

Terms and Conditions

Gentherm Group

Terms and Conditions

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§ 1 Definitions / Abbreviations

Words starting with a capital letter shall have the meaning as defined in the Purchase Agreement or below:

Affiliates	Any two companies directly or indirectly controlled by another company or any company that directly or indirectly controls or has the power to control another company. In case of doubts Section 15 et seqq. German Public Companies Act (Aktiengesetz) shall apply.
Customer	The customer of the Purchaser
Gentherm, Inc.	A US-corporation with its office at 21680 Haggerty Road, Suite 101, Northville, MI 48167, USA.
Gentherm Group	Gentherm, Inc. and its Affiliates.
Laws	Federal, state, local and foreign laws, executive orders, rules, regulations and ordinances that may be applicable to the Supplier's performance of its obligations under each Purchase Contract.
OEM	Original Equipment Manufacturer; the manufacturer of a vehicle (car, bus, truck, RV or other road vehicle).
Party / Parties	Purchaser and Supplier hereinafter individually are also called the "Party" and jointly the "Parties".
Products	(Raw) materials, components, (intermediate) assemblies, tooling, molds, equipment and completed products and all services, performed in connection with any of the foregoing items.
Purchaser	The Gentherm company issuing the Purchase Contract.
Recall	Recall is a public appeal or any other public measure based on legal obligations by an OEM or the competent public authorities directed at motor vehicle owners to bring their motor vehicles to the manufacturer, an authorized or other repair shop to check them for the specified defects and to repair detected defects or to take other specified measures. A personalized direct communication to the vehicle owner in this regard shall also qualify as Recall.
Supplier	The Party signing this Agreement in order to deliver Products to Purchaser and its Affiliates.
VA / VE program	value analysis / value engineering program.

§ 2 Offer and Acceptance

- (1) Each Purchase Contract that Purchaser issues is Purchaser's offer to purchase Products from Supplier. When Supplier accepts an Purchase Contract, either by acknowledgement, commencement of performance, or by delivery of the Products ordered, the Purchase Contract will become a binding contract together with these Terms and Conditions ("General Terms") and any other documents specifically incorporated into the Purchase Contract or separately agreed to in writing (collectively, the "Agreement").
- (2) Seller will be deemed to have accepted a Purchase Contract as issued (1) if Seller fails to object to it in writing within 10 business days after receipt and has begun, or later begins, performance under the Purchase Contract, or (2) if Seller acknowledges in writing its acceptance of the Purchase Contract. If Seller objects to a Purchase Contract within 10 days, the Purchase Contract will become an Agreement only if and when Buyer and Seller mutually agree in writing, or Seller commences or continues performance under the Purchase Contract.

§ 3 Agreement Structure

- (1) The following documents (collectively the "**Appendices**") in their latest version, insofar as they are applicable, and the applicable Purchase Contract, as defined herein, are incorporated into this Purchase Agreement (collectively, the "**Agreement**") and may be amended, modified or superseded from time to time:
 - a) Supplier Requirements Manual (SRM)
 - b) Routing Instruction
 - c) Packaging Instruction
 - d) Tooling Agreement

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- e) Consignment-Stock-Agreement
 - f) Supplier Code of Conduct
- (2) The latest and currently applicable version of the Appendices § 3 (1) a -f), can be downloaded from the Purchaser's homepage <https://www.gentherm.com/download-center>. On request Purchaser will furnish Supplier with the applicable version of the Purchase Agreement and its Appendices.
 - (3) Supplier shall review the Gentherm Group homepage periodically. Supplier's continued performance under the Purchase Contract without providing written notice to Purchaser detailing Supplier's objection to any modified or new Appendices will constitute Supplier's acceptance of such modified Appendices.
 - (4) In the event of conflicting provisions between the Purchase Agreement and the Appendices in their current version, the most recent version of any document supersedes the conflicting provision of an older document and the Purchase Agreement shall supersede the Appendices.
 - (5) All Gentherm Group entities shall be entitled to purchase Products from Supplier delivery according to this Purchase Agreement.
 - (6) This Agreement shall be binding for the Supplier and all of its Affiliates and for every location from which Supplier is supplying Products to Gentherm Group. Supplier warrants that all Affiliates will accept this Agreement.
 - (7) Supplier's terms and conditions shall not be binding or become part of this Agreement, even if Purchaser does not explicitly object to them. Purchaser does not agree to any proposed addition, alteration or deletion of this Agreement by Supplier. No modification or waiver of this Agreement or any Purchase Contract shall be deemed effected by Supplier's acknowledgment or confirmation containing other or different terms. Should any acknowledgment or confirmation received from Supplier contain additional or different terms than this Agreement or Purchase Contract, those terms shall be considered proposals by Supplier that are hereby rejected. This Agreement and Purchase Contract can be varied only by a writing signed by a Purchasing Director of Purchaser. Any other statement or writing of Supplier may not alter, add to, or otherwise affect this Agreement or Purchase Contract.

§ 4 Purchase Contracts; Delivery Schedules

- (1) Individual Purchase Contracts shall be concluded with the issuance or revision of:
 - a. a Purchase Order; or
 - b. a Scheduling Agreement;

Schedule Agreement and Purchase Order hereinafter "**Purchase Contract**".

- (2) Supplier shall be deemed to have accepted a Purchase Contract, unless Supplier objects in writing within three (3) working days of receipt.
- (3) Purchase Contracts shall be exclusively governed by this Agreement.
- (4) Purchaser may issue Delivery Schedules under a Schedule Agreement, unilaterally specifying the delivery dates and the quantities of Products, the period of Firm Order or Trade-off and payment terms.
- (5) Neither this Agreement nor requests for quotations ("RFQ") shall establish a purchase obligation of Purchaser.

§ 5 Schedule Agreements, Delivery Schedules

- (1) Due to the benefits realized by each of the Parties, Purchaser prefers to operate under a Schedule Agreement with Delivery Schedules issued on a regular basis.
- (2) Purchaser may issue a Schedule Agreement, which refers to item and part numbers, contains a part description, the price per unit, the unit of price and the unit and specifies the number of workdays of Firm Order, Trade-off and Planning Period/Forecast. It also contains a time-period for which the Schedule Agreement shall be valid.
- (3) Delivery Schedules are divided into the following time periods indicating the degree to which the Delivery Schedule is binding:
 - a. **Firm Order:** The amount of Products ordered are fully binding. Supplier shall be able to fulfill the order. Ideally, Supplier has Products available in stock.
 - b. **Trade-off:** Supplier shall procure all necessary materials to produce the parts. The amount of Products in the Trade-off are not binding.

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- c. **Planning Period (Forecast):** Non-binding information about long-term Product forecast beyond the Trade-off period.
- (4) The cumulative quantities in the Delivery Schedules permit precise delimitation of what number of Products has been received by Purchaser. The difference between Suppliers information on Products delivered and the cumulative quantities of Products received in the Delivery Schedule is the quantity of Products in transit. As the cumulative quantities are of essence for billing, Supplier shall check them precisely and inform the responsible materials planner at Purchaser without undue delay, of any discrepancies.
- (5) In order to reflect fluctuations in orders by customers of Purchaser and provide the necessary flexibility, Purchaser may change the quantities listed in a Delivery Schedule (all time periods) up to fourteen (14) days prior to the date of delivery; and
 - a. increase the listed quantity up to thirty percent (30 %) or
 - b. reduce the listed quantity by up to thirty percent (30 %) or postpone delivery of any fraction of the quantity listed in the Delivery Schedule.

Supplier shall ensure that it can accommodate any increases or reductions in quantity or postponements without additional costs to Purchaser.

The quantities of any Delivery Schedules may be lower during the ramp-up phase leading to Start of Production ("SOP"), while maintaining the scheduled deliveries, which shall not lead to a price increase.

