



Production Purchasing Global Terms and Conditions

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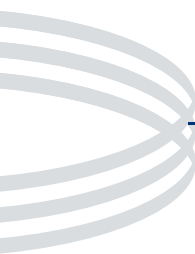
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DEFINITION OF TERMS

Authorized Third Parties refers to the Tier 1 supplier to Ford Customer Service Division ("FCSD") which includes, but is not limited to, Packagers, Kitters, Re-manufacturers, Stampers or contracted procurement service providers. Upon FCSD's request, these providers engage contractually with the Supplier, and then add value prior to providing the final product to the Buyer.

Blanket Purchase Order is used to purchase certain types of goods or services, like Service Parts. It provides a framework of agreed terms, like the price, that will apply when the Buyer issues a Release.

Buyer Ford Motor Company or the Ford Motor Company Related Company identified on the face of the Purchase Order.

Buyer Data means all data and information which is collected, transmitted, stored, processed, derived from or used by, or on behalf of, or relating to, Buyer, including, but not limited to, (a) the Goods and Tech Products, and (b) Buyer operations, production, vehicle-related data.

Component Parts refers to sub-assemblies, individual component parts, and raw materials of the Goods that are available for resale.

Earlier Agreements are written agreements entered into with the Supplier relating to the Goods, like a Target Agreement, Technology Agreement, Statement of Work, or Warranty Program Agreement, as described in Section 3.02.

Efficiency Initiatives The Buyer may initiate various programs designed to improve quality, increase customer satisfaction or reduce costs. Current initiatives include Team Value Management (TVM), Global Warranty Chargeback and Error State Free Warranty Recovery.

Error States is defined as goods that do not function for their intended use, resulting in a warranty claim.

General Purchase Order Documents are the Global Terms and Conditions, Supplier Guides, and applicable Supplemental Terms and Conditions, as described in Section 2.

Global Terms and Conditions are the primary contract terms and conditions that apply to the purchase of the Goods and Tech Products. They also include special provisions for the purchase of Tooling, Service Parts and Component Parts.

Lump Sum Purchase Order or **Production Spot Buy Purchase Order** is used on an exception basis for the purchase of a fixed amount of Goods.

Production Commercial Adjustments means adjustment made to a Production Part cost to cover supplier expenses that are unique to Production supply or amortized over an agreed-upon schedule (volume); this includes but is not limited to: ED&T, ILVS, production packaging, supplier-paid duties/taxes.

Production Purchase Order is used to purchase most types of Goods and Services. It describes the Goods and specifies the price, quantity, and other key terms.

Production Tool Order is used to purchase Tooling used to make the Goods.

Prototype Purchase Order is used to purchase a fixed amount of prototype Goods. It describes the Goods and specifies the price, quantity, and other key terms.

Prototype Tool Order may be used to purchase Tooling required to produce prototype Goods.

Purchase Order is a reference to any/all the following: Production Purchase Order, Production Tool Order, Blanket Purchase Order, Prototype Purchase Order, Prototype Tool Order, Lump Sum Purchase Order, and Production Spot Buy Purchase Order.

Related Company is any parent company of the Buyer or the Supplier, as appropriate, and any subsidiary or affiliate in which any of them owns or controls at least 25% of the voting stock, partnership interest, or other ownership interest.

Release instructs the Supplier to ship a specified quantity of the Goods to a particular location by a specified date and time.

Renewal Term The Production Purchase Order will renew automatically on July 1st for an additional 12 months, ending on the next June 30th, unless a notice of non-renewal has been provided under Section 7.03. This is the **Renewal Term**. The Production Purchase Order will automatically be renewed each subsequent year for an additional Renewal Term of 12 months unless a notice of non-renewal has been provided under Section 7.03.

Returnable Containers consist of returnable racks, bins, and other containers that are owned by the Buyer.

Request For Quote (RFQ) asks the Supplier to provide a quotation for the Goods and Tech Products. Any quotation must be based on the Global Terms and Conditions.

Service Commercial Adjustments means adjustment made to a Service Part cost or Component Part cost to cover supplier expenses that are unique to Service Part or Component Part supply. This includes, but is not limited to: service part packaging, supplier paid duties, kitting, direct ship program, freight.

Service Parts refers to the Goods that the Buyer may ultimately offer for resale to its dealers and others as service or replacement parts or as accessories.

Software means software application, Commercial Software, Developed Software, and respective updated and enhanced versions, support and maintenance.

Software as a Service (SaaS) means all products, support, updates and enhancements which are available from Supplier in accordance with the Purchase Order.

Sourcing Agreement is an agreement that may be entered into before a Production Purchase Order is issued. It lets the Supplier know that it has been chosen to supply the Goods and Tech Products, subject to the terms and conditions of the Sourcing Agreement.

Statement of Work is prepared or approved by the engineering activity of the Buyer. In most cases, it is developed before a Production Purchase Order is issued.

Supplemental Terms and Conditions may be issued by the Buyer to address special product or local market requirements, including legal matters specific to the country where the Buyer or the Supplier is located. The Supplemental Terms and Conditions will identify the scope of their applicability. See Section 2.02 for more details.

Supplier the Seller of goods ("Goods"), services ("Services"), and/or Tech Products.

Supplied Data means any data or metadata, including but not limited to digital data, that is related to Supplier's production, delivery, logistics, quality, volume or similar business information regarding the Goods and Tech Products.

Target Agreement is an agreement that may be entered into before a Production Purchase Order is issued, generally after a Sourcing Agreement. It sets targets for the Goods and Tech Products, like the price. It lets the Supplier know that it has been chosen to supply the Goods and Tech Products, subject to the terms and conditions of the Target Agreement.

Tech Products means Software, Software as a Service, Buyer Data and Supplied Data.

Technical Information includes engineering, package and installation drawings, specifications, testing protocols and results, documents, data and other information relating to the Goods and Tooling.

Technology Agreement may be entered into in special cases to address Intellectual Property Rights (defined in Section 14.01), Confidential Information (defined in Section 16.01), or other matters. In most cases, it will be entered into before a Production Purchase Order is issued.

Tooling means all prototype and production tools, dies, fixtures, jigs, gauges, molds, patterns, and related software purchased by the Buyer under Production Tool Orders (including Prototype Tool Orders). Tooling includes all accessions, appurtenances, modifications, repairs, refurbishments, and replacements to the Tooling and any related drawings.

Volume Projections are estimates, forecasts, or projections of its future volume or quantity requirements for the Goods as defined in Section 6.01.

Warranty Program Agreement is an agreement relating to a warranty reduction, recovery, or chargeback program. It may be entered into at any time and may apply to some or all of the brands of the Buyer or its Related Companies (defined in Section 10.02).

Either party may provide a **Written Notice**. It is defined in Section 43.01.

SECTION 1. WHAT IS COVERED

1.01 Goods and Services The Global Terms and Conditions apply to the purchase by the Buyer of production goods, services, and Tech Products from the Supplier including: (a) production and service parts, components, assemblies and accessories, including without limitation commercial software, developed software, and Supplied Data (b) raw materials; (c) tooling; and (d) design, engineering, or other services, including without limitation any software as a services (SaaS Products), software maintenance or support. Separate Global Terms and Conditions apply to the purchase of non-production goods and services. The Global Terms and Conditions can be found at the Global Terms and Conditions home page accessible via the Ford Supplier Portal (FSP) (<http://fsp.covisint.com/>) or obtained directly from the Buyer.

1.02 What's Being Purchased The **Purchase Order** describes the goods, services, and Tech Products being purchased and specify the name and address of the Buyer and the Supplier. The goods and services purchased are referred to as the **Goods** or, in the case of a Prototype Tool Order or Production Tool Order, the **Tooling**.

SECTION 2. SUPPLIER GUIDES AND SUPPLEMENTAL TERMS AND CONDITIONS

2.01 Supplier Guides The **Supplier Guides** contain specific requirements for matters like packaging, shipping, Service Parts, taxes, environmental, and obsolescence. The Supplier Guides are part of the Purchase Order and are binding on the Supplier and the Buyer. The Global Terms and Conditions will take precedence in the event of any conflict with a Supplier Guide, except to the extent that the Supplier Guide specifies otherwise.

2.02 Supplemental Terms and Conditions The Supplemental Terms and Conditions contain specific requirements to address special product or local market requirements, including legal matters specific to the country where the Buyer or the Supplier is located. As with the Supplier Guides, the Supplemental Terms and Conditions are part of the Purchase Order and are binding on the Supplier and the Buyer. The Supplemental Terms and Conditions will take precedence in the event of any conflict with the Global Terms and Conditions.

2.03 Where Found The Supplier Guides and Supplemental Terms and Conditions can be found at the Global Terms and Conditions home page described in Section 1.01, or obtained directly from the Buyer. This home page also includes Supplier Frequently Asked Questions (FAQs). Interpretations included in the FAQs are binding on the Buyer.

SECTION 3. THE TERMS AND CONDITIONS THAT APPLY

3.01 General The contract between the Buyer and the Supplier for the purchase and sale of the Goods is the Purchase Order. The Purchase Order includes the Global Terms and Conditions, the Supplier Guides, and any other applicable documents that are issued by the Buyer, or signed by the Buyer and the Supplier (in the case of agreements), relating to the purchase and sale of the Goods. The Global Terms and Conditions, Supplier Guides, and applicable Supplemental Terms and Conditions are referred to as the **General Purchase Order Documents**.

3.02 Earlier Agreements Written agreements entered into with the Supplier relating to the Goods, like a Target Agreement, Technology Agreement, Statement of Work, or Warranty Program Agreement, are referred to as **Earlier Agreements**. They will continue to apply after a Purchase Order has been issued, subject to Section 3.09.

3.03 Effective Date and Document Release Date The **Effective Date** is shown on the Purchase Order. It is the date on which the Purchase Order went into effect. Each General Purchase Order Document will have a **Document Release Date**, which is the date on which it went into effect. General Purchase Order Documents in effect on the Effective Date are part of the Purchase Order and apply to the purchase of the Goods, subject to Sections 3.04 through 3.07 below.

3.04 Renewal Date The General Purchase Order Documents in effect on July 1st of a **Renewal Term** will apply to a Production Purchase Order renewed on that date. These may include requirements that are different from those in effect when the Production Purchase Order was first issued or previously renewed. For Blanket Purchase Orders, the General Purchase Order Documents in effect at the time of a Release will apply.

3.05 Annual Updates The Buyer may periodically update the General Purchase Order Documents. To the extent practicable, the Buyer will bundle these updates into one package that will be posted on the Global Terms and Conditions home page described in Section 1.01 on or about May 1st. Changes will be highlighted. These revisions will become effective on July 1st.

3.06 Other Updates The Buyer may make revisions to the General Purchase Order Documents at times other than the May 1st annual update. If it does so, the Buyer will post the revisions on the Global Terms and Conditions home page described in Section 1.01 and provide the Supplier with a Written Notice of the revisions. The Written Notice will include the date on which the revisions will become effective.

3.07 Binding Effect Revisions to the General Purchase Order Documents that are made after the Effective Date shown on the Purchase Order or after the beginning of a Renewal Term are binding on the Buyer and the Supplier and become effective as specified in Section 3.05 or Section 3.06.

3.08 Supplier Terms and Conditions No terms or conditions other than those that apply to the Purchase Order as described in this Section 3 will apply to the Purchase Order, including any contract terms that may have been submitted by the Supplier.

3.09 Exceptions to Global Terms and Conditions

(a) **General Requirements** Any exception, deviation, amendment, modification, or waiver of any provision of the Global Terms and Conditions or any General Purchase Order Document, whether made under an Earlier Agreement or otherwise, will be binding on the Buyer only if it has been: (1) made in a Written Notice; and (2) approved by the Chief Procurement Officer.

(b) **Service Parts** For a Purchase Order covering Goods that are supplied only as Service Parts, Component Parts, or vehicle accessories where the Supplier does not also supply any production goods or services to the Buyer or any of its Related Companies, any exception, deviation, amendment, modification, or waiver of any provision of the Global Terms and Conditions or any General Purchase Order Document, whether made under an Earlier Agreement or otherwise, will be binding on the Buyer only if it has been: (1)

made in a Written Notice; and (2) approved by the highest ranking executive of the Buyer's activity responsible for purchasing Service Parts and Component Parts.

- (c) Supplemental Terms and Conditions Any Supplemental Terms and Conditions posted on the Global Terms and Conditions home page described in Section 1.01 do not require any of the approvals described in this Section 3.09.
- (d) Expansion of Rights to Intellectual Property in Earlier Agreements In the event that an Earlier Agreement provides the Buyer with rights to the Supplier's Intellectual Property Rights (defined in Section 14.01) that go beyond, or are in addition to, the Buyer's rights under the Global Terms and Conditions, Sections 3.09(a) through (c) do not apply to the additional rights and no additional approvals or recommendations relating to the additional rights are required.

SECTION 4. WHEN THE CONTRACT IS FORMED

4.01 Buyer's Offer When the Buyer issues a **Purchase Order**, it makes an offer to purchase the Goods or Tooling from the Supplier on the terms and conditions specified in Section 3.

4.02 Blanket Purchase Orders For a Blanket Purchase Order, the offer is made when the Buyer issues a Release. The offer applies for only the quantity specified in the Release.

