

## General Terms and Conditions of Purchase

### 1. Scope of Application

These General Terms and Conditions of Purchase shall apply to any and all purchase transactions carried out by Valeo, whether or not the said transactions relate to the purchase of tools, machinery or equipment, parts, raw materials, other materials or services (the "Supply" or "Supplies"), unless otherwise agreed upon through arrangements with the Valeo Purchasing Department (the "Purchasing Department").

### 2. Order

#### 2.1 Purchase Order

Supplies must always be subject to a purchase order (the "Order") in force for an indefinite term (the "Open Order") or for a definite term (the "Closed Order"). Order shall be placed by e-mail, fax or otherwise using the electronic means agreed upon.

#### 2.2 Acceptance of the General Terms of Purchase

The General Terms of Purchase shall be deemed accepted upon the receipt of the acknowledgment of receipt attached to the Order, which shall be returned by the supplier (the "Supplier") no later than within 8 business days from the date of the Order to the Purchasing Department by e-mail, fax or otherwise using the electronic means agreed upon. These General Terms of Purchase shall prevail over the Supplier's terms of sale. In the absence of an acknowledgement of receipt, commencement of the fulfillment of the Order, which shall automatically result in the Supplier waiving its own terms of sale, shall be deemed express acceptance of these General Terms of Purchase.

Acceptance of these General Terms of Purchase shall automatically mean that the Supplier agrees to comply with the Valeo Production System and the Valeo Quality System, as well as any other Quality control procedures that may be implemented during the term of the Order.

#### 2.3 Special Obligations of the Supplier

2.3.1 Being a professional in its field, the Supplier is fully aware of the expectations and requirements of the Automotive Industry, and particularly in terms of quality, costs and deadlines by which obligations must be performed. The Supplier shall be required to provide the Supplies in compliance with the standards and established customs prevailing in the said Industry, and in accordance with the provisions of law in force and with the adopted standards in terms of health, safety, environmental protection as well as labor law, particularly those in force in each of the countries where the Supplies are manufactured and where the cars in which the Supplies are used are sold. The Supplier agrees not to permit any liability arising on the part of Valeo for any third party claims for a breach of the aforementioned provisions and it agrees to independently bear any and all indirect and direct consequences resulting from the said breach, thereby indemnifying Valeo against liability and any and all related difficulties.

2.3.2 The Supplier agrees to deliver the Supplies in compliance with any and all other documents regulating the relationships between it and Valeo with respect to the Supply and that are supplements to these General Terms of Purchase, particularly in compliance with the drawings, specifications, list of requirements, etc. (the "Documentation").

2.3.3 On first request of Valeo, the Supplier agrees to make changes to the Supply, to provide any and all information on the Supply or on the Order and to document the country of origin and the composition of what was used in the Supplies.

- 2.3.4 The Supplier shall not, without prior acceptance in the meaning of the Valeo Quality Procedures and the rules and practices established in the Automotive Industry, change the Supplies in any way whatsoever, particularly by changing the components, materials, processes used or the location of manufacture.
- 2.3.5 The Supplier agrees to deliver the Supplies for the needs of the spare parts market for a period of 10 years after the the sale of the last car of the model in the range of which the Supply was used.
- 2.3.6 In order to permanently maintain competitiveness of both the Supply and the Valeo products in which the Supply is used, the Supplier agrees to implement measures serving to continuously increase productivity. The minimum level of the annual productivity with respect to a Supply shall be determined by mutual consent.
- 2.3.7 Acceptance of the Order shall automatically impose the obligation on the Supplier to unconditionally observe the dates of delivery of the Supplies set in the Closed Order or in the schedule of deliveries sent by EDI, WebEDI or by fax with respect to an Open Order. No early delivery of a Supply shall be accepted without prior agreement, and the costs of the said early delivery shall be borne by the Supplier.

The Supplier agrees to indemnify and compensate Valeo for any and all indirect and direct costs resulting from failure to comply with the date of delivery of the Supply, in particular the costs in connection with shutdowns of the production or an assembly line in the Valeo plant or in the plants of its customers. Moreover, Valeo shall have the option of canceling an Order in compliance with Art. 13.2 of these General Terms of Purchase. The Supplier shall bear any and all additional costs caused by the need to order Supplies from third parties.

### 3. Intellectual and Industrial Property Rights

- 3.1 The Supplier shall be personally liable for the validity of intellectual (including industrial) property rights relating to the Supplies and for the free use of the Supplies as regards the intellectual (including industrial) property rights of any third party. The Supplier agrees to hold Valeo harmless for a breach of the aforementioned rights, such liability taking particularly the form of claims being sought or complaints being filed by third parties against Valeo, and it shall indemnify Valeo against liability vis-à-vis the said third parties.