- (6) Place of performance shall be determined in the Purchase Contract (hereinafter "**Delivery Location**"), where Supplier thus fulfills its contractual obligation.
- (7) In case Purchaser agrees to bear the delivery costs, Supplier shall use the carrier chosen by Purchaser. Concerns of Supplier relating to the chosen carrier, if any, must be communicated to Purchaser without undue delay.
- (8) On-time delivery of the right quantity of Products of the agreed quality at the right place is of essence. The date for delivery as agreed in a Purchase Contract (hereinafter the "**Delivery Date**") therefore is a binding date on which the Products are to be delivered at the Delivery Location. Supplier shall take all necessary measures to assure on-time-delivery at the Delivery Date.
- (9) Purchaser may reject and/or return at Supplier's expense any goods delivered before the Delivery Date. Products accepted by Purchaser before the Delivery Date shall be stored at the Delivery Location at the expense and risk of Supplier until the Delivery Date.
- (10) Supplier immediately shall inform Purchaser and the Delivery Location of any facts that could result in a delay or affect its ability to perform its obligations under this Agreement (e.g. interruptions of production, plant shut-downs) listing the reasons thereof and the anticipated delay.

§ 6 Transfer of Ownership, Right of Retention

- (1) The transfer of ownership to Products will take place upon receipt of Products by Purchaser either at the Delivery Location or by Purchaser's freight forwarder, if Purchaser is responsible for the transport.
- (2) Purchaser rejects any retention of ownership to Products by Supplier. Supplier shall cause its subcontractors and suppliers to provide a full transfer of ownership of Products to Purchaser.
- (3) In general, Supplier shall not refuse performance until counter-performance is effected, e.g. retain deliveries, (right of retention) unless Supplier's claim is due and undisputed, ready for judgment or a judgment on the claim has become final. In any case Supplier shall notify Purchaser in writing in due time of its intention to exercise its right of retention.

§ 7 Cancellation of Purchase Contracts and Obsolescence

- (1) Purchaser may cancel any Purchase Contracts in whole or in part without cause in writing with a notice period of 5 business days before shipping (hereinafter "**Termination for Convenience**").
- (2) Upon a Termination for Convenience Supplier shall terminate work on the Products without undue delay.
- (3) In case of a Termination for Convenience of a Purchase Contract, Supplier is entitled to charge Purchaser for raw materials, semi-finished or finished Products as follows:
 - a. In case of a Delivery Schedule under a Schedule Agreement according to the latest Delivery Schedule for the:
 - i. Firm Order - the actual production and material cost of cancelled Products;

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- ii. Trade-Off - the costs for the materials reasonably ordered or acquired by Supplier based on the quantities proposed in any Schedule Agreement, or Purchase Contract.
 - iii. Planning Period (Forecast) - no right to reimbursement for any costs.
- b. In case of a Purchase Order for the actual production and material cost of cancelled Products.
- (4) Supplier shall use its best efforts to minimize obsolescence and the costs for Purchaser by: cancelling orders for materials where possible; making use of materials for the production of other products; attempting to return materials to its suppliers; reselling materials to third parties; and similar activities. Supplier shall provide evidence of such efforts, if requested.
- (5) Supplier shall submit its claim for obsolete Products or materials within four (4) weeks after receipt of Purchaser's cancellation of the Purchase Contract or zeroing out of the Delivery Schedule. Supplier shall provide written evidence of the claim and attest to the evidence.
- (6) In return for the payment by Purchaser, Supplier shall deliver and transfer the title of the raw materials, semi-finished Products and Products paid for by Purchaser to Purchaser.
- (7) If this Agreement is terminated according § 21 (3) for cause, the following shall apply:
 - a. If Purchaser terminated the Agreement, Purchaser shall not be obliged to pay any compensation; neither for raw materials nor any semi-finished nor finished Products not yet delivered.
 - b. If Supplier terminated the Agreement, § 7(3), (5) and (6) shall apply accordingly.
- (8) If this Agreement is ordinarily terminated by Purchaser according § 21, above § 7(3), (5) and (6) shall apply accordingly.

§ 8 Prices

- (1) Prices shall be agreed in each Purchase Contract. Unless stated otherwise in the Purchase Contract, all Prices are firm and fixed prices and any amendment requires the written agreement of the Parties.
- (2) All quotes submitted by Supplier and all agreed prices shall and are deemed to:
 - a. include all services of the Supplier;
 - b. include all costs of production, including ongoing maintenance of production equipment and facilities and tools, overhead, development, sample verification, and packaging cost and shipment;
 - c. include applicable taxes, excise duties, importation fees, and any other fees directly related to the sale, transportation or importation of the Products.

VAT and all other applicable taxes must be shown separately in accordance with the Laws.

- (3) The parties agree that in order to permit long-term competitiveness and mutual economic success, the cost and price of Products need to be constantly optimized. Therefore, Supplier and Purchaser agree as follows:
 - a. Purchaser shall receive annual price reductions from Supplier as agreed upon and reflected in the RFQ&QAF form or any Purchase Contract as a result of the consistent and continued optimization of productivity by Supplier;
 - b. On request Supplier shall actively participate in Purchaser's VAVE-program. Purchaser may invite Supplier to VAVE-sessions in which Parties shall discuss the Products with the aim to optimize Product functions and to reduce costs;
 - c. Supplier shall also work independently to make suggestions to optimize Product function and costs ("VE") to Purchaser. Parties shall agree on targets to reduce the cost of Products. To the extent Supplier is successful in exceeding set targets; Supplier shall share such cost reductions with Purchaser.
 - d. Purchaser will inform Supplier, if there is a similar product quoted to Purchaser at lower cost. Supplier will work out measures to recover the competitiveness of Products and present them to Purchaser together with a revised quotation. Purchaser may terminate the agreement for cause according to § 21(3), if Supplier cannot match the competing offer.
 - e. To launch certain customer programs and to increase the business of both Purchaser and Supplier, Purchaser and Supplier may from time to time be required to work on a target price basis. Supplier agrees to fully support Purchaser and to co-operate closely with Purchaser to reach target prices for Products. Any target prices will be determined on a case by case basis before commencement of work on any quotations for such programs.

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- (4) In case Supplier is directly nominated by Customer, Supplier shall immediately inform Purchaser, if Supplier intends to revise prices of any Products, or if Customer agreed to price changes providing sufficient proof.
- (5) Supplier will maintain records as necessary to support amounts charged to Purchaser under the Purchase Contract. Purchaser and its representatives may audit Supplier's records of transactions completed within two years prior to the audit date, to the extent needed to verify the quantities shipped and that the prices charged match the Purchase Contract prices. Any audit will be conducted at Purchaser's expense (but will be reimbursed by Supplier if the audit uncovers material errors in the amounts charged), at reasonable times, and at Supplier's usual place of business.
- (6) If Customer requires Purchaser to amortize tooling for a program, Supplier agrees to amortize tooling costs into the price for Products related to the program.
- (7) Sample Products produced by Supplier shall be invoiced based on the following:
 - a. Samples required for PPAP approval shall be provided for the agreed upon serial price;
 - b. Samples of Products which are already in production, also if provided for a new PPAP approval, shall be provided free of charge;
 - c. Samples, which are built specifically for a new program or for prototype purposes shall be billed for the prices agreed between the Parties.