4.03 Supplier Acceptance The contract is formed when the Supplier accepts the offer of the Buyer. This occurs upon the earlier of: (a) the Supplier beginning work or performance; or (b) the Supplier notifying the Buyer of its acceptance of the offer.

SECTION 5. QUANTITY

5.01 Requirements The Supplier will provide the Buyer's requirements for the Goods or Tooling as shown on the Purchase Order. On a Production Purchase Order, the quantity is typically specified as a percentage of the Buyer's requirements for the Goods. The Buyer will purchase this same quantity. The Buyer will issue Releases to specify the quantities needed, delivery locations, times, and dates. Time and quantity are of the essence in the purchase of the Goods.

SECTION 6. VOLUME PROJECTIONS

6.01 Projections The Buyer may provide the Supplier with estimates, forecasts, or projections of its future volume or quantity requirements for the Goods. These are **Volume Projections**. They are provided for informational purposes only. The Supplier and the Buyer may agree on a timeline over which Volume Projections will be provided.

6.02 No Commitment Volume Projections are not a commitment by the Buyer to purchase the quantities specified in the Volume Projections. The Buyer's purchase obligation is only as specified in Section 5. The Supplier acknowledges that Volume Projections, like any other forward-looking projections, are based on a number of economic and business factors, variables, and assumptions, some or all of which may change over time, and may or may not be accurate at the time they were made or later on. The Buyer

makes no representation, warranty, guarantee, or commitment of any kind or nature, express or implied, regarding any Volume Projection.

SECTION 7. DURATION OF THE PRODUCTION PURCHASE ORDER

7.01 Initial Term The **Initial Term** of the contract begins on the Effective Date shown on the Production Purchase Order and expires on June 30th of the next calendar year. If, for example, a Production Purchase Order is issued on July 1, 2021, the Initial Term will end on June 30, 2022. Similarly, the Initial Term of a Production Purchase Order issued on January 1, 2021 will expire on June 30, 2022.

7.02 Renewal Term The Production Purchase Order will renew automatically on July 1st for an additional 12 months, ending on the next June 30th, unless a notice of non-renewal has been provided under Section 7.03. The Production Purchase Order will automatically be renewed each subsequent year for an additional Renewal Term of 12 months unless a notice of non-renewal has been provided under Section 7.03.

7.03 Non-renewal Either party may elect not to renew the Production Purchase Order by providing a Written Notice to the other party to that effect. The Buyer will provide its Written Notice by May 1st of the year in which the Initial Term or Renewal Term (as applicable) is scheduled to expire. The Supplier will do so sufficiently in advance of the scheduled expiration date to enable the Buyer to re-source the production of the Goods in a timely and orderly manner, but in no case later than May 1st of the year in which the Initial Term or Renewal Term (as applicable) is scheduled to expire. In all cases, the Supplier will consult with the Buyer's production purchasing activity prior to giving its Written Notice to ensure that it will be timely, and the parties will confirm in writing their agreement to the Supplier's Written Notice period. If the Supplier elects not to renew, it will, if requested by the Buyer: (a) work diligently with the Buyer to identify an alternative source of supply that is acceptable to the Buyer; and (b) identify the Supplier's component-part and raw-material suppliers relating to the Goods.

7.04 Optional Extended Term

- (a) The Buyer, at its option, may extend the term of the Production Purchase Order for up to 4 months beyond the scheduled June 30th expiration date of the Initial Term or Renewal Term (as applicable). This is the Extended Term. If the Extended Term is implemented, the Production Purchase Order will expire at the end of the Extended Term.
- (b) The Buyer will provide the Supplier with Written Notice of any Extended Term on or before the June 1st before the Initial Term or Renewal Term is set to expire. The Written Notice will specify the Extended Term (up to 4 months) and include a Volume Projection of the Buyer's needs. Prices in effect at the end of the Initial Term or Renewal Term and all other terms and conditions will remain in effect during the Extended Term. If a transition period longer than the Extended Term is required, the Buyer and the Supplier will negotiate in good faith the terms and conditions of any extension.

SECTION 8. CHANGES

8.01 Changes To Buyer's Order The Buyer may make changes to its order for the Goods or Tooling at any time. These may include changes to the design, specifications, engineering level, materials, packaging, shipping date, or time or place of delivery. The Supplier will make all changes requested by the Buyer. The Supplier may not make any change on its own without first obtaining the Buyer's consent in a Written Notice. Any exceptions, deviations, amendments, or modifications to the Global Terms and Conditions must be made, if at all, under Section 3.09, not under this Section 8.01.

8.02 Notice The Buyer will provide the Supplier with notice of any change through an amendment or revision to the outstanding Purchase Order, the issuance of a new Production Purchase Order, quote request, or a Written Notice. If the amendment is accomplished by issuing a new Production Purchase Order, the Initial Term of the original Production Purchase Order will apply. If the Initial Term has already expired, the Renewal Term in effect at the time of amendment will continue.

8.03 Impact on Cost The Supplier will promptly notify the Buyer in a Written Notice if the proposed change will affect cost or timing and provide substantiation of its claim. If the Buyer determines that an adjustment is appropriate, the Buyer and the Supplier will negotiate in good faith on an adjustment of price, shipping or delivery terms, or other appropriate adjustment. If the Buyer determines that no adjustment is appropriate, it will so advise the Supplier in a Written Notice stating its reasons.

SECTION 9. PAYMENT AND TAXES

9.01 Payment Terms and Payment Method The Purchase Order references the Ford Global Production Payment Schedule Supplier Guide. See the Supplier Guide for payment schedules and payment method details.

9.02 Currency Payment will be made in the local currency of the country where the Goods will be manufactured. At the Buyer's discretion, the Buyer may specify that Purchase Orders will be governed by the Autocurrency Overview and Operating Policy Supplier Guide. If specified Purchase Orders are not governed by Autocurrency and currency is not local, the Buyer reserves the right to issue existing Purchase Orders to local currency of manufacture.

9.03 Total Price and Taxes The total price for the Goods will include duty, if applicable, and tax, unless otherwise specified in the Tax Supplier Guide. The Supplier will separately show on its invoice any duties, and any sales tax, use tax, value-added tax (VAT), or similar turnover taxes, levied on the Goods. The Supplier will provide whatever documents and information the Buyer may require to support taxes paid, tax reporting, or recovery of VAT. The Supplier will comply with the requirements of the Tax Supplier Guide. The Supplier will pay duty if the delivery term specified on the Purchase Order requires the Supplier to pay it (see the Delivery Terms Supplier Guide for more details).

9.04 Income Taxes To the extent the Buyer is required by law to withhold tax based upon the Supplier's income or revenue, the Buyer may deduct such tax from the amounts payable to the Supplier and remit to the appropriate government authorities provided that: (i) the Buyer may only deduct such tax to the extent the income or revenue pertains to amounts paid by the Buyer to the Supplier; (ii) such deduction is in accordance with the tax laws and regulations of the applicable countries; and (iii) the Buyer shall subsequently provide the

Supplier with a receipt showing the payment of such tax. For the avoidance of doubt, any taxes, withheld or otherwise, imposed on the Supplier's income or revenue will be the sole financial responsibility of the Supplier.

SECTION 10. SETOFF

10.01 Supplier's Direct Accounts The Buyer will administer on a Net Settlement Basis all of the accounts of the Supplier arising from the Purchase Orders and other agreements the Supplier has with the Buyer. **Net Settlement Basis** means that, unless prohibited by law, the Buyer may set off and recoup against the Buyer's accounts payable to the Supplier any amounts for which the Buyer determines in good faith the Supplier is liable to it under any Purchase Order or other agreements with the Supplier. The Buyer may do so without notice to the Supplier.

10.02 Related Companies The Buyer or its Related Companies may also setoff and recoup against the accounts payable of the Buyer or its Related Companies to the Supplier or its Related Companies any amounts for which the Buyer or its Related Companies determines in good faith the Supplier or its Related Companies is liable under any Purchase Order or other agreements with the Supplier or its Related Companies.

The Buyer will provide the Supplier and the affected Related Company with 21 days' Written Notice (or such shorter period as may be commercially reasonable under the circumstances) before implementing a setoff (a) of the Supplier's debt against accounts payable to a Related Company of the Supplier, or (b) of a Related Company's debt against accounts payable to the Supplier. The Written Notice will specify the basis for the setoff.

10.03 Basis of Debit The Buyer will be presumed to have acted in good faith if it has a commercially reasonable basis for believing that the Supplier or one of its Related Companies is liable for the amount of the debit. A debit may include the actual professional fees and other costs incurred by the Buyer or a Related Company.

SECTION 11. QUALITY ASSURANCE

11.01 Compliance with Buyer's Programs The Supplier will deliver continuous quality improvement in the manufacture, production and distribution of the Goods. The Supplier will comply with specific quality assurance processes and standards specified by the Buyer. These standards include the Buyer's Q1 quality program, ASPICE and ASPICE assessment rating, IATF 16949 or QS-9000, ISO 14001 and the Buyer's Supplier Delivery Rating.

11.02 Chronic Supplier Improvement Process (CSIP)

Failure to meet or maintain the standards specified by the Buyer may result in the Buyer requesting the Supplier enters the CSIP Process as defined in the CSIP Handbook available on the Ford Supplier Portal.

Any costs incurred by following the CSIP process would be borne by the Supplier. During the period when the Supplier is engaged in the process, the Supplier remains responsible for meeting the Buyer's standards and the Buyer retains ultimate control over the process, governance and recovery plan in line with the Buyer's standards.

11.03 Launch Supplier shall comply with the Buyer's program and launch requirements for each program milestone and build event for the Goods as specified in the GPDS Supplier Engagement Process.

SECTION 12. SHIPPING, PACKAGING AND DELIVERY

12.01 Supplier Guides The Supplier will comply with the Buyer's requirements for packing, marking, labeling, and shipping. These are specified in the appropriate Supplier Guides.

12.02 Delivery, Title, and Risk of Loss Title and risk of loss will pass at the time and place of delivery in accordance with (a) the delivery term on the Purchase Order for the Goods and (b) Section 34 in the case of Tooling. Title and risk of loss will pass at the consolidator's location if one is used.

12.03 Returnables The Supplier will, at its expense:

- (a) Maintain the Returnable Containers, including its repair or replacement, and be responsible for all wear and tear, excluding normal wear and tear for Returnable Containers;
- (b) Properly house the Returnable Containers and insure them against loss or damage, even if it occurs despite Supplier's exercise of due care;
- (c) Refrain from commingling the Returnable Containers with property owned by the Supplier or a third party;

If the Buyer requests, the Supplier will return the Returnable Containers to the Buyer at the Supplier's plant or other location specified by the Buyer. The Supplier is responsible for labor and other costs of dismantling, staging and loading the Returnable Containers for removal. The Supplier will cooperate with the Buyer in removing the Returnable Containers from the location of the Supplier or subcontractor.

SECTION 13. DELIVERY OF NONCONFORMING GOODS

13.01 Delivery; No Inspection The Supplier will deliver only Goods that conform in all respects to the requirements described in Sections 22.01(a) through (k). The Buyer is not required to inspect the Goods prior to their use. The Supplier waives any right to require the Buyer to conduct an inspection.

13.02 Notice If the Goods do not conform, the Buyer will inform the Supplier, orally or in writing, about the nonconformity as soon as reasonably practicable after the Buyer has discovered it. The Buyer will confirm the nonconformity in a Written Notice if requested by the Supplier to do so.

13.03 Supplier's Right to Cure The Supplier will be permitted to rework, replace, or otherwise remedy a nonconformity in the Goods as long as: (a) the nonconformity has been discovered after delivery of the Goods but before the Buyer has started to use the Goods (including in any pre-assembly processing or fitment); (b) the Supplier can perform the remedial work at its location, or at the Buyer's site (subject to any restrictions in any labor

agreement of the Buyer), without disruption to the Buyer's operations; (c) the remedial work will not cause any delay in the Buyer's operations, including its production process, or cause the Buyer to incur any additional costs; and (d) the cure can be completed by the deadline established by the Buyer.

13.04 Buyer's Options If the Buyer determines in good faith, after consulting with the Supplier, that the remedial work cannot be done within the limits of Section 13.03, the Buyer is entitled to: (a) reject the nonconforming Goods, return them to the Supplier and, at the Buyer's option, request redelivery of conforming Goods; or (b) retain them and either repair them itself or request the Supplier do so, on or off-site. In any event, the Supplier will bear the risk and expense of the remedial action undertaken by the Buyer or the Supplier.

13.05 Supplier's Right To Nonconforming Goods The Supplier may request that the Buyer hold and make available to the Supplier, at the Supplier's expense, any nonconforming Goods, subject to the Buyer's options under Section 13.04.

13.06 Costs Incurred by the Buyer The Supplier is liable for all direct, incidental, and consequential damages, losses, costs, and expenses incurred by the Buyer resulting from the failure of the Supplier to deliver conforming Goods or to comply with the shipping and delivery or other requirements of the Buyer, even if the Supplier has cured the failure under Section 13.03. These include costs associated with the off-lining of vehicles or the Goods, interruptions, or delays in production, reduced line-speeds, and plant shutdowns.

