing Obligations.** These Terms and Conditions will survive expiration, non-renewal or termination of any Purchase Order.

[End of Valeo Purchasing Terms and Conditions]