§ 9 Payment terms, Set-off, Assignment

- (1) Payment for Products shall be due sixty (60) days following the Delivery Date and receipt of a proper, undisputed invoice, unless agreed otherwise in the Purchase Contract.
- (2) If Purchaser pays within twenty (25) days, Purchaser shall be entitled to an early payment discount of three (3) percent of the invoiced amount. In case of a payment within forty-five (45) days the discount shall be two (2) percent.
- (3) Interest on overdue payments shall be limited to five (5) percentage points above the basic rate of interest.
- (4) Supplier may only set off claims that are due and uncontested, ready to be decided or have become legally binding against Purchaser's claims, unless this restriction is in conflict with the principle of equity and good faith. Purchaser may set off any claims relating to the business relationship between the Parties.
- (5) Upon request Purchaser shall have the right to demand the return of all things provided by Purchaser and all Products and their components owned by Purchaser which are in possession of Supplier or Supplier's supplier(s), in which event Supplier or Supplier's supplier(s) at their expense will prepare them for shipment and will deliver them to Purchaser.
- (6) Supplier is not entitled to assign rights and obligations of this Agreement to third parties, without prior written consent of Purchaser, which shall not be unreasonably withheld.
- (7) Except as specifically provided in this Purchase Agreement, Purchaser shall not be liable for and shall not be required to make payments to Supplier, directly or indirectly (whether on account of claims by Supplier's sub-contractors or otherwise), for any loss arising from or attributable to failure to realize anticipated revenue, savings or profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation cost or general and administrative burden charges from a termination of a Purchase Contract or this Agreement. In the event of a termination of a Purchase Contract by Purchaser as a result of Purchaser ceasing to be a supplier to the Customer for the vehicle program in respect of which Purchaser issued this Purchase Contract, Purchaser shall only be obligated to compensate Supplier for any costs under this paragraph if, when and to the extent that Customer reimburses Purchaser for such costs.

§ 10 Examination of Goods, Lack of Conformity Notice; Quality

- (1) Supplier shall maintain a Quality Management System, which at a minimum complies with DIN EN ISO 9001), which includes a final inspection documenting non-conforming products and their non-delivery / -use. Supplier on request shall provide proof of its efficacy.
- (2) For the quality related provisions, the SRM shall apply.
- (3) Purchaser shall inspect incoming Products only regarding identity, quantity and apparent transport damages.
- (4) Purchaser will inspect Products within the ordinary course of business, e.g. within functional tests performed during the production steps of the production process.
- (5) Purchaser shall notify Supplier within ten (10) working days of any defects detected (hereinafter "**Lack of Conformity Notice**").

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- (6) Payment by Purchaser for a defective Product shall not constitute acceptance of a defective product nor confirmation that the Product was free of defects.

§ 11 Subcontracting / Sub-Supplier; Material provided by Purchaser

- (1) In case of subcontracting or sub-suppliers, Supplier shall remain responsible for the quality of the Products / Services provided by the subcontractor(s) or sub-supplier(s). Supplier shall enter into contracts with the sub-supplier(s) and sub-contractor(s) that provide Purchaser and Customer with all of the rights specified in this Agreement. In case Supplier is a distributor of Products, Supplier shall make the original manufacturer of Products sign this Agreement or another agreement with the substantially similar terms and that provide Purchaser and Customer with all of the rights specified in this Agreement and provide proof thereof to Purchaser.
- (2) Supplier shall examine any material provided by Purchaser without undue delay for defects and notify Purchaser of any defects without undue delay.
- (3) Supplier shall treat any and all material provided by Purchaser with care, store it correctly, in particular according to storage instructions provided by Purchaser, and insure them against damages, e.g. theft, fire, water, storm damage etc.
- (4) All items provided by Purchaser shall remain property of Purchaser. Purchaser shall be owner of any and all Products and their components described in the Purchase Contract where the value of Purchaser's materials contained in such Products exceeds sixty percent (60 %) of the total value of such Products. Otherwise, Purchaser and Supplier shall have joint ownership, the ownership ratio based on the value of the material supplied by Purchaser in comparison with the production and other components added by Supplier to the Products.
- (5) In the event Supplier cannot fulfill any of its obligations under any Purchase Contract, Supplier shall, at Purchaser's option and in addition to any other rights or remedies available to Purchaser under this Agreement or otherwise, assign to Purchaser all of Supplier's rights with respect to any subcontractors or sub-suppliers under such Purchase Contract.

§ 12 Technical Modifications

- (1) Purchaser may require modifications to the Products (hereinafter "**Technical Modification**"). After receipt of a Technical Modification request by Purchaser, Supplier shall evaluate its effects in relation to all attributes of Supplier's Products without undue delay. Within a reasonable period of time after receipt of a Technical Modification request Supplier shall submit comprehensive documentation detailing any and all effects that the Technical Modification may have and enabling Purchaser to review the effects, in particular regarding the production process, supply ability, delivery and pricing of Products. The Parties shall evaluate the results of the review and come to an agreement as to if and how the Technical Modifications shall be implemented. Any price increase resulting from the Technical Modifications shall be subject to prior written agreement and acceptance by Purchaser.
- (2) If Supplier does not respond to Technical Modification request within ten (10) working days since its receipt, Supplier shall implement the Technical Modification and Purchaser may rightfully assume that the Technical Modifications will not have any adverse effects.
- (3) The Supplier is not permitted to make any changes to Products or materials, manufacturing processes, production locations, or other specifications, etc. without prior written approval from Purchaser. Supplier agrees to duly notify Purchaser about any intended changes and shall submit to Purchaser the form "Supplier Engineering Change Request" (see respective provisions in SRM).
- (4) Supplier shall ensure that all of its personnel, sub-contractors or Supplier's supplier(s) working on the implementation of the Agreement have at their disposal at all times, all valid technical documents and information as is required for the successful performance of their work.
- (5) Supplier may substitute Product with an equivalent alternative product only after prior written approval by Purchaser. The approval might involve testing of the equivalent alternative product and/or Purchaser itself might be obliged to obtain approval by its Customer(s). Therefore the approval process might require a long period of time. Supplier shall bear all costs incurred in the approval process.

§ 13 Confidentiality ; Data; IT Security

- (1) The Party disclosing Confidential Information is referred to as the "**Disclosing Party**" and the Party receiving Confidential Information is referred to as the "**Recipient**".
- (2) Confidential Information shall mean any and all proprietary and trade secret information disclosed by a Disclosing Party in furtherance of this Agreement (which, for clarity, includes all proprietary and trade secret information of the Disclosing Party's subsidiaries and Affiliates), including, but not limited to, designs, samples, models, prototypes, know how, processes, methods, techniques, formulas, algorithms, scientific-knowledge,

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performance requirements, operating specifications, test results, financial information, including pricing and costing, business plans, market research, market studies, customer information, distribution information and any other information considered by the Disclosing Party to be proprietary or trade secret.

- (3) The term Confidential Information does not include information that:
- is, or becomes public information through no wrongful act of Recipient,
 - was previously or independently developed or known to Recipient without the use of Proprietary Information disclosed under this Agreement and such development or knowledge is clearly supported by documentation delivered to the Disclosing Party at the Disclosing Party's written request or
 - is approved for release by written authorization from the Disclosing Party.
- The Recipient shall have the burden of proving that any information received is not Confidential Information.
- (4) Recipient is obliged to keep all Confidential Information of Disclosing Party confidential using at least the same degree of care Recipient uses to protect its own Confidential Information, but no less than a reasonable degree of care.
- (5) Disclosing Party retains all of its rights in its Confidential Information and grants no licenses or rights to any Confidential Information to Recipient, except those expressly set forth in this Agreement.
- (6) Recipient may disclose Disclosing Party's Confidential Information only to its employees, Affiliates, sub-contractors and suppliers, who:
- have a need to know such Confidential Information in order to fulfill Recipient's obligations under this Agreement; and
 - are bound by a written agreement with Recipient that is at least as protective of Discloser's Confidential information as this Agreement.
- (7) Upon termination of this Agreement:
- Recipient's obligations under this § 13 shall remain in effect;
 - Disclosing Party may require Recipient to return or destroy all Confidential Information by providing Recipient with written notice. Upon receipt of such notice, Recipient shall:
 - return all tangible Confidential Information then in its possession or in the possession of third parties Recipient has provided such information to, including Recipient's Affiliates, sub-contractors and suppliers;
 - use reasonable efforts to destroy all other Confidential Information then in its possession or in the possession of third parties Recipient has provided such information to, including electronic documents containing Confidential Information (but excluding automatic electronic backup and archive systems).
- (8) Supplier shall not without prior written consent of Purchaser:
- Disclose the existence of this Agreement or the fact that Supplier is delivering Products to Purchaser;
 - use Purchaser's name or trademarks or products in advertising or other publications.
- (9) Supplier shall comply with data protection laws and regulations, including but not limited to GDPR. Supplier agrees it is not a data processor acting on behalf of Purchaser or Gentherm Group.
- (10) Supplier shall utilize information technology equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "IT Systems") that are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Supplier and its subsidiaries, free and clear of all material bugs, errors, defects, trojan horses, time bombs, malware and other corruptants. Supplier shall implement and maintain commercially reasonable controls, policies, procedures, and safeguards to maintain and protect its material Confidential Information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data) used in connection with its businesses. Supplier warrants there have been no breaches, violations, outages or unauthorized uses of or accesses to its IT Systems, except for those that have been remedied without material cost or liability or the duty to notify any other person or those that would not, individually or in the aggregate, have a material adverse effect, nor any incidents under internal review or investigations relating to the same. In the event that Purchaser has suffered a loss as a result of any Supplier or its sub-suppliers' IT System security incident in connection with the payment for the Products provided by Supplier, Supplier shall only be entitled to receive payment for such Products only after and to the extent of, and in proportion to, Purchaser's completion of any and all