13.07 No Acceptance or Waiver of Rights The Buyer's rights under this Section 13 apply even if the nonconformity does not become apparent until after delivery of the Goods. The Supplier is not liable for damage to the Goods after delivery due to actions taken by the Buyer or third parties. Payment will not constitute acceptance of nonconforming Goods, nor will it limit or affect any of the Buyer's rights.

SECTION 14. USING THE BUYER'S INTELLECTUAL PROPERTY AND TOOLING

14.01 Buyer's Intellectual Property Rights The Buyer and its Related Companies may have valuable Intellectual Property Rights in Tooling, documents, and information provided to the Supplier. **Intellectual Property Rights** include trademarks, trade dress, patents, copyrights, trade secrets, and industrial design rights. The Supplier may use the Intellectual Property Rights of the Buyer and its Related Companies only in the production and supply of the Goods to the Buyer and its Related Companies.

14.02 Parts Branding Directive The Supplier will comply with the Buyer's Parts Branding Directive. This Directive requires the inclusion of the Buyer's brands on the Goods. It also limits the inclusion of the Supplier's brands on the Goods to the extent permitted by Government Requirements. See the Ford Parts Brand Protection Supplier Guide for details, including the process for requesting exceptions.

14.03 Work for Hire Any work of authorship created by Supplier or Supplier's employees under a Purchase Order will be considered as a "work made for hire" and all copyrights for such works of authorship will belong to Buyer by operation of law. In the event that any work of authorship or portion thereof created by Supplier under a Purchase Order does not qualify as a "work made for hire," Supplier hereby assigns to Buyer all right, title, and

interest in all copyrights and moral rights therein. If Supplier has failed to previously secure ownership of all copyrights in any such work of authorship or portion thereof, Supplier will obtain title and assign all copyrights and moral rights in such work to Buyer

14.04 Other Use of Buyer's Intellectual Property Rights The Supplier will first obtain the Buyer's written approval before it manufactures, sells, or otherwise disposes to third parties any goods made by the Supplier, its Related Companies, or one of their subcontractors using any Tooling, equipment, or Intellectual Property Rights of the Buyer or its Related Companies.

SECTION 15. USING THE SUPPLIER'S TECHNICAL INFORMATION

15.01 Technical Information The Supplier will provide the Buyer and its Related Companies with Technical Information required by the Buyer to install, assemble, and otherwise use the Goods and Tech Products. Technical Information must comply with the FECDS (Ford Engineering CAD & Drafting Standards) standards of the Buyer and its Related Companies. Technical Information will be provided as specified in Sections 15.02 and 15.03 and categorized into either Level One Materials or Level Two Materials as provided in Section 15.04.

15.02 Use of Level One Materials The Supplier will provide the Buyer and its Related Companies with Level One Materials to use without restriction. **Level One Materials** define in general terms the geometric and functional attributes of the Goods as they interface with the Buyer's products, demonstrate that they meet the Buyer's specifications, and describe how they interact with other vehicle systems or environments. At a minimum, Level One Materials are those the Buyer or its Related Companies require to support their engineering release systems (including the Ford Worldwide Engineering Release System (WERS)), and package and installation drawings with functional requirements. At the Buyer's request, Level One Materials must also be provided for Component Parts (as defined in Section 33.01). The Buyer may use or disclose Level One Materials without restriction, subject only to any patent or trademark rights of the Supplier. Any Supplier legend, like "Confidential" or "Proprietary," will not affect the Buyer's right to use Level One Materials.

15.03 Use of Level Two Materials **Level Two Materials** include more detailed design and manufacturing information such as Failure Mode and Effects Analyses (FMEA, including Design Failure Mode and Effects Analysis and Process Failure Mode and Effects Analysis), Design Verification Plans and Reports (DVP&R, including test specifications, test reports and test data), P-Diagrams and Control Plans. The Supplier will provide the Buyer and its Related Companies with reasonable access, including delivery of reference copies, to Level Two Materials as well as the right to use Level Two Materials internally, including to integrate the Goods into the vehicle. Any additional rights (such as licenses or ownership, or the right to disclose the materials to third parties to which disclosure is not permitted under this Section 15 or Section 16) to these or other materials (such as detailed drawings and math data, CAE Models, electrical schematics, or software algorithm and code) will be negotiated in good faith by the Buyer and the Supplier and formalized in a Statement of Work or other written document. The Buyer's obligations to treat Level Two Materials as confidential are described in Section 16.

15.04 Categorization The Supplier and the Buyer will work in good faith to categorize the Supplier's Technical Information as Level One Materials or Level Two Materials and, if appropriate, itemize them in a Statement of Work or other written document. In the event

that the Supplier and the Buyer are unable to agree on the appropriate categorization, there will be a presumption that the Supplier's Technical Information is Level One Materials.

15.05 Market Testing The Buyer may share Level One Materials with third parties without restriction. The Buyer may not share Level Two Materials that are Supplier Confidential Information, or any other Supplier Confidential Information, except as provided in Section 16.

15.06 Effective Date of Buyer's Obligations The Buyer's obligations under this Section 15 relating to Level Two Materials apply to Level Two Materials disclosed to the Buyer on or after January 1, 2021.

SECTION 16. CONFIDENTIALITY

16.01 Confidential Information **Confidential Information** is information that meets the requirements specified below for Supplier Confidential Information or Buyer Confidential Information. Information that does not meet these requirements is not Confidential Information, regardless of any legend or marking to the contrary. A reference in this Section 16 to **Confidential Information of the Other Party** is a reference to Supplier Confidential Information when the reference relates to an obligation of the Buyer, and to Buyer Confidential Information when the reference relates to an obligation of the Supplier.

- (a) **Supplier Confidential Information** is any information disclosed under the Purchase Order that meets all of the following requirements:
- (1) The information is non-public information that is proprietary to: (A) the Supplier; (B) any of its Related Companies; or (C) any third party to which any of them has an obligation of confidentiality relating to the information.
 - (2) The information is disclosed to the Buyer: (A) in tangible form and identified as confidential in the tangible form; or (B) orally, and is identified as confidential at the time of disclosure, and is described in a written statement (which must also identify it as confidential) within a reasonable time after disclosure.
 - (3) The information is: (A) Level Two Materials, as described in Section 15.03; (B) provided under an Efficiency Initiative, as described in Section 17.01; (C) Software and SaaS, as defined in Section 19.01; (D) provided under Section 24; (E) provided to the Material Cost Business Office (under Section 32.03); or (F) provided under Section 38.02.
- (b) **Buyer Confidential Information** is any information that meets all of the following requirements, regardless of whether it has been disclosed under the Purchase Order:
- (1) The information is non-public information that is proprietary to: (A) the Buyer; (B) any of its Related Companies; or (C) any third party to which any of them has an obligation of confidentiality relating to the information.
 - (2) The information is:
 - (A) a Volume Projection, as defined in Section 6.01, or is provided under an Efficiency Initiative, as described in Section 17.01;

- (B) the Buyer's or any of its Related Companies' future product plans or any details of those plans;
- (C) Buyer Data;
- (D) any information identified by the Buyer or any of its Related Companies (orally or in writing) as confidential; or
- (E) any other information that would reasonably be regarded as being of a confidential nature.

16.02 Obligations and Standard of Care

- (a) The Buyer and the Supplier will each use Reasonable Care to protect the confidentiality of Confidential Information of the Other Party. Reasonable Care is the standard of care that the party holding the information would use in protecting the confidentiality of its own confidential information. The Supplier may consult the Global Terms and Conditions home page described in Section 1.01 for information on the practices that apply to the Buyer's employees for the handling of confidential information.
- (b) Some of the Buyer's and its Related Companies' electronic systems (for example, WERS) are designed for collaboration and the sharing of information among multiple parties, including other suppliers. The Supplier should not input Supplier Confidential Information into any electronic system of the Buyer or any of its Related Companies unless the Buyer or any of its Related Companies has advised the Supplier in a Written Notice that the system is suitable for receipt of Supplier Confidential Information.
- (c) The obligations under Section 16.02(a) do not apply to any information that: (1) is or becomes publicly available through no breach of any agreement between the Buyer and the Supplier; (2) is approved for release by the disclosing party in a Written Notice; (3) is lawfully obtained from a third party without a duty of confidentiality; (4) was already known to the receiving party prior to its disclosure; (5) is required to be disclosed by a valid court order; or (6) is input by the Supplier into an electronic system for which the Supplier has not received the Written Notice described in Section 16.02(b). The exception in clause (5) will apply only if the receiving party has: (A) provided the disclosing party with a Written Notice of the court order; and (B) fully cooperated with the disclosing party in seeking confidential treatment for the disclosures. The Buyer's confidentiality obligations under Section 16.02(a) also do not apply to Software and SaaS, to the extent required to exercise License rights for the Software and SaaS granted under Section 19.01.

16.03 Sharing with Related Companies and Consultants The Buyer and the Supplier may share Confidential Information of the Other Party with their: (a) Related Companies; and (b) consultants, contractors, experts, and agents; provided that the person or entity with whom or which the information is being shared has agreed in writing to be bound by confidentiality provisions comparable to those specified in this Section 16. The Supplier will first obtain the written consent of the Buyer if the Supplier or any of its Related Companies wants to share Buyer Confidential Information with any party (including any of its Related Companies) that is a motor vehicle manufacturer or distributor.

16.04 Sharing with Other Third Parties Neither the Buyer nor the Supplier will share any Confidential Information of the Other Party with any third party, including any competitor of the other party, without the prior written agreement of the other party, except as may

otherwise be permitted under the Purchase Order, a Technology Agreement, or other written agreement between the parties.

16.05 No Other Obligations The Buyer, the Supplier, and their Related Companies have no other obligation for confidential information supplied to them from whatever source, unless otherwise agreed to in writing.

16.06 Effective Date of Buyer's Obligations The Buyer's obligations under this Section 16 apply to Supplier Confidential Information disclosed to the Buyer on or after January 1, 2021.

SECTION 17. EFFICIENCY INITIATIVES

17.01 Supplier Participation All Suppliers will participate in Buyer's cost savings, warranty reduction, and other efficiency initiatives as required by Buyer. Supplier must implement its own initiatives to improve efficiencies and cost. If the Supplier learns of a necessary change to the Goods or Service, or a possible change to Goods or Service that may reduce cost, improve quality, or otherwise be beneficial to Buyer or its customers, Supplier will inform Buyer of possible change in writing. Supplier will not implement any change without Buyer's prior written approval. Supplier agrees that cost savings through participation in such Efficiency Initiatives will be passed on to the Buyer as mutually agreed.

17.02 Confidential Information The Buyer's and Supplier's obligations to treat information received under all Efficiency Initiatives as confidential are described in Section 16.

SECTION 18. LICENSES TO SUPPLIER TECHNOLOGY

18.01 Supplier Grants The Supplier will grant Licenses on the bases specified below unless an Earlier Agreement (as defined in Section 3.02) states otherwise. A **License** is a license granted in all cases to the Buyer and its Related Companies on a nonexclusive, worldwide basis, to make, have made, use, have used, sell, and import manufactures, compositions, machines, and processes covered by the Intellectual Property Rights of the Supplier.

18.02 Off-the-Shelf Goods Purchase of the Goods does not include any License from the Supplier if they are Off-the-Shelf Goods. **Off-the-Shelf Goods** do not include any functionally or structurally significant features developed specifically for the Buyer.

18.03 Buyer Specific Development Work If the Purchase Order (including an Earlier Agreement) includes development services, such as the design of a unique part or modification of an Off-the-Shelf part for a specific vehicle program, the Supplier grants to the Buyer:

- (a) A permanent, paid-up License, with a right to sublicense others, for any and all inventions or other results of the Supplier's development work which the Supplier conceives, develops or acquires in the course of performing work under the Purchase Order or other written agreement with the Buyer or a Related Company; and
- (b) A background License, on Commercially Reasonable terms and conditions, under any Intellectual Property Rights that are owned or controlled by the Supplier (now or

acquired in the future) that cover any invention embodied in the Goods delivered under the Purchase Order.

18.04 Commercially Reasonable When negotiating **Commercially Reasonable** terms and conditions, the parties will take into account the relative technical and other contributions to the development of the technology, the level of business being offered to the Supplier, and the Buyer's needs for subsequent migration of the developed technology to other projects or vehicle applications.

18.05 License to Rebuild The Supplier grants to the Buyer a permanent, paid-up License under any Intellectual Property Rights that are owned or controlled by the Supplier or its Related Companies (now or in the future) necessary to rebuild and have rebuilt, but not to have newly manufactured by another, the Goods and Tooling.

SECTION 19. SOFTWARE AND SAAS PRODUCTS

19.01 Software and SaaS The following software and SaaS Products which are included as standalone, or embedded in, the Goods and Tech Products will remain the property of Supplier ("Supplier Intellectual Property"): (i) commercial off-the-shelf software or software as a service, or any derivatives thereto or modifications of adaptations thereto (other than Buyer configuration, workflow, settings, and similar); and (ii) patents, copyrights, industrial design rights or other proprietary rights of Supplier that are not developed specifically for Buyer.