If a third party initiates proceedings seeking a ban on, restriction or change of use, marketing or sales of the Supplies, the Supplier shall be solely liable for the consequences of said proceedings that might give rise to the payment of compensation, including the adverse impact they might have on the corporate reputation of Valeo. The Supplier agrees to cure any and all damages and reimburse any and all costs incurred by Valeo as a result of the partial or total non-performance of contracts binding on Valeo to its customers with respect to the Supplies, including the compensation that Valeo may be required to pay to its customers for failure to comply with its obligations and additional costs caused by the need to introduce changes to the Supplies or tools that will be involved for these changes.

Moreover, Valeo shall have the option of canceling the Order pursuant to Art. 13.2 of these General Terms of Purchase.

- 3.2 The Supplier grants to Valeo an irrevocable, non-exclusive and free-of-charge license to use the intellectual property rights to the object of the Supply or the rights related to the object of the Supply, including in particular the rights to tools, equipment and parts and their drawings, technical documentation and know-how. To the extent to which no license is effectively granted to use the intellectual property rights pursuant to the preceding sentence, the Supplier agrees to grant an irrevocable, non-exclusive and free-of-charge license to use the intellectual

property rights to the object of the Supply or the rights related to the object of the Supply, including in particular the rights to tools, equipment and parts and their drawings, technical documentation and know-how. In such an event and to the said extent, a free-of-charge and non-exclusive license shall be granted to use the intellectual property rights to the object of the Supply or the rights related to the object of the Supply, including in particular the rights to tools, equipment and parts and their drawings, technical documentation and know-how by way of a transaction of purchase or its performance. Any and all licenses granted by the Supplier shall include the right to grant further licenses (right to sublicense). In the event of cancellation of an Order for any reason, the free-of-charge and non-exclusive license referred to above and the obligation to grant the free-of-charge and non-exclusive license to use the intellectual property rights shall remain in force, and in particular, the Supplier authorizes Valeo to produce the tools and equipment to ensure the maintenance thereof and the manufacture of the parts for the production of which they are intended and it waives any claims against Valeo to the broadest extent admissible by law and agrees not to exercise the intellectual property rights vested therein against Valeo or against the customers of Valeo. Moreover, the Supplier agrees to provide Valeo, on first demand, with any and all drawings, technical documentation and know-how relating to the tools, equipment or parts.

#### **4. Prices, Invoicing and Payment Terms**

##### **4.1 Prices**

The prices used are the prices indicated in the Order. The prices are firm, they are not subject to revision, and they are construed as "Delivery Duty Paid", or "DDP", place of delivery (as adopted in the definition of Incoterms 2010 or in the subsequent versions of Incoterms that may supersede Incoterms 2010). The prices may not be adjusted without the express agreement of both parties. Neither party may suddenly cease the completion of an Order. The party whose proposal of price has been rejected once negotiations have been conducted in good faith may, on the terms and conditions set forth under these General Terms of Purchase, terminate the Order; however, if the Supplier is the terminating party, the Supplier agrees to provide Valeo with the possibility of continuing performance of its obligations vis-à-vis the customers until the production of the Supply constituting the object of the terminated Order is commenced at the plant of another supplier.

##### **4.2 Invoicing and Payment Terms**

Any and all details specified in the Order, which enable the identification and control of the Supplies, shall be made clearly visible on the invoice. An invoice must be sent to the address specified on the front page of the Order.

The amounts due for the Supplies shall be payable by inter-bank transfer upon the lapse of ninety (90) days from the end of the month in which the invoice was issued on the tenth day of the following month, unless otherwise agreed. Valeo shall have the right to set off the amounts due to it by the Supplier in whatever respect against the amounts due in connection with the Order.

#### **5. Packaging and Shipping Documents**

The Supplier agrees to deliver the Supplies in packaging that is adapted to the type of the Supplies, the manner in which they are sent and the manner in which the same shall be stored, so that they may be delivered in excellent condition.

Each packaging unit must show, on the outside, legible information in compliance with the requirements of the shipping regulations, as well as any and all instructions with respect to special storage conditions. The aforementioned information shall include the Order number,

batch number, detailed name (description) of the Supply, detailed names and addresses of the sender and addressee, delivered amount, gross and net weight. Two (2) detailed copies of shipping documents shall be attached to each delivered Supply, such documents to enable the identification of the Supplies, their control in terms of quantity and – if needed – material safety data sheets.

The Supplier shall bear financial liability for any and all damages to the Supplies (breakage, missing items, partial damage, etc.) resulting from improper or incorrect packaging.

## 6. Delivery

6.1 The Supplies shall be delivered to the location specified in the Order.

6.2 If the Supply delivery date is not complied with or if the delivery is incomplete or if it contains an amount larger than ordered or if it is not compliant with the Order or with the Documentation, Valeo reserves the right to refuse the Supplies in the form of an ordinary letter, fax or using other electronic means agreed upon.