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investigations related thereto and subject to all indemnification obligations of Supplier, and all set-off rights of Purchaser.

§ 14 Third Party Proprietary Rights; Proprietary Rights

- (1) For the purposes of this § 14, proprietary rights shall mean patents, patents pending, trademarks, trademarks pending, copyrights, registered or unregistered designs or any other intellectual or industrial property right or confidential information worldwide (hereinafter called "**Proprietary Rights**").
- (2) Supplier shall not infringe any third party Proprietary Rights and Supplier shall not provide Products that infringe third party Proprietary Rights.
- (3) Supplier shall indemnify and hold harmless Purchaser, its successors, its Affiliates and its Customers and their dealers against claims, liabilities, losses, damages, costs, and expenses, including reasonable legal fees, arising out of or in any way connected with any claim, allegation or demand that the Products, or their manufacture, or the use infringe, contributorily infringe, misappropriate, dilute, or otherwise violate any third party Proprietary Rights including but not limited to any claims, allegations or demands of trade secret misuse or misappropriation, or where Supplier has provided only part of the Product. Supplier expressly waives any claim against any of the indemnified parties that any such claims, allegations and demands arose out of compliance with Purchaser's or any of the indemnified parties' specifications or directions. If a claim under this Section 14(2) through 14(4) results, or is likely to result, in an injunction or other order that would prevent Supplier from supplying or Purchaser from using Products for their intended purpose, in addition to Purchaser's other remedies at law or in equity, Supplier will at Purchaser's option and expense either (a) secure a license to the Proprietary Rights that permits Supplier to continue supplying the Products to Purchaser; (b) modify the Products so that they become non-infringing, so long as the modification does not materially alter the operation or performance of the Products; or (c) replace the Products with non-infringing but practically equivalent Products at no additional cost to Purchaser.
- (4) If Supplier is involved in a dispute with a third-party in connection with Proprietary Rights relating to the Products, or Supplier believes that there is a likelihood that such a dispute may occur, Supplier shall immediately notify Purchaser, and shall furnish all information in its possession or under its control relating to such dispute. Purchaser will notify Supplier promptly after Purchaser becomes aware of any allegation by a third party that the Product infringe their Proprietary Rights that is a basis for a claim under this Section 14(2) through 14(4), but Purchaser's delay or failure to do so does not relieve Supplier of any of its obligations.
 - a. The Parties will cooperate with each other to analyze any such infringement claims. However, Purchaser's cooperation pursuant to this Section shall not limit Purchaser's right to pursue a claim against Supplier for full indemnification, through litigation, arbitration or any other procedure under law or equity.
 - b. At Purchaser's written request and in Purchaser's sole discretion, Supplier will at its own expense investigate and defend against any such claims, allegations and demands, or pay the costs of any investigation or defense made by or for Purchaser. Purchaser has the right, but not the obligation, to control the defense of any such claim. If Purchaser does not elect to control the defense, then Supplier is obligated to do so. Supplier may not settle any such claim that, directly or indirectly, prejudices any of Purchaser's rights under the Agreement or otherwise. Purchaser may, in its sole discretion, settle or compromise any third-party claim that gives rise to an indemnification claim without Supplier's prior written consent.
 - c. Notwithstanding the provisions of Section 14(3) and 14(4) Purchaser may, at its sole discretion, elect to control the defense and resolution of any claim, action or lawsuit described. If Purchaser so elects, Supplier shall, upon request from Purchaser, provide Purchaser with reasonable access to documents, records and witnesses in connection with such defense at Supplier's sole expense, and such undertaking of defense by Purchaser shall not relieve Supplier of its indemnification obligation under Section 14(3).
- (5) Each Party retains all of its rights in its Proprietary Rights owned by or licensed by such Party existing prior to this Agreement ("**Background Proprietary Rights**"), except as expressly provided in this § 14. Each Party shall be entitled to apply worldwide for Proprietary Rights arising from any intellectual property that is independently developed by such party without the knowledge acquired in connection with or in the course of its performance under this Agreement.
- (6) Supplier shall not be entitled to acquire any Proprietary Rights on its own account, or apply for any patents or other industrial property rights resulting from knowledge acquired from Purchaser or out of documentation or Confidential Information provided by Purchaser in connection with or in the course of its performance under this Agreement with Purchaser.