The Supplier grants to the Buyer a permanent, paid-up, non-exclusive, worldwide License to any software and SaaS Products which are included as standalone or embedded in the Goods and Tech Products, unless otherwise specified differently on the applicable Purchase Order. This License is limited to the use, repair, modification, or sale of any software and SaaS Products which are standalone or embedded in the Goods and Tech Products in conjunction with the use or sale of the Goods and Tech Products. Supplier agrees that these Global Terms and Conditions supersede any license terms that it distributes with, causes the Buyer to click through or consent to prior to use, or otherwise includes with the Goods and Tech Products. The parties agree that Buyer's agents, outsourcers, and contractors who are under obligation of non-disclosure may use the Goods and Tech Products for the benefit of the Buyer

19.02 Confidentiality The Buyer's obligations to treat commercial software and SaaS Products as confidential are described in Section 16.

19.03 General The Goods and Tech Products shall include all support, updates, and enhancements which are available from the Supplier in accordance with the support services specified on the Purchase Order. In the event that there are no support services specified, Supplier will provide to Buyer support services, including updates and enhancements, which it makes generally available. In addition, as part of the support program, Supplier shall provide Buyer with on-line end user materials, FAQ's, techniques, and general product usage information.

In the event Supplier discontinues its maintenance and support of the Goods and Tech Products, files a petition, or is subject to an involuntary petition under the Bankruptcy Code, Supplier shall provide to the Buyer a license to use and modify the then current version of the source code for the affected Goods and Tech Products supplied under these Global Terms and Conditions. Supplier shall deliver to Buyer such source code and related technical

documentation to enable the Buyer to continue its use of the Goods and Tech Products in accordance with these Global Terms and Conditions.

Buyer may: (i) export all Buyer Data via the Goods and Tech Products; or (ii) request Supplier to provide a copy of all Buyer Data to Buyer in a mutually agreeable and industry standard format.

The Goods and Tech Products may be copied by the Buyer for use in understanding the Goods and Tech Products, for backup or archive purposes, and for purposes of installation and running the Goods and Tech Products. Unless otherwise agreed on the Purchase Order, Buyer may modify any Goods and Tech Products for its own uses and may integrate the Goods and Tech Products into other Goods and Tech Products, provided that all copies and modifications of the Goods and Tech Products will be destroyed upon termination or expiration of this license. All copies of the Goods made by the Buyer will include any copyright and confidential notices included by the Supplier in the Goods and Tech Products.

19.04 Disaster Recovery and Business Continuity Supplier shall maintain and implement commercially reasonable and industry standard disaster recovery and business continuity procedures to ensure that the Goods and Tech Products is not interrupted.

SECTION 20. DATA

20.01 Buyer Data Buyer retains all right, title, and interest in and to all Buyer Data. Supplier has no rights in or to any Buyer Data not expressly indicated under the PPGTCs. During the term of the applicable Purchase Order, Buyer hereby grants to Supplier a limited, non-exclusive, non-transferable, revocable license to strictly collect, transmit, store, or otherwise process Buyer Data for the sole purpose of providing the Goods and Tech Products to Buyer. Supplier shall not use Buyer Data, whether in aggregated, anonymized, or de-identified format or not, for any business or other commercial purpose of Supplier or any other person. Without limiting the foregoing, Supplier shall not use Buyer Data which is aggregated, anonymized, or de-identified and attempt to use it in manner which, either alone or in combination with other information, would make such Buyer Data identifiable.

20.02 Data Incident Without limiting the other provision of the Global Terms, Supplier shall be responsible for all reasonable and necessary data incident notifications, forensics, credit protection services, and other data mitigation services resulting from Supplier's failure to protect Buyer Data under the PPGTCs.

20.03 Supplied Data Shall be provided to Buyer at no additional charge at the request of Buyer. Supplied Data shall not include any Buyer Data provided by Buyer to Supplier. Supplier shall deliver all requested Supplied Data to Buyer with right for Buyer to use Supplied Data in analytics, in operations, related to providing products and services, in manufacturing, with third parties, or merged with other data assets. The formatting and specifications of all Supplied Data provided to Buyer by Supplier shall be as specified in the Supplier Production Data Supplier Guide or as otherwise agreed upon by the Parties in the SOW.

20.04 Privacy See PII Supplement available on the Ford Supplier Portal (FSP) for details.

20.05 Cyber Security See Information Security Supplement available on the Ford Supplier Portal (FSP) for details.

SECTION 21. CLAIMS OF INFRINGEMENT

21.01 Supplier Obligations Without limiting any other indemnification obligations in these Global Terms and Conditions, the Supplier will, at its sole cost and expense, indemnify and hold the Buyer and its Related Companies harmless against any and all claims for any alleged infringement of any patent, copyright, trade secret, industrial design right, utility model or other industrial and intellectual or proprietary right based on Supplier's activity under a Purchase Order, or the manufacture, marketing, sale, or use of the Goods and Tech Products (i) alone, (ii) in combination by reason of their content, design or structure, or (iii) in combination in accordance with Supplier's recommendations. The Buyer and the Supplier may agree in a Technology Agreement to limit the Supplier's obligations under this Section 21.01 by geographic region.

21.02 Assistance to the Buyer The Supplier will investigate, defend, and otherwise handle any such claim. At the Buyer's request, the Supplier will assist the Buyer in its investigation, defense, or handling of any such claim. The Supplier will pay all costs, expenses, damages, and settlement amounts that the Buyer, its Related Companies, and others selling or using the Buyer's products incorporating the Goods may sustain by reason of an indemnified claim.

21.03 Buyer Design Input The Supplier's indemnification obligations will apply even if the Buyer furnishes all or a portion of the design and specifies all or a portion of the processing used by the Supplier unless a Technology Agreement provides otherwise.

21.04 Adjustment of Supplier's Financial Responsibility Without limiting the indemnification obligations herein, in the event a claim of infringement is asserted, Supplier may replace or modify the Goods and Tech Products to make them non-infringing at no cost to Buyer, provided that Buyer approves such replacement or modification and agrees in writing that such replacement or modification achieves the substantive results of the original version of such Goods and Tech Products and any related cost incurred are paid by Supplier, or Supplier may procure at its expense a license for Buyer to use the allegedly infringing Goods and Tech Products.

SECTION 22. WARRANTY

22.01 Supplier Warranty The Supplier warrants that during the applicable **Warranty Period** (as defined in Section 22.02, 22.04 or 22.05) the Goods will:

- (a) Conform in all respects to the drawings, specifications, Statements of Work, samples, and other descriptions and requirements relating to the Goods that have been furnished, specified or approved by the Buyer;
- (b) Comply with all Government Requirements (as defined in Section 35.01) of the countries in which the Goods or the vehicles into which the Goods are to be installed are to be sold;
- (c) Be merchantable;
- (d) Be free of Error States and defects in design to the extent furnished by the Supplier, its Related Companies, or their subcontractors, even if the design has been approved by the Buyer;

- (e) Be free from defects in materials and workmanship; and
- (f) Be suitable for their intended use by the Buyer, including the specified performance in the component, system, subsystem, and vehicle location specified by the Buyer and the environment in which the Goods are or reasonably may be expected to perform.
- (g) Comply with all laws;
- (h) Not infringe any proprietary rights (including patents, copyrights, trademarks, trade secrets).
- (i) Supplier also warrants that it has the right to license the Tech Products to Buyer and that Supplier is in compliance with the licenses of any free or open-source software contained in the software. No Tech Products will contain software (A) constituting Copyleft Materials, or (B) not in compliance with the applicable notice, disclaimer, or other licensing requirements thereof. "**Copyleft Materials**" means materials subject to any license that requires as a condition of use, modification, or distribution thereof, that such materials, or materials combined or distributed with such materials, be (1) disclosed or distributed in source code or similar form, (2) licensed for the purpose of making derivative works, or (3) redistributable at no charge;
- (j) For Supplied Data, Supplier warrants that: (A) all Supplied Data is timely and accurate, (B) all Supplied Data was obtained legally by Supplier, (C) Supplier has the unrestricted right to use, sell, provide, license, or include in Buyer products such Supplied Data, and (D) all Supplied Data will comply with all security and privacy laws, including the provision of notice and obtaining any consent required to provide the Supplied Data and advising of any limitations on its use.
- (k) Services will be provided by appropriately qualified and trained personnel, in a professional manner with due care and diligence to such high standard of quality as it is reasonable for Buyer to expect in the circumstances.

22.02 Warranty Period for Production Vehicles For Goods installed or used in a Production Vehicle, the Warranty Period begins on the date the Goods are delivered to the Buyer (or a Related Company or third party designated by the Buyer) and expires on the date that is the later of:

- (a) The date on which the period of the applicable New Vehicle Warranty (as defined in Section 22.03) covering the Goods ends; or
- (b) The date on which any longer or broader Government Requirement covering the Goods ends.

A **Production Vehicle** is a vehicle currently being produced by the Buyer or any of its Related Companies. Goods that are dealer-installed accessories on new vehicles are also covered under Section 22.02.

22.03 New Vehicle Warranty The **New Vehicle Warranty** consists of the basic warranties provided by the Buyer or any of its Related Companies to the end customer that cover the specific vehicle, its components and parts. The New Vehicle Warranty includes extended warranty coverage provided at no additional charge to the end customer, but does not include any optional extended warranty that may be separately purchased by the end customer.

22.04 Warranty Period for Service and Replacement Parts For Goods installed, used, or sold as service or replacement parts, the Warranty Period begins on the date the Goods are delivered to the Buyer (or a Related Company or third party designated by the Buyer) and expires on the date that is the later of:

- (a) The date on which the period of the warranty provided by the Buyer (or one of its Related Companies) for the Goods ends;
- (b) The date on which the period remaining under the applicable New Vehicle Warranty covering the Goods ends; or
- (c) The date on which any longer or broader Government Requirement covering the Goods ends.

22.05 Warranty Period for Used Vehicle Accessories For Goods installed, used, or sold as accessories for used vehicles, the Warranty Period begins on the date the Goods are delivered to the Buyer (or a Related Company or third party designated by the Buyer) and expires on the date that is the later of:

- (a) The date on which the period of the warranty provided by the Buyer (or one of its Related Companies) for the Goods ends; or
- (b) The date on which any longer or broader Government Requirement covering the Goods ends.

22.06 Change in Warranty The Buyer (or a Related Company) may change the New Vehicle Warranty or any warranty offered by it covering the Goods. If the change is made after the Production Purchase Order has been issued, the Buyer will promptly notify the Supplier of the change in a Written Notice. See Section 8.03.

22.07 Long Term Durability Requirement If the Production Purchase Order includes a Quality/Reliability Statement of Work, the specifications and requirements in it are in addition to the obligations of the Supplier specified in this Section 22 and Section 23.

22.08 Warranty Programs If the Supplier and the Buyer (or any of its Related Companies) have entered into a Warranty Program Agreement covering the Goods, it will specify the extent to which its terms take precedence over the relevant provisions in the Global Terms and Conditions. A Warranty Program Agreement will not affect the Supplier's obligations under the provisions of Section 23, unless the Warranty Program Agreement expressly provides otherwise.

22.09 Claim for Breach of Warranty The Supplier's Warranty and any rights of the Buyer to make a claim under it will be effective even if the Buyer has accepted all or a portion of the Goods.

SECTION 23. RECALLS AND OTHER FIELD SERVICE ACTIONS

23.01 Early Notification The Buyer or the Supplier, as appropriate, will inform the other about any nonconformity of the Goods as soon as reasonably practicable after it has been discovered and confirm the nonconformity in a Written Notice if requested by the other. The Buyer and the Supplier will cooperate fully with each other to identify the cause of the nonconformity and to develop a plan for the prompt remediation of it.

23.02 Types of Field Service Actions A **Field Service Action** is a recall or other service action performed by the Buyer, its dealers or other authorized repair facilities. The Buyer may initiate a Field Service Action required by a Government (either mandated or voluntarily agreed upon by the Buyer) or on its own for customer satisfaction or other reasons independent of any Government action.

23.03 Field Service Actions If the Buyer determines a Field Service Action is necessary to remedy the nonconformity, it will notify the Supplier. The Buyer will provide its rationale for conducting a Field Service Action and review information presented by the Supplier. The Buyer reserves the right to determine all aspects of a Field Service Action, including when to conduct one and its implementation.

23.04 Supplier Liability for Costs The Supplier is liable for all costs and expenses of a Field Service Action to remedy the nonconformity in the Goods. If the Buyer has agreed to provide an extended warranty, customer incentives to increase the Field Service Action completion rate, or to take other actions, the Supplier's liability will also include the costs and expenses of these actions.

23.05 Adjustment of Supplier Responsibility Once the Field Service Action has been initiated, the Buyer and the Supplier will negotiate diligently and in good faith on the extent to which the Supplier's financial responsibility under Section 23.04 for the Field Service Action may be adjusted, if at all, taking into account the relative degree of fault of the parties.

23.06 Interim Field Service Action Cost Recovery Debit At its option, the Buyer may debit the Supplier for up to 50% of the Actual Recall Costs relating to a specific Field Service Action if:

- (a) The Buyer has made a good faith determination that the Supplier is likely to be liable for some portion of the total costs of the Field Service Action, taking into account all of the relevant data available at the time, including the assessments of the Buyer and the Supplier concerning their relative fault; and
- (b) No agreement has been reached on the allocation of costs within 90 days after the Buyer has provided the Supplier with written notice of FSA.