6.3 Any Supply that has been refused shall be returned to the Supplier at its own cost and risk within 8 days from the date of the notice of refusal of delivery.

The Supplier shall repair the damage and reimburse Valeo for additional costs in connection with the Supplier's failure to deliver the Supplies in compliance with the Order (rejects, storage, sorting, interim costs, re-work, breakage of tools, breakdowns or line stoppage at the plant of Valeo or its customers', yard campaigns, penalties, ordering Supplies or tools from third parties, etc.).

Valeo shall have the option of canceling the Order pursuant to Art. 13.2 of these General Terms of Purchase.

## 7. Warranties

7.1 Being an expert in its field, the Supplier is bound by an absolute and specific '*obligation de résultat*' as regards the Supplies and, therefore, it accepts full liability for the Supplies, their design, manufacturing processes employed for the production thereof, technical choices made in the course of production and their suitability for the intended use. The Supplier confirms that it is fully aware of the above, regardless of the extent to which Valeo has a share in the process of developing the Supplies.

The Supplier warrants that the Supplies shall be in compliance with the Order and with the Documentation in force at the time when the Supplies are delivered and, in more general terms, that the Supplies shall be free of any evident or latent defects, whether or not a given defect came to exist as a result of an error in terms of design, materials or manufacture.

7.2 If Valeo, its customers or competent authorities make the decision to recall a Supply or product in which any Supplies have been used, the Supplier shall compensate Valeo for any damages suffered.

7.3 The Supplier agrees to hold Valeo harmless from any loss, personal injury damage, indirect, consecutive or accidental damage, including damage to the reputation of Valeo, and to cure damages and reimburse Valeo for any direct and indirect costs resulting from a breach by the Supplier of its obligation to deliver the Supplies free of defects, and, if applicable, from a breach by Valeo of its obligations vis-à-vis its customers (reimbursement or free-of-charge replacement of the defective Supply, labor costs, interim costs, exceptional shipping, stoppage of a line at the plant of Valeo or at the facilities of its customers, yard campaigns, recalls, penalties, costs of ordering Supplies from third parties, including tools, etc.). All provisions that may result in a restriction or reduction of this liability shall be null and void.

7.4 The provisions of Art. 556 et seq. of the Civil Code relating to the implied warranty for defects shall not apply.

**8. Insurance**

The Supplier shall take out insurance on the Supplies and third party liability insurance with a renowned and solvent insurance company in compliance with Valeo conditions and it shall provide proof of the conclusion of the said insurance agreement on first demand. The conclusion of the aforementioned insurance agreement shall in no event constitute a limitation of the Supplier's liability.

**9. No Transfer [“Intuitu Personae” Agreement] - Subcontracting**

9.1 The Supplier shall not have the right to sell or otherwise transfer the rights to an Order in full or in part, even free of charge, without the prior and express consent of Valeo.

9.2 In the event of a change of direct or indirect control over the Supplier or in the event of sale or transfer of Supplier's business, Valeo shall have the option of canceling the Orders in progress pursuant to Art. 13.2 of these General Terms of Purchase.

9.3 The Supplier may not subcontract an Order in full or in part, directly or indirectly, to other contractors without the prior and express consent of Valeo.

If the Supplier obtains the aforementioned consent to subcontract an Order in full or in part for performance by a third party, the Supplier shall remain solely and totally liable vis-à-vis Valeo for the fulfillment of the Order and the observance of these General Terms of Purchase. The Supplier agrees to indemnify and hold Valeo harmless from any claims brought by subcontractors.

**10. Confidentiality**

10.1 Any and all information disclosed to the Supplier by Valeo or any of its related entities or representatives, including technical, industrial, commercial, financial information, regardless of the manner in which the same was provided (verbally, in writing or otherwise), including the design, drawings, descriptions specifications, reports, microfilms, computer discs, software and related documentation, samples, prototypes, etc. shall be confidential (the “Information”).

The Information shall also include the information obtained in the course of the fulfillment of the Order by the employees and agents of the Supplier, suppliers, subcontractors, representatives or permanent or temporary co-workers.

10.2 The Information may be used solely in connection with an Order. The Supplier shall act with the utmost diligence to ensure that the Information is not disclosed to any third parties.

If the aforementioned confidentiality obligation is not complied with, Art. 13.2 of these General Terms of Purchase shall apply.

10.3 This confidentiality obligation shall remain in force for five (5) years after the termination of the Order for any reason. Upon the completion of fulfillment of an Order, the Supplier shall, on first demand, return to Valeo any and all documents relating to the Order, whether or not the same is confidential, and without retaining any copies thereof, unless Valeo grants its prior and express consent thereto.