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- (7) Each party shall have rights in and to intellectual property that is developed under this Agreement (“**Foreground Proprietary Rights**”) as follows:
- a. If each party has borne its respective costs of the development, then such Foreground Proprietary Rights shall be jointly owned. The parties shall jointly apply for such Foreground Proprietary Rights, and shall bear the costs of such applications equally. Each of the parties shall have the right to make, have made, and use the jointly developed intellectual property and to grant any sublicenses to its Affiliates and Customers necessary to the use of products bought from the respective Party. If the Parties jointly elect to commercialize the Product and license its use to third parties (other than customers of Purchaser to whom the Products are marketed, who may obtain a royalty free license to the utilization of such Product at the option of Purchaser) any royalty income shall be shared equally by the parties.
 - b. If Purchaser has borne the costs of the development, either by means of separate agreed payments or amortized through the price of the Product, all development results and Foreground Proprietary Rights shall be the sole property of the Purchaser. In such event, Purchaser alone shall own and be entitled to apply for any Proprietary Rights and shall bear the costs of obtaining and maintaining such Proprietary Rights, and Supplier hereby transfers and assigns all its rights in such Foreground Proprietary Rights to Purchaser under this section 14(7)b.
- (8) Insofar as Supplier’s Background Proprietary Rights are necessary to Purchaser’s use of the Products or Foreground Proprietary Rights, Supplier hereby grants to Purchaser and to Purchaser’s Affiliates an irrevocable, non-exclusive fully paid-up (or royalty-free) license with the right to sublicense under any necessary Supplier Background Proprietary Rights. Such license shall extend to Purchaser’s manufacture, assembly, modification, repair, distribution and sale of its parts and accessories to its Customers.
- (9) If Supplier is not interested in obtaining or maintaining any Proprietary Rights for the Products, Supplier shall timely notify the Purchaser, and if Purchaser elects Supplier shall promptly assign its rights in the Proprietary Rights necessary for the Purchaser to obtain or maintain in force such Proprietary Rights solely on Purchaser’s own and at Purchaser’s cost.
- (10) Supplier agrees to and does hereby assign to Purchaser the full right, title, and interest in and to all copyrights owned or controlled by Supplier in the Products provided to Purchaser under this Agreement. To the extent that any works of authorship (including, without limitation, software and computer programs) are created in the performance of Supplier’s obligations under the Agreement, those works will be considered “works made for hire”, and to the extent that those works do not qualify as “works made for hire”, Supplier agrees to and does hereby assign to Purchaser all right, title, and interest in all copyrights and moral rights therein. Supplier expressly waives, and disclaims, all rights of attribution and integrity in and to such works. To the extent any copyright in the Products, or in any work of authorship (i.e. drawings, prints, manuals and specifications) provided by Supplier to Purchaser in connection with this Agreement, is not owned by Purchaser, the Supplier grants to Purchaser an unrestricted, permanent, perpetual, irrevocable, fully paid-up, royalty-free, sublicensable without limitation, world-wide right and license, under each copyright Supplier owns or controls or has the right to license in any work of authorship (other than Embedded Software) fixed in any tangible medium of expression delivered by the Supplier under the Agreement to access such work, use such work, reproduce such work, prepare derivative works, distribute copies of such work to the public, and to perform and display such work publicly, including access to and use of any tangible materials that support such rights.
- (11) “Embedded Software” is software that is embedded in the Products and performs operating or other functions, and includes related documentation. To the extent any Embedded Software is not owned by Purchaser, Supplier agrees to and does hereby grant to the Purchaser under each copyright, patent and other intellectual property right that Supplier owns or has a right to license in Embedded Software an unrestricted, permanent, perpetual, irrevocable, fully paid-up, royalty-free, sublicensable without limitation, world-wide right and license (1) to use, repair, modify, and sell any Products having Embedded Software therein, and (2) in any tangible medium of expression, to access, use, reproduce, copy, prepare derivative works, display publicly, make, sell, offer to sell or import the Embedded Software.
- (12) Supplier represents and warrants that all Products provided hereunder will not incorporate or otherwise utilize any software (in source or object code form) licensed from another party under a license commonly referred to as an open source, free software, copyleft or community source code license (collectively, “Open Source Software”). For the avoidance of doubt, “Open Source Software” includes but is not limited to, any libraries or code licensed under any General Public License, Lesser General Public License or similar license arrangement.
- (13) To the extent that Supplier incorporates or utilizes sub-suppliers or subcontractors in connection with this Agreement, including the supply of Products, Supplier must secure all such sub-suppliers or subcontractors’ agreement, in writing, to the terms and conditions set forth in this Section 14 (Third Party Proprietary Rights; Proprietary Rights) and Section 13 (Confidentiality), in Purchaser’s favor. Supplier is jointly and severally

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liable to Purchaser, for any breach or default, by any such sub-suppliers or subcontractors of any such requirements.

- (14) Upon the request by Purchaser, Supplier must disclose and provide copies to Purchaser of all Proprietary Rights that are known or become known to Supplier and that are used in the design or manufacture of the Products or otherwise affect or relate to the Products. Purchaser is not responsible or obligated to Supplier, or any third party, for infringement or misappropriation of any intellectual property rights in Products for which Purchaser does not receive written notification from Supplier, within thirty (30) days of the date that Supplier is selected to provide the Products to Purchaser, that such intellectual property rights cover the Product .

§ 15 Warranty

- (1) Supplier is aware that the Products are installed in products of the Purchaser and the Customer and are intended to be delivered just-in-time or sequence to the Customer/ OEM for use in vehicles.
- (2) Supplier warrants the Products delivered:
- a. fully comply with all Laws and standards of the markets in which the Products or products in which the Products are incorporated are intended to be used (“**Relevant Markets**”). Unless stated otherwise the Relevant Markets include the European Union, the countries parties to NAFTA/USMCA, Japan, Korea and P.R. China;
 - b. fully conform to the drawing and/or technical specification provided by the Purchaser and other agreed technical requirements;
 - c. are free of any defects in design, material and workmanship;
 - d. are suitable for the intended use by Purchaser, the Customer and the OEM including the specified performance in the component, system, subsystem and vehicle location specified by the Purchaser and the environment in which the Products are or reasonably may be expected to perform;
 - e. have been assembled properly and if it is intended for assembly by Purchaser the assembly instructions are correct and complete;
 - f. do not infringe any third-party Proprietary Rights as installed in the final product; and
 - g. that Supplier will deliver new Products to Purchaser and that none of the Products are government or commercial surplus, used, remanufactured, repaired or reconditioned, unless otherwise agreed between the Parties.

The foregoing warranties are in addition to any warranties available under applicable law, express or implied. All warranties of Supplier extend to future performance of the Products and are not modified, waived or discharged by delivery, inspection, tests, acceptance and payment by Purchaser. Purchaser’s approval of any design, drawing, material, process or specifications will not relieve Supplier of these warranty obligations. The warranties set forth herein, and otherwise made, express or implied, by law or equity, extend to all Products, and may not be disclaimed or otherwise limited in any way, notwithstanding the fact that such Products (in whole or in part) may be produced by any of Supplier’s own suppliers, including, without limitation, suppliers that are directed, recommended, or suggested by Purchaser’s customer.

- (3) In the event of Supplier’s delivery of defective Products, Purchaser may at its option and in addition to any rights or remedies it may have by Law or under this Agreement:
- a. reject the delivery that includes defective Products in whole or in part and return it at Supplier’s risk and expense;
 - b. if a defect is discovered before the defective Product has left Purchaser’s production sites or is installed in the product of the Purchaser, Supplier shall be given the opportunity to remedy the defect or to replace the defective Product before production commences within a reasonable period of time at Supplier’s cost, provided any such remedy does not cause any delay in Purchaser’s production. Determining a reasonable period of time Section 2(4) of this Agreement shall be considered.
 - c. if Supplier is not able to or Purchaser cannot reasonably be expected to allow Supplier to remedy the defect or to replace the defective Product (in particular due to operational reasons, e.g. related to the time, sequence of assembly and delivery to Customers or due to factual reasons e.g. that the Product is already installed in the product of the Purchaser), then Purchaser shall have the right at Supplier’s expense either to:
 - i. remedy the defect itself; or
 - ii. have it remedied by a third party; or
 - iii. return the defective Product to Supplier.

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- d. cancel the Purchase Contract, if the Supplier fails to repair or replace the defective Product within a reasonable period of time set by Purchaser (see § 15 (3)b. The setting of a period of time shall be unnecessary,
 - i. if Supplier definitively refuses performance of its warranty obligations; or
 - ii. does not perform them by a contractually agreed date or period of time, despite the fact that the observation of the date or period of time is of essential importance to the Purchaser; or
 - iii. in case of special circumstances after weighing the interests of both parties an immediate cancellation is justified.
 - e. withhold payment or if payment for the defective Product has already been made, withhold payment of subsequent Purchase Contracts of up to three (3) times the value of any defective Product delivered until the Supplier fulfills its warranty obligations.
- (4) Supplier agrees to participate in Purchaser's quality and development program(s) and to comply with all Purchaser quality requirements and specified procedures, as revised from time to time. Supplier and Purchaser agree that the availability of defective Products is dependent on the respective OEM warranty procedure. Supplier shall receive Products for inspection purposes to the extent that Purchaser receives defective Products for inspection purposes by its Customer according to the OEM warranty procedure. Supplier acknowledges proof of a defect on the basis of the inspection of the limited number of defective Products presented. At Supplier's request and cost, Purchaser will request from the Customer / OEM return of a higher number of defective Products to Supplier. Supplier and Purchaser further agree to apply the respective OEM procedure to calculate warranty costs, mainly on the basis of technical factors and acceptance rates. If Supplier is not aware of these procedures, it may request the respective explanation or OEM documents from Purchaser.
- (5) Supplier is obligated to provide any and all reasonable support requested by Purchaser to immediately address concerns regarding the quality of Products provided. Supplier shall provide additional resources, as necessary and as identified by Purchaser, to support product development, process development, validation, production launch, or any issue that may jeopardize the success of the manufacture or assembly of any Products.
- (6) Supplier is responsible for all sub-suppliers and subcontractors providing of goods and services and must maintain adequate development, validation, launch and ongoing supervision to assure all Products provided to Purchaser conform to all specifications, standards, drawings, samples and descriptions, including without limitation as to quality, performance, fit, form, function and appearance.