For purposes of this Section 23.06 and Section 23.07 only, the term **Actual Recall Costs** will be limited to the cost of parts and labor actually incurred by the Buyer. These costs will be calculated in accordance with the Buyer's Field Service Action Cost Recovery Supplier Guide. Debits will be made no more often than once a quarter.

23.07 Maximum Interim Field Service Action Cost Recovery Debit The maximum cumulative debits for Actual Recall Costs for any one Field Service Action under Section 23.06 will not exceed three times the aggregate price paid under the Production Purchase Orders for the Goods for the model years that are the subject of the Field Service Action.

For example, if the Actual Recall Costs involving part X installed on three model years of vehicles was \$100 million, the maximum cumulative debits under Section 23.06 would be \$50 million (50% x \$100 million). If, however, the aggregate price paid under all of the Production Purchase Orders covering the Goods installed in the recalled vehicles is \$10 million, then Section 23.07 would cap the cumulative amount of the debits at \$30 million (3 times \$10 million).

23.08 Account Adjustment Once the Supplier's share of the Field Service Action cost has been determined under this Section 23, the Buyer will credit or debit the account of the Supplier, as may be appropriate.

23.09 No Admission of Liability Neither the Buyer nor the Supplier will be deemed to have admitted that the amount of any Interim Field Service Action Cost Recovery Debit under Section 23.06 or the maximum under Section 23.07, is the amount for which the Supplier may ultimately be liable under Section 23.04. The Buyer's rights under Section 23.06 are in addition to any other rights that it may have to recover from the Supplier for any nonconformity of the Goods. Neither party will be deemed to have waived any right it might have against the other party relating to any nonconformity in the Goods.

SECTION 24. INFORMATION PROVIDED TO A GOVERNMENT; SUBSTANCE AND MATERIALS REPORTING AND COMPLIANCE

24.01 Government Submissions Involving the Goods The Supplier will promptly notify the Buyer if it has provided information to a Government regarding the Goods, including information provided to Government Regulatory authorities (e.g., in the U.S. following reporting requirements of U.S. law: 49 CFR Part 573 Defect and Noncompliance Reporting and 49 CFR Part 579 Reporting of Information and Communications About Potential Defects).

This notification will include the following information: the date the notification was provided to a Government, the affected Goods (or components of the Goods, as applicable), and the report type (e.g., for reporting to the U.S. Government, an Early Warning Report or Noncompliance Report).

Upon the request of the Buyer, the Supplier will provide the Buyer (and any Related Company specified by it) with access to and copies of any data, materials, or information provided to a Government relating to the Goods, any component or part of the Goods, or any materials or substances used in the Goods or in connection with their production, including any test, manufacturing, field performance, or warranty data. The Supplier will provide the information within 10 business days after receipt of the Buyer's request.

24.02 Government Submissions Involving Derivative Products The Supplier will promptly notify the Buyer, via the method described in Section 24.01, if it has provided information to a Government regarding goods of a comparable or derivative nature to the Goods that the Supplier has supplied to the Buyer or a Related Company, including information provided to the U.S. Government of the type or kind described in Section 24.01. Upon the request of the Buyer, the Supplier will provide the Buyer (and any Related Company specified by the Buyer) with access to and copies of all materials in accordance with Section 24.01.

24.03 Contract Restrictions If the Supplier is restricted by contract, court order, or otherwise from disclosing the information to the Buyer, the Supplier will promptly notify the Buyer in a Written Notice. The Buyer and the Supplier will agree on the steps to be taken by the Supplier to obtain the requested information.

24.04 Substance and Materials Reporting and Compliance

- (a) Upon the request of the Buyer or a Related Company of the Buyer, the Supplier will provide it with access to and copies of any data, materials, or other information, including any formulas or analyses, that:
- (1) Relates to the Goods, their composition, any component or part of the Goods, or any materials or substances used in the Goods or in connection with their production; and
 - (2) Is needed, as determined by the requestor, to enable compliance with any requirement of a Government (either mandated or voluntarily agreed upon by the Buyer or any of its Related Companies) relating to the hazardous, toxic, or other content or nature of the Goods, or the ability to recycle the Goods or any component, part, or materials in the Goods.
- (b) The Supplier will comply with the Buyer's requirements relating to the use (or prohibition on use) of certain materials and substances in the Goods (such as Ford's Restricted Substance Management Standard (RSMS)), and utilize and comply with the Buyer's reporting processes and requirements relating to any data, materials, or other information described in Section 24.04(a) (such as the International Material Data System (IMDS)). See the Environmental Supplier Guide.
- (c) Supplier must provide all Goods so that the Buyer may comply in a timely manner with due diligence and disclosure regulatory requirements under applicable law on the content and origins of conflict minerals or of other chemicals and/or materials.

24.05 Confidentiality The Buyer's obligations to treat information provided by the Supplier under this Section 24 as confidential are described in Section 16; however, the Buyer's obligations will not apply to the extent required in order for it or any of its Related Companies to comply with any reporting, certification, or similar requirement of a Government (either mandated or voluntarily agreed upon by the Buyer or any of its Related Companies).

SECTION 25. INDEMNIFICATION OBLIGATIONS OF THE SUPPLIER

25.01 Definitions For purposes of this Section 25, **Indemnified Person** includes the Buyer, its Related Companies, and their directors, officers, and employees. **Costs** includes any and all costs, damages, losses, claims, litigation, actions, and expenses (including actual fees for attorneys, experts and consultants, settlements, judgments, and other recoveries or amounts) incurred in connection with a claim under Section 25.02

25.02 Supplier's Obligations The Supplier will indemnify and hold an Indemnified Person harmless against any and all Costs occasioned by, resulting from, or arising directly or indirectly out of any claims, demands, payments, suits, actions, or other proceedings of any nature for death, personal injury, property damage, or other losses, economic or otherwise, which result from: (a) any defect or alleged defect in the Goods or Tech Products supplied by the Supplier; (b) any noncompliance, breach, or nonperformance or alleged noncompliance, breach, or nonperformance by the Supplier with any of its representations, warranties, or obligations under a Purchase Order; or (c) any negligence or fault or alleged negligence or fault of the Supplier in connection with the design or manufacture of the

Goods or Tech Products. Supplier's obligation to indemnify under this Section 25 will apply regardless of the nature of the claim, except for Costs due to Buyer's sole negligence.

25.03 Work Performed on Premises If the Supplier performs any work on an Indemnified Person's premises or utilizes the property of an Indemnified Person, whether on or off the Indemnified Person's premises, the Supplier will indemnify and hold the Indemnified Persons harmless from and against any and all liability, claims, demands, expenses, suits, actions, or other proceedings of any nature (including actual fees of attorneys and other professionals, settlements, judgments or other recoveries) for any damages, economic or otherwise, or damages to the property of or injuries (including death) to Indemnified Persons, their employees or any other person, arising from or in connection with the Supplier's performance of work or use of the Indemnified Person's property, except for such liability, claim, demand, expense, suit, action, or other proceeding arising from the sole negligence of an Indemnified Person.

SECTION 26. TERMINATION FOR CAUSE

26.01 Supplier Breach The Buyer may terminate a Purchase Order, in whole or in part, upon Written Notice to the Supplier if the Supplier fails to comply with any of the requirements of the Purchase Order. If the noncompliance relates to an obligation of the Supplier that is, in the opinion of the Buyer, capable of cure as described in Section 26.02, the Buyer may terminate under this Section 26.01 only if the Supplier has failed to either: (a) timely cure the noncompliance (as described in Section 26.02); or (b) provide the Buyer with adequate assurances of performance acceptable to the Buyer.

26.02 Cure Periods If the Supplier delivers Goods that fail to comply with the requirements of Section 13.01, the cure provisions of Section 13.03 will apply. For all other failures by the Supplier to comply with the requirements of the Purchase Order, the Supplier will have 10 days (or less if commercially reasonable under the circumstances) after the effective date (as described in Section 44.02) of the Buyer's Written Notice to the Supplier specifying the failure by the Supplier within which to: (a) cure the nonperformance; or (b) provide adequate assurances of performance acceptable to the Buyer.

26.03 Change of Control The Buyer may terminate a Purchase Order, in whole or in part, upon Written Notice to the Supplier, if control of the Supplier changes. A change of control includes: (a) the sale, lease or exchange of a substantial portion of the Supplier's assets used for the production of the Goods; (b) the sale or exchange of a controlling interest in the shares of the Supplier; or (c) the execution of a voting or other agreement of control. The Supplier will provide the Buyer with Written Notice of a change of control within 10 days after the change of control has become effective. The Buyer will have 60 days from the date the Written Notice from the Supplier is effective (as described in Section 44.02) within which to notify the Supplier of its decision to terminate the Purchase Order and the effective date of the termination, which will be no sooner than 30 days after the date the Written Notice of termination is effective (as described in Section 43.02).

26.04 Insolvency The Buyer may terminate a Purchase Order, in whole or in part, upon Written Notice to the Supplier, if the Supplier: (a) becomes insolvent; (b) files a voluntary petition in bankruptcy; (c) has an involuntary petition in bankruptcy filed against it; (d) has a receiver, administrator, custodian, or trustee appointed over the Supplier or its assets; or (e) executes an assignment for the benefit of its creditors. In each case, the Supplier is liable for all actual costs incurred by the Buyer, including those for attorneys, experts, consultants, and other professionals.

26.05 Excusable Delay The Buyer may terminate a Purchase Order, in whole or in part, upon written Notice to the Supplier, as described in Section 39.05.

26.06 Effective Date of Termination Termination under Section 26.01, 26.04, or 26.05 will be effective on the date the Buyer's Written Notice of termination is effective (as described in Section 43.02), unless the Written Notice specifies another date. Termination under Section 26.03 will be effective on the date specified in the Written Notice of termination.

26.07 Amounts Payable by Buyer upon Termination under Section 26.01 In the event of a termination under Section 26.01, the Buyer will pay the Supplier, subject to Section 10, for:

- (a) Any unpaid Goods previously delivered and accepted that fully conform to the requirements of the Purchase Order; and
- (b) Any outstanding balance owed to the Supplier for Tooling that fully conforms to the requirements of the Production Tool Order.

26.08 Amounts Payable by Buyer upon Termination under Sections 26.03, 26.04, or 26.05 In the event of a termination under Sections 26.03, 26.04, or 26.05, the Buyer will pay the Supplier, subject to Section 10, for:

- (a) Any unpaid Goods previously delivered and accepted that fully conform to the requirements of the Purchase Order;
- (b) Any outstanding balance owed to the Supplier for Tooling that fully conforms to the requirements of the Production Tool Order;
- (c) Undelivered finished Goods that: (1) fully conform to the requirements of the Purchase Order; (2) were produced in accordance with delivery or Release schedules approved by the Buyer and outstanding as of the date the termination was effective (as described in Section 26.06); and (3) are transferred to the Buyer in accordance with Section 31.01(c);
- (d) Actual costs incurred by the Supplier in protecting the Buyer's property pending delivery or return to the Buyer; and
- (e) Any other costs or allowances that the Buyer, in its sole discretion, may elect to pay.

26.09 Amounts Payable by the Supplier upon Termination under Section 26 The Supplier will be liable for all direct, incidental, and consequential losses, costs, and expenses incurred by the Buyer resulting from any failure by the Supplier to comply with any of the requirements of the Purchase Order (even if the Supplier has cured the noncompliance under Section 26.02), or from termination by the Buyer under this Section 26, and termination under this Section 26 does not relieve the Supplier from this liability.

26.10 Repeated Failures to Comply If the Buyer has determined, in accordance with Section 26.11, that the Supplier has repeatedly failed to comply with the requirements of Section 14.03, Section 34.17, Section 35.03, Section 36, or Section 37.01 or 37.02, the Buyer may, to the extent not prohibited by law, debit the Supplier for an amount not to exceed 15% of the aggregate price paid under all of the outstanding Purchase Orders with the Supplier that gave rise to the repeated failures.

26.11 Good Faith Determination The Buyer will act in good faith in making its determination under Section 26.10 and will take into account relevant information provided by the Supplier. Any debit made under Section 26.10 is in addition to any other remedy the Buyer may have for any failure by the Supplier to comply with any of its obligations under the Purchase Order.

SECTION 27. TERMINATION AT BUYER'S OPTION

27.01 Termination The Buyer may terminate the Purchase Order, in whole or in part, at any time and for any or no reason, upon Written Notice to the Supplier. The Supplier may not terminate at its option.

27.02 Effective Date of Termination Termination under this Section 27 will be effective on the date the Buyer's Written Notice of termination is effective (as described in Section 43.02), unless the Written Notice specifies another date.

27.03 Amounts Payable to the Supplier In the event of a termination under this Section 27, the Buyer will pay the Supplier, subject to Section 10, for:

- (a) Unpaid Goods previously delivered and accepted which fully conform to the requirements of the Purchase Order;
- (b) Any outstanding balance owed to the Supplier for Tooling that fully conforms to the requirements of the Production Tool Order;
- (c) Undelivered finished Goods that: (1) fully conform to the requirements of the Purchase Order; (2) were produced in accordance with delivery or Release schedules approved by the Buyer and outstanding as of the date the termination was effective (as described in Section 27.02); and (3) are transferred to the Buyer in accordance with Section 31.01(c);
- (d) Actual costs, subject to the limitation in Section 27.04, incurred for work-in-process and raw materials that: (1) are not damaged or destroyed; (2) were not purchased by a third party with the Buyer's prior authorization in a Written Notice; (3) cannot be used by the Supplier to produce goods for itself or other customers; and (4) are transferred to the Buyer in accordance with Section 31.01(c);
- (e) Actual costs incurred by the Supplier in protecting the Buyer's property pending delivery or return to the Buyer; and
- (f) Any other costs or allowances that the Buyer, in its sole discretion, may elect to pay.