**11. Transfer of Ownership Title / Risks**

11.1 The Supplies shall become the exclusive property of Valeo upon the identification in the purchase order of the supplies to be used for the production of Supplies (raw materials or semi-finished products), and no later than at the time when the Supplies are completed. Any

provision reserving the ownership title shall be invalid or unreserved. The Supplier hereby grants its consent to the employment of any and all methods in order to individualize the said supplies.

- 11.2 In the course of the fulfillment of an Order, and before the Supply is delivered, Valeo reserves the right to audit the manufacturing processes relating to the Supplies and the Supplies themselves at the premises of the Supplier or its subcontractors, if any. The Supplier hereby consents to providing Valeo with free access to its premises at any time and to provide Valeo free access to the premises of its subcontractors and to enable Valeo to test the Supplies, without said testing limiting the Supplier's liability or the scope of the warranties.
- 11.3 The risk of loss of the Supplies shall be transferred upon the acceptance of the delivery of the Supplies, regardless of the conditions of the delivery of the Supplies contained in the Order.

## **12. Matrices, Tools and Other Specialist Equipment**

- 12.1 All matrices, tools and other specific equipment provided by Valeo for the purposes of the Supplies (the "Equipment") shall remain the sole property of Valeo. The same shall apply to the Equipment manufactured upon Valeo's instructions and on its behalf, as it is manufactured, including the related intellectual, and industrial, property rights.

In all cases, even in the absence of a special contract of loan or documents of surrender for safekeeping, the Equipment shall be deemed surrendered to the Supplier in deposit at the Supplier's premises for the purpose of the fulfillment of the Order. The Equipment may be used solely for the purposes of the fulfillment of the Order and it may not be surrendered for use, otherwise loaned to third parties, reproduced or copied. At the cost of the Supplier, the Equipment shall be marked with an easily visible and non-removable data plate with the inscription: "Property of Valeo – not subject to transfer, encumbrance or attachment" [„*Propriété VALEO - incessible et inaisissable*"] and it must not be subject to pledge or any other encumbrance to secure any claims. The Equipment may be taken back by Valeo at any time.

- 12.2 As the entity using the Equipment, the Supplier shall guarantee its excellent operation, maintenance, service checks and servicing aimed at preventing irregularities in the manufacturing processes and interruptions in supply, and it shall provide, on first demand by Valeo, as often as necessary, a detailed and precise list of the Equipment. Similarly, the Supplier shall be liable for replacement of the Equipment in the event it is lost, stolen, destroyed and premature wear and tear. Therefore, the Supplier shall conclude insurance agreements covering all risks and damages that the Equipment may cause to third parties, and it shall produce proof of the conclusion of the above on Valeo's first demand.

Upon termination of an Order for any reason, the Equipment, together with all rights vesting thereto, shall be returned to Valeo on its first demand.

## **13. Termination - Cancellation**

### **13.1 Termination**

- 13.1.1 An Open Order shall be placed for an indefinite term, while the quantities with respect to which Valeo commits itself are indicated in the delivery schedules. Valeo shall have the right to terminate an Open Order at any time upon three (3) month notice by way of a registered mail letter with return receipt requested. In an emergency, the period of notice may be reduced as agreed upon by the Parties. In the course of the notice of termination, the Order shall be completed in compliance with the terms in force at the time when the notice of termination is sent, particularly those relating to the prices. Termination shall not give rise to any indemnity or compensation to the Supplier for any reason.

13.1.2 A Closed Order shall be placed for a definite term and it shall not be subject to renewal.

13.2 Cancelation

If the Supplier fails to comply with its contractual obligations, the Order shall be terminated without any formalities once Valeo sends a representation in the form of a registered mail letter with return receipt requested addressed to the Supplier, if the Supplier fails to cure the breach in part or in full within eight (8) days from the receipt of the representation of Valeo requesting the same, otherwise the Order shall be terminated upon the ineffective lapse of the said deadline. Valeo shall have the right to seek compensation for the said breach in any form provided for by law.

14. Miscellaneous

14.1 If any of the provisions of these General Terms of Purchase turn out to be invalid or unenforceable, the other provisions hereof shall remain in force.

14.2 Failure by Valeo to exercise any right provided for hereunder, under an Order or the Documentation at any time shall not be deemed a waiver of the said right and the same shall not in any way prevent Valeo from relying on or exercising the said right at a later stage.

14.3 The Supplier shall not make reference to its trade relationships with Valeo without the prior and express consent of Valeo.

14.4 In the event of a dispute, Polish law shall be the governing law, and the competent court shall be the court with territorial jurisdiction over the registered office of Valeo. The provisions of the Vienna Convention of 1980, on the International Trade in Goods shall not apply.

Updated: 2012