§ 16 Liability, Indemnity and Recall

- (1) Supplier shall be liable for all costs, expenses, damages and losses ("**Damages**") incurred by Purchaser and its Affiliates and shall (at Purchaser's discretion) indemnify, defend and hold harmless Purchaser, its Affiliates and their respective employees, officers, directors, agents or representatives from any Damages arising out or in connection with:
- a. Supplier's breach of any clause of this Agreement, including the delivery of a defective Product or delivery of Product after the Delivery Date;
 - b. any product liability claim against Purchaser or its Affiliates, in particular any claims for death, personal injury and/or property damage, if caused by the Supplier, in particular by defective Products or a breach of this Agreement.

Damages include in particular costs to or incurred from Customer or associated with the breach or claim, including: shipping and transportation costs; costs for new Products; cost for inspection; sorting and other costs of re-work and removal of defective Product from the property; equipment or products in which such Products have been incorporated; reimbursement of all expenses incurred by Purchaser or Customers for their employees for wages, overtime, travel and lodgings to perform such work; all attorneys' fees and related costs that Purchaser incurs in having to enforce this Agreement.

- (2) In case of a Recall, any other field- or service action, initiated either upon Purchaser's, Customer's or OEM's own decision or upon the decision of any competent authority, Supplier shall be liable to Purchaser for any and all Damages in connection with such Recall or action, to the extent that such Recall or field- or service action results from the delivery of defective Products or from any other breach by Supplier.
- (3) If any claim is brought forward against Purchaser, which may fall under the provisions of § 16 (1) or (2), Purchaser will duly inform Supplier in writing. The parties will cooperate with each other to determine the root cause of a defect in or failure of the Products (and related systems and components). However, Purchaser's cooperation pursuant to this Section shall not limit Purchaser's right to pursue a claim against Supplier for full

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indemnification, as set forth in Section 16(1), through litigation, arbitration or any other procedure under law or equity. Purchaser has the right, but not the obligation, to control the defense of any such claim. If Purchaser does not elect to control the defense, then Supplier is obligated to do so. Supplier may not settle any such claim that, directly or indirectly, prejudices any of Purchaser's rights under this Agreement or otherwise. Purchaser may, in its sole discretion, settle or compromise any third-party claim that gives rise to an indemnification claim without Supplier's prior written consent.

- (4) Supplier shall not be liable insofar as the liability has been solely caused by Purchaser or any affiliated company of Purchaser.
- (5) Insofar as statutory Laws require negligence or intent for a liability, such requirements shall remain unaffected by this § 16.

§ 17 Warranty Period / Statute of Limitation

- (1) The warranty period shall expire on the later of:
 - a. forty-eight (48) months after the first registration of the vehicle the Product has been incorporated into; or
 - b. if Purchaser has to grant its Customer a longer warranty period, such longer warranty shall apply for Products which have been incorporated in Purchaser's products delivered to this Customer; or
 - c. any applicable statutory warranty period of any sales market where Products (e.g. as parts of Purchaser Customer's goods) have been introduced into the market.
- (2) Any claims according to § 16 shall expire according to § 17 (1).
- (3) Unless agreed otherwise, all other claims are subject to the statutory statute of limitation.
- (4) The failure by one party to demand performance of a contractual obligation by the other party or to exercise a right shall not constitute a waiver of the party's right, nor shall it constitute forfeiture.

§ 18 Insurance; Risk Management; Labor Contracts

- (1) Supplier shall purchase and maintain at its own expense insurance coverage by reputable and financially stable insurance companies in amounts and coverages sufficient to cover all claims under this Agreement and required by law. Such insurance coverage shall in particular cover Recalls, other field- or service actions and product and employer's liability. Supplier shall have Purchaser named as an additional insured on its insurance policies, if the insurance contract allows it. Supplier on demand shall provide evidence to Purchaser of the existence of a valid insurance contract, the sufficient scope of coverage and the addition of Purchaser on the insurance policy, if applicable.
- (2) Supplier shall inform Purchaser immediately of:
 - a. any financial difficulties impacting its insurance coverage; and/or
 - b. a reduction or limitation or cancellation of its insurance coverage.
- (3) The Parties agree to constantly identify and mitigate potential risks in the interests of both Parties and shall bring them to the attention of the other party in sufficient detail so as to permit the other party to eliminate and/or mitigate such risks.
- (4) Prior to commencing work at any of Purchaser's premises or utilizing Purchaser's equipment, Supplier will maintain and upon request furnish to Purchaser a certificate evidencing (a) general liability insurance with coverage limits reasonably acceptable to Purchaser and naming Purchaser as an additional insured, (b) all risk property perils insurance covering the full replacement value of Purchaser's equipment while in Supplier's care, custody, or control and naming Purchaser as loss payee, and (c) worker's compensation insurance as required by applicable law.
- (5) Supplier will notify Purchaser of the expiration date of Supplier's labor contract(s) at least six months prior to expiration. Purchaser may thereafter direct Supplier in writing to manufacture up to 30 days of additional inventory of Products, specifying the quantities of Products required and any packaging and storage requirements. Supplier will exert best efforts to comply with Purchaser's written directions prior to expiration of the Agreement. Supplier is responsible for carrying costs and any additional costs of manufacture.

§ 19 Force Majeure

The "ICC Force Majeure Clause 2003" shall apply with the following supplements:

- a. During a period of Force Majeure, while Supplier fails to perform one or more of its contractual duties, Purchaser may purchase Products from a third party and/or produce the Products itself. For this

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purpose, Supplier on request shall return to Purchaser the necessary tools, documents, materials, fixtures, gauges, etc. without undue delay.

- b. Purchaser may cancel any Purchase Contracts affected by a Force Majeure event without liability to Supplier.

§ 20 Environmental Protection

- (1) Supplier shall comply with all statutory legal requirements currently in effect or as may be implemented from time to time relating to its Products, in particular those of ISO 14001 as well as REACH, regarding Conflict Minerals and hazardous/restricted substances.
- (2) Supplier shall enter all material data into IMDS
- (3) Supplier shall implement ambitious scrap and waste reduction as well as energy saving programs.
- (4) Supplier shall continually screen its Products and manufacturing processes to confirm it remains environmentally compliant and shall ensure that the disposal of its Products is environmentally friendly at the end of their life.
- (5) Supplier shall ensure that its Products, manufacturing processes, packaging and all logistics arrangements result in a minimization of the consumption of natural resources and minimize the use of hazardous or environmentally damaging materials.