27.04 Limitation on Costs The Buyer will be liable for costs under Section 27.03(d) only to the extent any work-in-process and raw materials were acquired to complete quantities to be delivered in accordance with delivery or Release schedules approved by the Buyer and outstanding as of the date the termination was effective (as described in Section 27.02).

SECTION 28. CLAIMS

28.01 Process for Submitting Claims Any claim seeking a payment from the Buyer as the result of termination under Section 26 or Section 27, non-renewal under Section 7.03, or program cancellation under Section 29 must be submitted within 60 days after the effective date of termination, non-renewal, or program cancellation. The claim must include sufficient supporting data to permit the Buyer's auditors to verify and substantiate the claim. The Buyer (and its designated agents) have the right to examine and audit all pertinent items related to the claim, including books, records, facilities, work-in-process, raw materials, and inventory. If necessary, the Supplier may request an extension of the submission deadline, provided that it does so within the 60-day submission period. Details of the Claims process can be found in the Claims Supplier Guide.

28.02 Payment Not a Waiver Any amount paid by the Buyer for the Goods and Tech Products will not be deemed to be a waiver of any breach by the Supplier or any amount otherwise due to the Buyer under the Purchase Order. Waiver by the Buyer of any breach by the Supplier on one occasion will not preclude the Buyer from terminating the Purchase Order for, or constitute a waiver of, any similar breach at another time.

28.03 No Other Liability The Buyer has no liability to the Supplier or any Related Company of the Supplier for lost profits, unabsorbed overhead, capital investment, interest expense, product development and engineering costs, facilities and equipment rental or purchase or rearrangement costs, unamortized depreciation costs, penalties, or general or administrative charges, whether incurred directly or indirectly by the Supplier, any of its Related Companies, or their suppliers, except to the extent provided in Section 26 or Section 27.

SECTION 29. PROGRAM CANCELLATION

29.01 Program Cancellation The Buyer reserves the right to cancel a vehicle, or vehicle-related (e.g., powertrain), program for which the Supplier has been issued a Purchase Order to supply the Goods and Tech Products. The Buyer's right to do so is in addition to any other termination rights it may have under the Global Terms and Conditions.

29.02 Process for Submitting Claims If, as the result of a cancellation under Section 29.01, the Supplier believes it is entitled to reimbursement of any of its costs, it may submit a claim to the Buyer in accordance with the process specified in Section 28.01. Costs for which the Buyer may consider reimbursement are those specified in Section 27.03.

SECTION 30. POTENTIAL ADJUSTMENT OF SUPPLIER FINANCIAL RESPONSIBILITY

30.01 No Obligation The Buyer has no obligation to compromise a claim or an amount owed to the Buyer arising from a breach by the Supplier.

30.02 Factors Considered The Buyer may elect to reduce the amount for which the Supplier may otherwise be financially responsible. If the Buyer elects to do so, it will take into account one or more of the following factors:

- (a) The extent and timeliness of the cooperation of the Supplier, including the early identification and resolution of any potential or actual nonconformity of the Goods;
- (b) The volume of business, tenor, value, and length of the relationship with the Supplier;
- (c) The extent of the Supplier's participation in Efficiency Initiatives (e.g. Team Value Management (TVM) initiatives, Global Warranty Chargeback Program, Error State Free Warranty, and other programs of the Buyer;
- (d) The financial health of the Supplier; and
- (e) Any other factor the Buyer believes to be relevant.

SECTION 31. SUPPLIER'S OBLIGATIONS ON EXPIRATION OR TERMINATION

31.01 Actions by Supplier Upon the expiration or termination of the Purchase Order, the Supplier will:

- (a) Take all actions necessary to protect any of the Buyer's property in the possession of the Supplier or its suppliers and subcontractors;
- (b) Cooperate with the Buyer to help avoid production disruptions while the production of the Goods is being resourced to another supplier;
- (c) Transfer title and possession of the Goods, Supplier-Owned Tooling, work-in-process, and raw materials that the Buyer has agreed to acquire from the Supplier and return Tooling and other property of the Buyer;
- (d) Terminate all orders and subcontracts related to work to be performed after the effective date of any expiration or termination; and
- (e) Cease all work under the Purchase Order unless directed otherwise by the Buyer.

SECTION 32. AUDIT RIGHTS AND FINANCIAL INFORMATION

32.01 Supplier Records and Facilities If requested by the Buyer, the Supplier will permit the Buyer (which, for purposes of this Section 32.01, includes its authorized representatives) to:

- (a) Examine all pertinent documents, data, and other information relating to the Goods, Tech Products, Tooling, the Supplier's obligations under the Purchase Order, any payment made to the Supplier or any claim made by the Supplier;
- (c) View any facility or process relating to the Goods, Tech Products, or the Purchase Order, including those relating to production quality or capacity; and
- (d) View and Audit any facility, entity, or process used to fulfill Supplier's obligations under a Purchase Order to determine compliance with the requirements of the Purchase Order,

including without limitation those under Section 10, Section 16, Section 19 (Software SaaS), Section 36, Section 37, and Section 20 (Data).

Any examination under this Section 32.01 will be conducted during normal business hours and upon advance Written Notice to the Supplier.

32.02 Supplier Financial Reports If requested by the Buyer, the Supplier will provide to the Buyer's Material Cost Business Office the most current Financial Reports: (a) for the Supplier; and, (b) for any Related Company of the Supplier involved in producing, supplying, or financing the Goods and Tech Products or any component part of the Goods and Tech Products. **Financial Reports** include income statements, balance sheets, cash flow statements, and supporting data. The Buyer's Material Cost Business Office may use Financial Reports provided under this Section 32.02 only to assess the Supplier's ongoing ability to perform its obligations under the Purchase Order and for no other purpose, unless the Supplier agrees otherwise in writing.

32.03 Time of Disclosure If the Supplier is a publicly traded company, the Supplier will provide Financial Reports to the Buyer under Section 32.02 at the time it is permitted to do so under applicable law and the rules of the appropriate stock exchanges.

32.04 Confidentiality The Buyer's obligations to treat information provided to its Material Cost Business Office under Section 32.02 as confidential are described in Section 16.

32.05 Records Retention The Supplier will keep all relevant documents, data, and other written information for at least 2 years (or for such longer time period as is required by the law governing the Purchase Order) following: (a) in the case of the Goods, the later of the last delivery of the Goods or the date of the final payment to the Supplier under the Purchase Order; and (b) in the case of Tooling, the later of the date of completion of the Production Part Approval Process (PPAP), the date of submission of the Part Submission Warrant (PSW), or the date of final payment. The Buyer may make copies of these materials.

SECTION 33. SERVICE PARTS

33.01 Supply Obligation The Supplier will supply Service Parts and Component Parts to the **Buyer** and its **Related Companies** to meet their current model year and past model year parts needs. Ford may elect to utilize **Authorized Third Parties** to fulfill supplier obligations as defined in the FCSO Supplier Parts Guide-Global. The term **Service Parts** refers to the Goods that the Buyer may ultimately offer for resale to its dealers and others as service or replacement parts or as accessories. The Buyer may ultimately offer for resale sub-assemblies, individual component parts and raw materials of the Goods. These are referred to as **Component Parts**.

Supplier will provide any legal and/or material compliance documentation required by the Buyer to sell or import Service Parts or Component Parts for any applicable market where the Buyer offers vehicles for sale.

Buyer will purchase Service Parts and Component Parts directly from the Supplier manufacturing site where the Goods are produced unless agreed to in writing by Buyer.

33.02 Price for Service Parts The price for Service Parts will be no greater than the price specified in the Production Purchase Order for the Goods used in production, less Production Commercial Adjustments, plus Service Commercial Adjustments.

33.03 Price for Component Parts The price for Component Parts will be no greater than the Supplier's actual production or acquisition cost for the Component Parts less an equivalent amount of Production Commercial Adjustments, plus Service Commercial Adjustments. In no case, however, will the total price of all Component Parts, less Service Commercial Adjustments, of the related Goods, exceed the Production Purchase Order price for the Goods less Production Commercial Adjustments and actual assembly costs.

33.04 Price Changes If the Supplier or the Buyer believes a change in pricing (up or down) is warranted, a price change request may be submitted per the following:

- (a) Price changes of Goods in serial production implemented by Production Purchasing will simultaneously change the price of the corresponding Service Parts and Component Service Parts by an equivalent amount.
- (b) If the Buyer believes a change in pricing is warranted for applicable Service Parts or Component Parts resulting from Buyers Efficiency Initiatives, it will notify the Supplier with a written price change request.
- (c) Supplier to maintain the last Purchase Order price on file while the Goods were in serial production for the greater of either 3 years or the applicable warranty period for the Goods.
- (d) If the Supplier believes a change in pricing (up or down) is warranted for applicable past model Service Parts or Component Parts, subject to 33.04 (c), limited to significant and ongoing changes in component or raw material costs, or manufacturing costs, it may file a price change request via the Buyer's approved price change request submission process.
 - (1) Price changes need to be mutually agreed upon for actual manufacturing cost changes
 - (2) Mutually agreed price changes will be implemented when all Supplier-caused backorders are resolved
 - (3) Supplier will provide actual invoices, published price changes, price change requests from suppliers, all relevant sales information, evidence of actions taken to mitigate price increases, and other information reasonably requested by the Buyer to substantiate the requested price change. The parties will negotiate in good faith the terms of any price change. The Supplier will continue to ship according to the Buyer's requirements under the current Purchase Order during these pricing negotiations

33.05 Prices for Buyer's Related Companies and/or Approved Third Parties. The prices of Service Parts and Components Parts supplied to the Buyer will also apply to Service Parts and Component Parts supplied to the Buyer's Related Companies and Approved Third Parties, except that the prices will be adjusted (either up or down) to account for any actual net cost differential for the presence or absence of any Service Commercial Adjustments required for supply to the Related Company and Authorized Third Parties (as compared to that required for supply to the Buyer).

33.06 15 Year Past Model Year Supply Obligation The Supplier will supply past model year Service Parts and Component Parts to the Buyer or its Related Companies for up to 15 years following the end of production of the current model year for the Goods. If the Buyer or its Related Companies has a legal obligation to make the Service Parts or Component Parts available for a longer period, the Buyer will so advise the Supplier. The Supplier will supply the Service Parts or Component Parts for this longer time period.

33.07 Separate Purchase Order If a separate Purchase Order is issued by the Buyer or any of its Related Companies to the Supplier for Service Parts or Component Parts (such as, for example, where the Buyer's activity responsible for purchasing service parts issues a separate Purchase Order to the Supplier for the Service Parts or Component Parts), the Global Terms and Conditions will apply to the separate Purchase Order. The requirements of this Section 33 under the original Production Purchase Order will, however, continue to apply unless the parties specifically agree otherwise in writing.

SECTION 34. TOOLING AND OTHER PROPERTY OF THE BUYER

34.01 General Application This Section 34 governs Tooling and Other Property owned by the Buyer (defined for the purposes of this Section 34 to include its Related Companies). **Other Bailed Property** consists of equipment, materials, or other items owned by the Buyer that are placed in the possession or control of the Supplier for its use in connection with the Goods. The provisions in this Section 34 that apply to Tooling will apply equally to Other Bailed Property.

34.02 Production Tool Order If the Buyer issues a Production Tool Order in connection with the Production Purchase Order, the Supplier will design and fabricate, rework, or acquire, and in all cases install Tooling that fully conforms to the specifications and other requirements of the Production Tool Order. The Tooling may not contain or be marked in any manner with the name of any person or entity other than the Buyer.

34.03 Tooling Capacity The Tooling must be capable of producing the Volume Projections for the Goods during the life of the part as well as satisfying the requirements for Service Parts under Section 33.

34.04 Completion and Payment The Supplier, at its own expense, will manufacture the requisite number of sample Goods using the Tooling in order to successfully complete the Buyer's Production Part Approval Process (PPAP) and submit the Part Submission Warrant (PSW). The Tooling will be completed when the necessary samples have been submitted and approved by the Buyer. The Supplier has no claim for payment until the Tooling is completed and the Part Submission Warrant and any other necessary documentation have been submitted.

34.05 Status Reports The Buyer, at any time, may ask the Supplier to provide status reports on the construction or acquisition of the Tooling. Each status report will identify the Tooling, identify any subcontractors working on the Tooling, state the percentage of completion of the Tooling, and state the percentage of sunk costs already expended.

34.06 Notice of Potential Delay in Completion If, at any time, the Supplier believes that the Tooling might not be completed by the completion date specified on the Production Tool Order, the Supplier will notify the Buyer by Written Notice as soon as practicable. Sending this notice will not relieve the Supplier of either its obligation to complete the Tooling on the

completion date or its liability for any additional costs incurred by the Supplier or the Buyer as a result of any delay, unless the Buyer agrees otherwise in a Written Notice.

34.07 Supplier Warranty. The Supplier warranty for Tooling is the same as for the Goods under Section 22.01.

34.08 Ownership of Tooling The Buyer becomes the sole owner of all Tooling as soon as it is fabricated or acquired by the Supplier. The Buyer takes title to the Tooling even if the Supplier has not yet been paid for the Tooling. Ownership by the Buyer will not relieve the Buyer of its obligation to pay for the Tooling nor affect any claim of the Supplier for payment under a Production Tool Order.

34.09 Possession and Control Tooling is in the possession or control of the Supplier as a bailment from the Buyer. The Supplier acknowledges that it is a bailee-at-will of the Tooling.

34.10 Toolmakers If all or part of the fabrication, modification, repair, or refurbishment of the Tooling will be subcontracted to a third-party toolmaker, the Supplier will: (a) inform the Buyer in advance in a Written Notice of the identity of the toolmaker and the location of the Tooling; (b) inform the toolmaker in writing that it is a bailee-at-will, through the Supplier, of Tooling owned by the Buyer; and (c) be solely responsible for payments to the toolmaker.

34.11 Subcontractors If the Supplier intends to subcontract all or part of the manufacture of the Goods to a third-party subcontractor and to locate Tooling on the subcontractor's premises, the Supplier will: (a) inform the Buyer in advance in a Written Notice of the identity of the subcontractor and the location of the Tooling; (b) obtain the written permission of the Buyer in advance of the Supplier's doing so; (c) inform the subcontractor in writing that it is a bailee-at-will, through the Supplier, of Tooling owned by the Buyer; and (d) be solely responsible for payments to the subcontractor.

34.12 No Rights or Liens The Supplier has no property or other rights in the Tooling. The Supplier has no power to transfer any rights or grant a security interest in the Tooling to a third party. The Supplier waives: (a) any lien that it might have or otherwise be able to assert against the Tooling for work done on the Tooling or otherwise, and (b) any objection to the Buyer's repossession and removal of the Tooling for any or no reason, including bankruptcy or insolvency proceedings.

34.13 Third-Party Claims The Supplier will defend and indemnify the Buyer for all costs incurred (including actual fees for attorneys, consultants, and experts) in connection with any Adverse Claim. An **Adverse Claim** is one that challenges the Buyer's sole right, title, and interest in the Tooling, or right to possession of the Tooling, brought by any third party, including toolmakers, subcontractors, and lending institutions.

34.14 Presumption of Buyer Ownership In any dispute involving ownership of the Tooling, there is a rebuttable presumption that the Buyer is the sole owner of the Tooling. As a precaution against any Adverse Claim, the Supplier grants the Buyer a security interest in any alleged right, title, or interest to the Tooling to secure the Supplier's obligations under the Production Tool Order. The Supplier authorizes the Buyer (at the Buyer's sole option) to file financing statements showing the Supplier as the Debtor/Bailee and the Buyer as the Secured Party/Bailor. If requested by the Buyer, the Supplier will assign to the Buyer any present or future claim the Supplier may have against any third party (including toolmakers) concerning the Tooling.

34.15 Tool Order Purchase Price Unless a Production Tool Order is issued on a fixed-price basis, the price of the Tooling will not exceed the lower of: (a) the maximum amount reimbursable specified on the Production Tool Order; (b) the Supplier's actual costs of acquiring the Tooling from a toolmaker without markup; or (c) the Supplier's actual costs of fabrication of the Tooling in accordance with the Buyer's guidelines provided to the Supplier.

34.16 Payments for Tooling Held in Trust Payments made by the Buyer for the Tooling are expressly intended by the Buyer to be held in express trust for the benefit of any toolmaker used by the Supplier to produce the Tooling. The Supplier will hold these payments as trustee in express trust for the toolmaker. The Supplier acknowledges that the toolmaker is an intended third-party beneficiary of the terms of this Section 34.16 and that it has the right to enforce these terms directly against the Supplier. The Buyer has no obligation to the Supplier or toolmaker under this Section 34.16 other than payment to the Supplier under the Production Tool Order. If a toolmaker brings an action against the Supplier for payment of the Tooling, the Supplier will not join the Buyer in the action, and the Supplier will indemnify the Buyer under Section 34.13.

34.17 Restrictions on the Use of Tooling The Supplier has the obligation to use the Tooling solely in the production of the Goods. The Supplier will not use the Tooling for any purpose other than as provided under the Global Terms and Conditions, including the production, manufacture, sale, or design of after-market parts, unless specifically authorized in a Written Notice by the Buyer or as may be required to comply with a Government Requirement. This includes any additional tools made from Buyer drawings paid for outside of the Buyer's Tooling Order.

34.18 Supplier Obligations The Supplier will at its expense:

- (a) Maintain the Tooling, including its repair or replacement, in the condition necessary to produce the Goods in accordance with the terms of the Production Purchase Order and be responsible for all wear and tear, excluding normal wear and tear, for Other Bailed Property;
- (b) Properly house the Tooling and Other Bailed Property and insure them against loss or damage, even if it occurs despite Supplier's exercise of due care;
- (c) Comply with the Tooling Supplier Guide, including prominently marking the Tooling as the property of the Buyer and with the part number; and
- (d) Refrain from commingling the Tooling and Other Bailed Property with property owned by the Supplier or a third party.

34.19 Relocation of Tooling The Supplier must obtain the Buyer's Purchasing department's prior consent in a Written Notice before moving the Tooling to another location of the Supplier or a third party. Prior consent will not, however, be required in the following situations: (a) the Supplier, its toolmakers and subcontractors may relocate the Tooling in an emergency, and the Supplier will promptly notify the Buyer in a Written Notice of the new location, and (b) the Supplier, its toolmakers and subcontractors may also relocate the Tooling without prior notice for not more than 2 business days for the sole purpose of cleaning and performing routine maintenance unless the Buyer has previously notified the Supplier it may not do so.

34.20 Return of Tooling If the Buyer requests, the Supplier will return the Tooling, Returnable Containers, or Other Bailed Property to the Buyer at the Supplier's plant or other

location specified by the Buyer. The Supplier is responsible for labor and other costs of dismounting, dismantling, staging and loading the Tooling for removal. The Supplier will cooperate with the Buyer in removing the Tooling from the location of the Supplier or subcontractor.

34.21 Disposition of Tooling The Supplier may send a Written Notice requesting the Buyer to either accept the return of the Tooling or permit its disposal by the Supplier in accordance with terms to be negotiated in good faith in the following circumstances:

- (a) The Supplier continues to provide Service Parts or Component Parts after the period required in Section 33.09, but there have not been any Releases for the Service Parts or Component Parts for at least two years; or
- (b) The Supplier elects to discontinue the supply of Service Parts or Component Parts under Section 33.10, and the Buyer fails to instruct the Supplier about the disposition of the Tooling.

34.22 Technical Information Relating to Tooling In the event the Supplier fails to comply with any of the requirements of the Purchase Order, and the Buyer determines that it is necessary to either take possession of the Tooling or have it relocated, the Supplier will provide the Buyer or its Related Companies with any Technical Information for the Tooling requested by the Buyer or any of its Related Companies that is required for the relocation, installation, assembly, maintenance, or use of the Tooling. Any such Technical Information that is also Supplier Confidential Information will be handled in accordance with Section 16.

SECTION 35. COMPLIANCE WITH LAWS

35.01 General Obligations Supplier, the Goods and Tech Products must comply with all applicable laws, rules, regulations, orders, conventions, ordinances, or standards of the country of destination or use of the Goods, or which relate to the manufacture, labeling, transportation, importation, licensing, approval, or certification of the Goods and Tech Products or which relate to the operation of Supplier's business, including without limitation all applicable export control and sanction laws as further described in the applicable Supplier Guides. At Buyer's request, Supplier must certify in writing its compliance with any or all of the foregoing. Buyer requires strict compliance with this provision and has the right to immediately terminate a Purchase Order if there is a breach hereof.

Without limiting the foregoing, the Supplier will comply with all Government Requirements that may apply to the design, production, sale, or distribution of the Goods and Tech Products. A **Government Requirement** includes any law or requirement of a Government, including those that apply to new motor vehicles in general or specific components installed in them, or parties that may provide them. These requirements include emissions control, safety, hazardous materials, recycling, end-of-life disposal, U.S. and other applicable export controls, sanctions, and anti-boycott regulations. A Government Requirement may include specific warranty periods or terms of coverage, or a period of time during which the Buyer may be required to conduct a Field Service Action as defined in Section 23.02. The term **Government** refers to an entity that claims a right to investigate or regulate the Goods and Tech Products, the vehicles into which the Goods and Tech Products may be installed, the Buyer, the Supplier, or any of their Related Companies. The term Government includes the United States Environmental Protection Agency, the United States National Highway Traffic Safety Administration, and the Commission of the European Union.

35.02 Trade Controls Supplier, the Goods and Tech Products must comply with all U.S. and other applicable laws, statutes, regulations, codes, and executive orders relating to export controls, sanctions, and anti-boycott with regard to any purchases under this agreement as further described in the Export Control and Sanctions Compliance Supplier Guide, as Buyer may update from time to time. At Buyer's request, Supplier must certify in writing its compliance with any or all of the foregoing and shall provide supporting evidence of compliance as Buyer may reasonably request. In the event that any Goods have an export control classification number ("ECCN") or United States Munitions List ("USML") category classification other than EAR99, is an ITAR Defense Service, or that is otherwise export controlled under the laws of any applicable jurisdiction, Supplier shall so notify Buyer in writing and prior to delivery by completing the Supplier Export Control Notification Form, as further described in the Export Control and Sanctions Compliance Supplier Guide. Buyer requires strict compliance with this paragraph and has the right to immediately terminate a Purchase Order or relevant parts thereof if there is a breach under this paragraph or if compliance becomes impracticable under these regulations.

35.03 Government Contractors The Supplier will comply with all applicable Government Requirements for Government subcontractors, including, if the Buyer is a U.S. company, the requirements of U.S. law as found in the Supplier Requirements on U.S. Government Contracts Supplier Guide.

35.04 Competition Laws The Supplier will comply with all Competition Laws. **Competition Laws** refers to any law that prohibits, restricts, or regulates actions having the purpose or effect of monopolization, restraint of trade, or lessening of competition.

SECTION 36. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

36.01 Basic Working Conditions When the Supplier performs work on the Goods or their component parts, the Supplier will not: (a) use forced labor, regardless of its form; (b) employ any person below the age of 15, unless it is part of a Government approved job training, apprenticeship or other program that would be clearly beneficial to its participants; or (c) engage in physically abusive disciplinary practices.

36.02 Supplier Code of Conduct: The Buyer has created a Supplier Code of Conduct based upon internationally recognized standards and Ford internal policies. The Supplier Code of Conduct applies to the supply of all Goods used on Buyer products and covers topics related to social and environmental responsibility, including the responsible sourcing of materials.

The Supplier must comply with the Supplier Code of Conduct and demonstrate compliance when asked. The Supplier shall enforce a similar code of practice and have its subcontractors do so. Any required corrective action plans to rectify non-conformances to the Supplier Code of Conduct will be according to a mutually agreed timeline. The Code can be found via the Social Responsibility Supplier Guide.

36.03 Subcontractors If the Supplier retains subcontractors to perform work on the Goods or their component parts, the Supplier will use only subcontractors that will adhere to the requirements of Section 36.01 and 36.02. The Supplier will monitor the subcontractor's compliance.

36.04 Certification of Compliance The Supplier represents when it delivers the Goods that it has complied with the requirements of Section 35, Section 36.01, Section 36.02 and 36.03. The Buyer may retain an independent third party, or request the Supplier to retain

one reasonably acceptable to the Buyer, to: (a) audit the Supplier's compliance with the requirements of Section 36; and (b) provide the Supplier and the Buyer with written certification of the Supplier's compliance, including areas for potential improvement.

36.05 Cost of Audit The Supplier will bear the cost of any third-party audit and certification under Section 36.04, regardless of which party retained the auditor. The Buyer, at its option, may accept an audit or certification by the Supplier in lieu of a third-party certification.

36.06 Supply Chain Inclusivity and Diversity The Supplier will actively attempt to establish and maintain a diverse and inclusive supply chain. This includes all reasonable efforts by the supplier to contract and sub-contract with Diverse Businesses. A *diverse business* is an entity that meets one or more of the following criteria: (a) a small business, as defined in Title 15, Section 632 of the United States Code and related regulations; (b) a business, generally a small business but not necessarily, owned and controlled by socially disadvantaged individuals (at least fifty-one percent (51%) percent of the business is owned and controlled by one or more socially and economically disadvantaged individuals and the management and daily business operations are controlled by one or more such individuals); (c) a business that is at least fifty-one percent (51%) owned by a woman or women who also control and operate the business. The supplier will report quarterly the dollar value of the content provided by its diverse businesses, as it pertains to the supplier's business with Ford Motor Company, which meet one or more of the preceding conditions for the products or services hereunder as well as the basis for claiming that such content was provided by an entity which meets one or more of the preceding conditions. See applicable regional Supplier Guide for additional information including the definition of *socially and economically disadvantaged individuals*.