§ 21 Duration of the Agreement, Termination

- (1) Unless agreed otherwise, this Agreement shall become effective upon its execution by the Parties and shall remain in effect for an undetermined period of time.
- (2) Unless agreed otherwise, the Agreement can be terminated for convenience by Purchaser with nine (9) months' notice.
- (3) Notwithstanding any other termination rights, statutory or according to this Agreement, this Agreement as well as all Purchase Contracts can be immediately terminated for cause without a notice period. Cause shall be deemed to exist in cases provided for by applicable Law and for example, if:
 - a. the Purchaser, taking into account all the circumstances of the specific case and weighing the interests of both parties, cannot reasonably be expected to continue the contractual relationship until the agreed end or until the expiry of a notice period;
 - b. Supplier repeatedly delivers defective Products of the same kind and after having been notified by Purchaser in writing continues doing so;
 - c. the other Party enters into bankruptcy or dissolution or applies for insolvency proceedings;
 - d. the other Party changes its legal form or a third party assumes control of the other Party and the terminating Party has sufficient grounds to believe that such change will in any fashion impair the fulfillment of this Agreement by other Party;
 - e. Supplier breaches Sections (1)(1f), (7) § 10, (4) (5), § 13, § 14 (2) or § 18(1) or (2) of this Agreement; and / or
 - f. Supplier acquires a competitor or is being acquired by a competitor or becomes a shareholder of a competitor of Purchaser.
- (4) Purchaser's Rights and Limitations on Purchaser's Obligations Following Termination or Expiration.
 - a. Purchaser's obligations under Section 21, if any, are conditioned upon Supplier's furnishing to Purchaser, within one month after the date of termination, a termination claim, which will consist exclusively of Purchaser's obligations to Supplier that are expressly permitted by this Section 21.4. Purchaser may audit Supplier's records before or after payment to verify amounts requested in Supplier's termination claim.
 - b. Purchaser will not be obligated to make any payment for Products, work-in-process, parts or raw materials inventory that (i) are in excess of those authorized in Section 7(3), (ii) are damaged or destroyed or are not merchantable or useable; (iii) are in Supplier's standard stock or are readily marketable; or (iv) can be returned to Supplier's suppliers or subcontractors for credit.
 - c. Purchaser will have no obligation for and will not be required to pay Supplier, directly or on account of claims by Supplier's subcontractors, for loss of anticipated profit, failure to realize anticipated production volumes, revenues or savings, unabsorbed overhead, interest on claims, product development and engineering costs, tooling, facilities and equipment rearrangement costs or rental,

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unamortized capital or depreciation costs, or general administrative burden charges from termination or expiration of the Agreement, except as otherwise expressly agreed in a separate Agreement issued by Purchaser.

- d. Upon Purchaser's request, Supplier will immediately release to Purchaser, and Purchaser may re-take immediate possession of, Purchaser's property and Customer's property at any time, with or without cause and without payment of any kind. Supplier will be liable to Purchaser for all of Purchaser's legal expenses (including reasonable attorney's fees) arising out of Supplier's refusal to timely and completely comply with this section. Supplier will release the requested Purchaser's property and other property to Purchaser FCA Supplier's Location, properly packed and marked in accordance with the requirements of Purchaser's carrier. Supplier acknowledges that it must release Purchaser's property and that its only remedy is a claim for damages, and will not contest any attempt, whether informal or in litigation, by Purchaser to repossess the Purchaser's property or other property of Customer.
 - e. The rights and licenses arising or granted to Purchaser under Sections 11 (Subcontracting), 13 (Confidentiality), 14 (Third Party Proprietary Rights; Proprietary Rights), and 21 (Termination) shall survive the expiration, non-renewal or termination of any Purchase Contract or this Agreement for any reason.
 - f. The obligations of Supplier to Purchaser under these terms survive termination of any Purchase Agreement or the Agreement, for any reason, except as otherwise provided in these Purchase Agreements.
- (5) Transition of Supply Following Termination or Expiration. Following expiration or termination of the Agreement for any reason and notwithstanding any claimed or actual breach of any obligation by Purchaser, Supplier will cooperate in the transition of supply to a successor supplier, including the following (collectively, "Transition Support"):
- a. Supplier will continue production and delivery of all Products as ordered by Purchaser, at the prices and other terms stated in the Agreement and Purchase Contract, without premium or other condition, during the entire period reasonably needed by Purchaser to complete the transition to the alternate supplier(s), such that Supplier's action or inaction causes no interruption in Purchaser's ability to obtain Products as needed;
 - b. at no cost to Purchaser, Supplier will promptly provide all requested information and documentation regarding Supplier's manufacturing process, including on-site inspections, bill-of-material data, tooling and process detail and samples of Products and components; and
 - c. subject to Supplier's actual capacity constraints, Supplier will provide special overtime production, storage and/or management of extra inventory of Products, extraordinary packaging and transportation and other special services as expressly requested by Purchaser in writing. If the transition occurs for reasons other than Purchaser's termination due to Supplier's default or breach, Purchaser will, at the end of the transition period, pay the reasonable, actual cost of the assistance under this Section 21.5, provided that Supplier has advised Purchaser prior to incurring such amounts of its estimate of such costs. If the parties disagree on the cost of Transition Support, Purchaser will pay the agreed portion to Supplier without prejudice to Supplier's right to seek to recover any disputed amounts.

§ 22 Miscellaneous

- (1) This Purchase Agreement shall be governed by, and construed in accordance with, the substantive laws of:
- a. the Federal Republic of Germany, if Supplier is based in Germany or concludes the Purchase Contract with Gentherm Hungary Kft.,
 - b. the State of Michigan, USA, if Supplier is based in the USA,
 - c. the country (and state and province, if applicable) of Purchaser's principal place of business in any other case.

The provisions of any international and supranational jurisdictions, in particular of the United Nations Convention on Contracts for the International Sale of Goods (CISG), are expressly excluded.

- (2) Any dispute arising out of or relating to this Agreement, or the validity thereof, shall exclusively be settled in the courts of Purchaser's principal place of business. This shall not apply to claims for which a statutory exclusive place of venue has been established.
- (3) Any notice or other communication required or permitted in the Agreement must be in writing and will be effective on the date of actual receipt if the date of actual receipt is a business day or on the next business day if the date of actual receipt is not a business day.

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- (4) Supplier, and any Products supplied by Supplier, will comply with all applicable Laws, including without limitation (i) in relation to the manufacture, labeling, transport, import, export, licensing, approval or certification of the Products, and (ii) laws relating to competition, corporate governance, data protection (ex. GDPR), taxation, financial disclosure, environmental matters, hiring, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health or safety and motor vehicle safety. While supplying Products or performing services under this agreement the Supplier will comply with the US Foreign Corrupt Practices Act and UK Bribery Act, local anti-corruption laws and all other laws prohibiting any form of commercial or private bribery. At Purchaser's request, Supplier shall certify in writing its compliance with the foregoing. Purchase Contracts incorporate by reference all clauses required by these Laws. Seller will indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including, without limitation, legal or other professional fees) arising from or relating to Seller's noncompliance.
- (5) Supplier warrants that neither it nor any of its subcontractors shall utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of Products. All materials used by Supplier in the Product or in their manufacture will satisfy current statutory, regulatory, governmental and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations that apply to the country of manufacture, sale or receipt, the country of shipment, and the customer-identified country of destination if provided. Supplier will provide Purchaser with material safety data sheets regarding the Products and, upon Purchaser's request, will provide Purchaser with other information reasonably required in order to comply with all applicable Laws and Customer requirements, which includes but is not limited to disclosures on environmental impact and sustainability of the Products and processes used to make the Products, and the content and origins of such raw materials and substances, including conflict mineral disclosures.
- (6) During and after the term of the Agreement, Supplier will not advertise or otherwise disclose its relationship with Purchaser without Purchaser's prior written consent, except as may be required to perform the Purchase Contract or as required by law.
- (7) Supplier will comply with the method of electronic communication specified by Purchaser in Purchaser's request for quotation and confirmed in the Purchase Contract, including requirements for electronic funds transfer, purchase order transmission, advanced shipping notices, electronic signature, and communication. Supplier will also make commercially reasonable efforts to comply with any modification to Purchaser's specified method of electronic communication after the date of the Agreement.
- (8) Purchaser and Customers are intended third-party beneficiaries of any contracts between Supplier and its suppliers relating to the production or assembly of the Products covered by the Agreement with the right to enforce those contracts. Purchaser's customers are an intended third-party beneficiary of this Agreement with the right to enforce this Agreement against Supplier as if it were an original party hereto. There are no other third-party beneficiaries of the Agreement.
- (9) Supplier will comply with the applicable terms and conditions of any agreements received by Purchaser from Customers (collectively, "Customer Terms"), directly or indirectly applicable to Purchaser, pursuant to which or in respect to which Purchaser supplies to customer, or incorporate into goods supplied to customer, Products purchased by Purchaser from Supplier. Purchaser may in its discretion supply Supplier with information regarding the Customer Terms, but Supplier is responsible for ascertaining any terms and conditions contained in Customer Terms that may affect Supplier's obligations under this Agreement. Supplier will take reasonable measures to assist Purchaser to meet the terms and conditions of the Customer Terms. If this Section conflicts any other paragraph in this Agreement, Purchaser has the right to have the provisions of this Section prevail.
- (10) All amendments and supplements to this Agreement, with exception of amendments according to Section 3(7), as well as the amendment of this written form provision require written form.
- (11) This Purchase Agreement, together with the Appendices in their latest version, the applicable Purchase Contract and related schedules and exhibits constitute the sole and entire agreement between the Parties regarding its subject matter and supersedes all prior and contemporaneous statements, understandings, agreements, representations, and warranties both written and oral, regarding the subject matter.
- (12) A finding that any provision of this Agreement is invalid or unenforceable in any jurisdiction will not affect the validity or enforceability of any other provision of the Agreement or the validity or enforceability of that provision in any other jurisdiction. When used herein, "including" means "including without limitation" and terms defined in the singular include the plural and vice versa.