SECTION 37. PROTECTION OF SUPPLY

37.01 Notice to the Buyer The Supplier will provide the Buyer with Written Notice (a) at least 30 days in advance of the expiration of any labor contract or (b) concerning any potential labor dispute involving the Supplier that could affect the Buyer's operations or the supply of the Goods under the Production Purchase Order.

37.02 Plan to Avoid Disruption Upon the Buyer's request, the Supplier will provide the Buyer with its plan to avoid adversely affecting the Buyer's operations or to ensure that the Buyer's requirements for the Goods will be met without disruption for at least a 30-day period after the expiration of the labor contract or the commencement of a labor dispute affecting the Supplier. The Supplier will keep the Buyer informed of any changes to the plan, its implementation, and the Supplier's efforts to resolve the labor dispute. The Buyer's obligations to treat information provided by the Supplier under this Section 37.02 as confidential are described in Section 16.

SECTION 38. RESOLVING DISPUTES

38.01 Negotiation Phase: In the event of a dispute between the parties relating to the Purchase Order, the one raising the matter in dispute will notify the other in writing describing in sufficient detail the nature of the dispute. The parties will then promptly negotiate in good faith to reach a fair and equitable resolution of the dispute. Either party,

at any time, in their sole discretion, may terminate this Negotiation Phase with 14 days advance notice in writing to the other party.

38.02 Mediation Phase During the Negotiation Phase in Section 38.01, including the 14-day time period after either party notifies the other that it is terminating the Negotiation Phase, either party may elect to engage in a non-binding mediation, by providing written notice to the other party of the same. Thereafter, the parties will participate in nonbinding mediation by a third-party mediator in good faith. The parties will promptly agree on the mediator, and the cost of the mediator will be shared equally. The Mediation Phase must be completed within 90 days from the date that notice to elect mediation is provided unless the parties agree to a different time frame

38.03 Arbitration Phase Following the conclusion of the Negotiation Phase under Section 38.01, or following the conclusion of the Mediation Phase under 38.02 if mediation was elected, a party may request the other to participate in binding arbitration by making a request in writing to the other party, and the other party will have 15 days after receipt of such request to respond in writing as to whether it will agree to binding arbitration. However, in the case of disputes relating to quality, quantities, delivery, payments, warranty, indemnification, any kind of field service action, and/or actions under Sections 10, 11, 12, 13, 14, 22, 23, and 25 of these Global Terms and Conditions, Buyer may unilaterally elect to arbitrate, at which time the parties shall submit to binding arbitration. Prior to any unilateral election to arbitrate by Buyer, the parties must have participated in the Negotiation Phase, and if elected by either party, the Mediation Phase.

38.04 Litigation If the dispute has not been resolved within the Negotiation Phase or if elected, the Mediation Phase, litigation may be initiated, unless the parties arbitrate under Section 38.03. In any litigation, the parties agree that the litigation will be filed only in the courts of the country in which the Buyer has its principal place of business, regardless of where the Supplier may be located or the Goods may have been designed, manufactured, sold, or delivered, unless the applicable provisions of the Dispute Resolution Supplier Guide provide otherwise. If multiple Buyers are listed in the agreements and one of the Buyers is located in the United States, then the principal place of business shall be deemed in the United States.

38.05 Principal Place of Business in the U.S. If the principal place of business of the Buyer is in the United States, each party will, in any litigation brought under Section 38.04:

- (a) Irrevocably submit to the exclusive jurisdiction of: (1) the United States District Court for the Eastern District of Michigan, Southern Division in Detroit, as to any claim or proceeding over which it may have jurisdiction; or, (2) the Circuit Court for the County of Oakland, Michigan (6th Circuit — Pontiac); or the Circuit Court for the County of Wayne, Michigan (3rd Circuit—Detroit) as to all other claims or proceedings;
- (b) Expressly waive any objection to venue or jurisdiction, including an objection based on the inconvenience of the forum; and
- (c) Not seek or accept any award of punitive, exemplary or multiple damages other than a right to recover them under the indemnification provisions in Section 25.

38.06 Principal Place of Business Outside the U.S. If the principal place of business of the Buyer is outside of the United States, the applicable provisions of the Dispute Resolution Supplier Guide may require binding arbitration in place of litigation and will describe the jurisdiction and venue for any litigation. See the Dispute Resolution Supplier Guide.

38.07 Governing Law The Purchase Order will be governed by the laws of the Buyer's principal place of business without regard to any conflict of laws or provisions that might otherwise apply. If multiple Buyers are listed in the agreements comprising the Purchase Order, and one of the Buyers is located in the United States, then the principal place of business shall be deemed in the United States. If the Buyer is located in the United States, its principal place of business will be deemed to be the state of Michigan. The United Nations Convention on Contracts for the International Sale of Goods is expressly excluded.

38.08 Effect on Buyer's Rights The dispute resolution processes specified in Sections 38.01 through 38.04 are not preconditions to the exercise by the Buyer of any of its rights or remedies under the Purchase Order or applicable law, including, but not limited to, its rights under Section 10 or Section 23 of these Global Terms and Conditions, any Supplier Guide, or the exercise of injunctive or other equitable or provisional relief.

38.09 Anticompetitive Practices If the Supplier is found by any court, tribunal, or regulatory agency or authority to have violated or infringed a Competition Law for a commodity purchased by the Buyer, or if the Supplier admits or pleads guilty to a violation of a Competition Law for a commodity purchased by the Buyer, including pursuant to a Government antitrust leniency program, the Supplier shall: (a) produce to the Buyer all documents, data, and other information produced to all Government authorities globally that is related to an investigation of a Competition Law violation, within 4 weeks of a finding or guilty plea; and (b) participate in binding arbitration to resolve any Buyer claims related to the violation. If, during arbitration, Supplier is found to have violated competition laws with respect to the Buyer, the Supplier agrees to pay Buyer 15% of the purchase price of all Goods impacted by the anticompetitive conduct, regardless of the location of the Buyer's principal place of business. If the Supplier is found to have violated the Sherman Act in the United States, the Buyer shall be entitled to treble the amount paid under Section 38.09(c) for all purchases governed by the Sherman Act. The payment required by Section 38.09 (b) shall not be the sole or exclusive remedy of the Buyer for Competition Law violations, and Buyer is entitled to any available statutory damages at arbitration. The location of the arbitration shall be Michigan, unless the Buyer and Supplier agree otherwise. The rules and procedures to be followed in the arbitration will be the CPR Rules for Non-Administered Arbitration of Business Disputes. The arbitration rules current as of the time the arbitration is initiated will apply. The terms of this Section 38.09 supersede any conflicting provisions of the Global Terms and Conditions. For the avoidance of doubt, Sections 38.01-38.04 shall not apply in the event of a violation of a Competition Law by a Supplier. The Dispute Resolution Supplier Guide also shall not apply in the event of a Competition Law violation by a Supplier.

SECTION 39. EXCUSABLE DELAY

39.01 Excusable Events Neither the Buyer nor the Supplier will be liable for a delay or failure to perform directly due to an Excusable Event. An **Excusable Event** is a cause or event beyond the reasonable control of a party that is not attributable to its fault or negligence. Excusable Events include fire, flood, earthquake, and other extreme natural events, acts of God, riots, civil disorders, labor problems (including strikes, lockouts, and slowdowns regardless of their lawfulness), and war or acts of terrorism whether or not declared as such by a Government. In every case, other than those relating to labor problems, the failure to perform must be beyond the reasonable control, and not attributable to the fault or negligence, of the party claiming the Excusable Event. Excusable Events also include delays or nonperformance of a subcontractor, agent or supplier of a

party only if and only to the extent that the cause or event would be an Excusable Event as defined in this Section 39.01. Excusable Events do not include the failure to comply with applicable law or to take actions reasonably necessary to schedule performance in anticipation of any customs, export-import, or other Government Requirement of which public notice has been given.

39.02 Notice of Excusable Event The party claiming an Excusable Event will provide the other party with Written Notice of its occurrence and its termination as soon as practicable.

39.03 Work-In-Process In the event of an Excusable Event, the Buyer, at its option, may acquire possession of all finished Goods, work-in-process, and raw materials produced or acquired for the work under the Purchase Order.

39.04 Right to Substitute and Reduce Quantity The Buyer reserves the right to acquire the Goods elsewhere for the duration of the Excusable Event and for a reasonable time afterwards to minimize production disruptions until the Supplier's facilities are producing the Goods in the quantities required by the Purchase Order or Releases and to reduce accordingly any quantity of Goods ordered under an outstanding Release.

39.05 Right to Terminate The Buyer may terminate a Purchase Order, in whole or in part, upon written Notice to the Supplier if an Excusable Event has occurred resulting in a failure or delay to perform that has lasted for more than 3 consecutive months after the date the Written Notice from the party claiming an Excusable Event is effective (as described in Section 43.02).

SECTION 40. WAIVER OF NONPERFORMANCE

40.01 Waiver of Nonperformance A waiver of nonperformance under the Purchase Order must be in a Written Notice and will apply only to the specific instance addressed in the waiver and to no other past or future nonperformance.

SECTION 41. ASSIGNMENTS

41.01 Assignment of Payment by the Supplier The Supplier may assign its right to receive payment from the Buyer. The Supplier will provide the Buyer with reasonable advance Written Notice of any such assignment. The Buyer will use reasonable efforts to effect payment in accordance with the Supplier's assignment. The Buyer will have no liability to the Supplier or the party to which the payment has been assigned if the Buyer sends payment to an incorrect party following an assignment.

41.02 Indemnification The Supplier will defend, indemnify, and hold the Buyer harmless against any claim of non-payment by the assignee in the event the Buyer made payment to the Supplier after receipt of an assignment notice. Any assignment will not affect the validity or enforceability by the Buyer of any of its rights against the Supplier.

41.03 Assignment by the Buyer The Buyer may assign any benefit or duty under the Purchase Order upon Written Notice to the Supplier.

41.04 Assignment by the Supplier The Supplier may not assign or delegate any of its obligations without obtaining the Buyer's prior written consent. The Supplier will continue

to be liable to the Buyer for the performance of all of its obligations following any assignment or delegation, including one for which the Supplier has not obtained the consent of the Buyer as required by this Section 41.04. Any consent to an assignment does not include consent to any further assignment by the party to which the Supplier has made the assignment.

SECTION 42. CONTINUING OBLIGATIONS; SEVERABILITY

42.01 Continuing Obligations The obligations of the Buyer and the Supplier under the following Sections will survive the expiration, non-renewal or termination of the Purchase Order: 10, 14, 15, 16, 18, 19, 21, 22, 23, 24, 25, 31, 32, 33, 34 and 38.

42.02 Severability Any term or condition that is declared unlawful or unenforceable by a court of competent jurisdiction will not apply. The unenforceability of any such term or condition will not affect the enforceability of any other term or condition.

SECTION 43. WRITTEN NOTICES

43.01 Use of Written Notice A **Written Notice** is used by the Buyer to provide a required notice or instructions to the Supplier, or to authorize an exception, deviation or waiver of a pre-existing obligation or requirement under the Purchase Order. A Written Notice is also used by the Supplier to provide any notice to the Buyer that is required to be in writing. In the case of the Buyer, any Written Notice is valid only if signed by a representative of the Buyer's purchasing activity. A Written Notice may be signed manually or electronically.

43.02 How Provided A Written Notice may be provided by: (a) first class mail; (b) courier service; (c) fax; (d) standard e-mail; or (e) the Buyer's electronic system for communications with its suppliers. A Written Notice using method (a) or (b) is effective as of the date of delivery, and using method (c), (d), or (e) is effective as of the date of transmission.

SECTION 44. NO THIRD-PARTY RIGHTS

44.01 No Third-Party Rights Except as expressly provided in the Global Terms and Conditions, no term, condition or right in or arising under any of the documents or Supplier Guides relating to the purchase of the Goods gives or creates any third-party beneficiary rights or any other rights whether in law or equity to any person or entity other than the Buyer, the Supplier and their Related Companies.

SECTION 45. ADVERTISING, PUBLICITY AND NEWS RELEASES

45.01 Advertising All advertising and promotional materials related to the Buyer or the Goods the Supplier sells to the Buyer must be approved in advance in accordance with the Supplier Advertising Supplier Guide.

45.02 News Releases All news releases and other forms of publicity related to the Buyer or the Goods the Supplier sells to the Buyer must be approved in advance in accordance with the Supplier News Release & Publicity Supplier Guide.

SECTION 46. EMPLOYMENT STATUS

46.01 Temporary Assignment of Employees The temporary assignment of employees of one party to the facilities operated by the other party will not affect the status or change the employment relationship of the assigned employees.

SECTION 47. MISCELLANEOUS MATTERS

47.01 Convenience Only The Table of Contents, Index of Defined or Referenced Terms, headings and captions are provided for convenience only and do not create or affect any substantive rights. Examples are provided for illustrative purposes only.

47.02 Construction No provision may be construed against the Buyer as the drafting party. The term "including" means "including without limitation." The term "days" means calendar days. The term "document" means a document in paper or electronic form.

47.03 Controlling Language The English version of the Global Terms and Conditions will apply in the event of any disagreement over any translation.

*****END OF DOCUMENT*****