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ADDENDUM

This Addendum modifies certain terms and conditions of the Purchase Agreement applicable to the countries and/or regions identified below from where Purchaser has issued the Purchase Contract, and is incorporated by reference into and forms an integral part of, the Purchase Agreement. In the event any terms and conditions contained in this Addendum conflict with the terms and conditions set forth in the Purchase Agreement, the terms and conditions of this Addendum shall control.

I. PEOPLE'S REPUBLIC OF CHINA

A. Section 9(1) is deleted in the entirety and replaced as follows:

(1) Payment for Products shall be due ninety (90) days following the Delivery Date and receipt of a proper, undisputed invoice, unless agreed otherwise in the Purchase Contract.

B. The following provisions are added to the end of Section 15

15.7 Claims and Penalties:

15.7.1 In case of quality issues related to the Products supplied by Supplier but detected at Purchaser, Supplier shall immediately take containment action within 24hrs, Problem analysis, temporary measures and permanent actions must be implemented as planned and a complete 8D Report shall be submitted to Purchaser. The timeliness requirement of 8D report provision is 3D with 1 day, 5D with 7 days and 8D with 30 days. In special cases, the Parties may agree separately, and if any delay Supplier shall pay Purchaser 1000 RMB per day.

15.7.2 Supplier shall pay all costs and expenses incurred for rework/re-inspection and sorting due to quality issues of Products, including: the cost standard of Purchaser's working hours of 6 Euro/Person/Hour (Operator), additional hours for overnight, weekend and Holidays-Operator of 10 Euro/Person/Hour; 15 Euro/Person/Hour (Engineer), additional hours for overnight, weekend and holiday (Engineer) of 30 Euro/Person/Hour; where working hours less than 1 hour are calculated as 1 hour.

15.7.3 If the Product fails to meet the quality requirements and causes the Purchaser's production line stoppage, Supplier shall compensate Purchaser for the loss of line stoppage and all other losses caused by it, at the rate of 20,000 RMB per hour per line. Supplier shall also bear all expenses and/or liquidated damages that Purchaser shall pay to Customers in accordance with the agreement with Customers or in accordance with the claims filed by Customers.

15.7.4 Without permission of Purchaser, Supplier implements a change in the Product design, process, raw material, manufacture site, sub-supplier or subcontractor, Supplier agrees to indemnify Purchaser with 10% of total value of batch of goods from the change implemented on and extra compensation cost of 100000RMB.

15.7.5 If Supplier commits a violation of trust, such as, employing trickery, providing false report/sample/data, incorrect mix (including but not limited to returned materials, etc.) into good batch, reshipping non-confirmed product to Purchaser, fails to inspect or fails to pass the inspection as required and fails to obtain Purchaser's approval but deliver the unqualified products to Purchaser privately, Supplier agrees to indemnify Purchaser with relevant actual loss, and extra compensation cost of 100000RMB.

15.7.6 Purchaser requires Supplier to bear compensation liability which include the second occurrence of a claim due to Supplier product quality issue, after Purchaser notifies Supplier. If Supplier has any objection, Supplier shall submit a written complaint within 7 working days, otherwise Supplier shall consider Purchaser's liability determination as valid.

15.7.7 Purchaser has the right to deduct from Supplier's payment all costs and expenses arising from Supplier's actions under this section, and Supplier agrees to pay any insufficient deduction separately.

15.7.8 In case of disputes between Purchaser and Supplier over the reasons for their liability under this section, the disputed Products may be submitted to a third-party inspection institution approved by both Parties for inspection, and the inspection opinions of this institution shall prevail, and all expenses for the inspection shall be borne by the responsible party.

15.7.9 Six (6) months before the contract expires, Supplier shall provide quality deposit to Purchaser. The amount shall be the total sum claimed by Purchaser in the past 36 months. The deposit money, after deducting the actual claim during this period, will be refunded to Supplier within 90 days after termination of contract.

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C. The following provisions are added to the end of Section 16

16.6 Liability arising from impacting Purchaser's production

If the normal production of Purchaser is affected by Supplier 's reason, which causes Purchaser to suffer direct or indirect economic losses, Supplier shall bear all the losses suffered by Purchaser. Meanwhile, the item will be recorded in the Supplier 's DMR record as an important basis for Purchaser to evaluate the Supplier 's service. The impact on Purchaser 's production includes but is not limited to the following items:

16.6.1 Abnormal label/package/part number/no inspection quality report

In case of any of the above situations for the first time, the Logistics Department of Purchaser will issue a DMR report to the Supplier, requiring the Supplier to rectify within the specified time, and submit the rectification plan to the Logistics Department of Purchaser. If the above problems occur repeatedly for the second time, Purchaser will impose economic penalty on the supplier (100 RMB for the second repetition and 200 RMB for the third time) And so on.)

16.6.2 Abnormal delivery quantity

16.6.2.1 The delivery quantity is abnormal but does not cause line stop

Purchaser has the right to reject the part that is not delivered according to the order plan or the quantity delivered exceeds the planned quantity. If the un-qualified products and rejected goods are still not handled after Purchaser's written notice within 2 working days, Purchaser has the right to deal with the materials. For the materials delivered by Supplier, the results of the spot check shall be regarded as representative. If the spot check finds that the quantity is insufficient, Purchaser will discount the quantity of the batch of goods according to the proportion of shortage and punish Supplier according to the principle of "one less than ten". Purchaser reserves the right to review the results of the spot check and to continue to trace the non-conformity found after the spot check is qualified.

16.6.2.2 The delivery quantity is abnormal and causes Purchaser production line stop

In case of abnormal delivery quantity, it shall be implemented according to Clause 5.2.1, and claim for the loss of production line stop (including labor and equipment) of Purchaser, and a warning shall be given to Supplier. At the same time, Supplier's logistics manager shall bring relevant persons to Purchaser for review. (RMB 2000 will be fined for the first warning, RMB 4000 for the second warning, and RMB 8000 for the third warning and so on).

16.6.2.3 The delivery quantity is abnormal and causes Purchaser and OEM production line stop

The abnormal delivery quantity shall be implemented according to Article 5.2.2. Meanwhile, Supplier shall bear all the penalties for Purchaser caused by the line stop of the OEM.

16.6.3 Abnormal delivery time

Gentherm reserves the right to reject the goods if the delivery time is late

If the delay of delivery time does not cause the line stop, it will be included in Supplier's DMR record when it occurs for the first time in the current month, and the Supplier will be required to make improvement plan for the second time. If the delivery time is more than three times a month, Purchaser will impose a fine of 500 RMB per batch on the supplier (500 RMB for the first time and 1000 RMB for the second time) and so on.

If the delivery time is delayed and the line stops, clauses 16.6.2.2 and 16.6.2.3 shall be followed.

16.7 Penalty method

The penalty imposed by Purchaser on Supplier will be deducted from Supplier's payment for Products.