

DENSO Thermal Systems S.p.A. – DNTS ("DENSO") GENERAL PURCHASING CONDITIONS (2016)

I. GOVERNING TERMS

The legal relationship between DENSO and supplier are governed by these terms and any additional agreed terms. Amendments and additions must be made in writing. The supplier's terms and conditions shall not be applicable and supplier hereby waives their enforcement.

II. ORDERS

1. The Contract (orders and acceptance), as well as any amendments hereto, must be in writing, including by electronic means. The features and requirements of the products shall be specified in the Contract, in the order, in the specifications or in the technical standards. In the case supplier doesn't accept the order within three weeks of its receipt, DENSO shall have the right to revoke such order. Closed orders shall become binding if supplier doesn't reject within two weeks.

2. Purchaser reserves the right to make changes to the specifications by giving written notification to supplier. Supplier shall inform DENSO in written form within 7 days from such notification, about the impact of those changes in the delivery schedule or costs of the products. Should no information be received by DENSO from supplier within such period, the changes indicated by DENSO shall become binding. No adjustment to the delivery schedule or costs of the products shall be implemented without DENSO's prior written approval.

3. The products shall be at any time for the term of the Contract competitive regarding quality, delivery and service.

III. PRICE AND PAYMENT

1. The price as well as the payment conditions of the products shall be specified in the Contract and may be adjusted only upon DENSO's prior written consent.

2. The payment of an invoice by DENSO shall not constitute, not be intended as DENSO's acceptance of the products.

3. Supplier shall achieve the target price and/or cost reduction target as agreed with DENSO during the term of the Contract.

IV. TOOLING

1. In case DENSO pays in full for tooling, equipment, jigs and/or dies necessary for the production or inspection of the products ("DENSO's tooling"), supplier expressly acknowledges and agrees that the title to DENSO's tooling shall be DENSO.

2. Supplier shall at its own expense: (i) keep DENSO's Tooling in good condition and repair it when necessary and (ii) at all times keep DENSO's tooling properly insured against all risks (including but not limited to loss, damage, theft, fire).

3. Supplier shall, immediately upon receipt of DENSO's Tooling(s), attach DENSO's identification mark in accordance with DENSO's instructions. DENSO shall have the right to inspect all DENSO's Tooling at any time during normal business hours.

4. Supplier shall use DENSO's Tooling exclusively for its manufacturing of the products to DENSO hereunder and shall not resell, assign, transfer, mortgage or otherwise dispose of such DENSO's Tooling.

5. Upon termination or expiration of the Contract, supplier agrees to immediately return DENSO's Tooling to DENSO or otherwise dispose of them in accordance with DENSO's instructions.

6. In case that the tools utilized by supplier to manufacture the product are the sole property of supplier, DENSO reserves the right, at the time of the termination of the Contract, to purchase such tools from supplier for a price equal to their residual amortization value. In the event that supplier would be subject to bankruptcy proceedings, receivership or composition with creditors, DENSO shall be entitled, after paying the amount equivalent to their residual amortization value, to collect such tools from supplier's plant.

V. QUALITY Management

Supplier will comply and perform any and all actions required to ensure that the products are of good quality in accordance with the specifications as well as with acknowledged standards of engineering, safety regulations and technical data. Supplier will establish and maintain in operation the control and manufacturing processes and systems to ensure, on a continuous and reliable basis, the delivery to DENSO of the products free of any defects. DENSO shall have the right to access the factories, warehouses or other premises of supplier or its subcontractors during normal business hours, to inspect the quality of the products or parts and materials thereof as well as relevant data.

VI DELIVERY AND PART NUMBERS

1. The delivery terms for the products as agreed are binding. Any deviation from the delivery terms shall not be binding unless upon DENSO's written consent. Supplier shall be liable and compensate DENSO and/or DENSO's customers for any damage, expense or costs caused by delay, failure, shortage, excess or discrepancy in the delivery of products. DENSO shall have the right to either terminate the order or exercise any of the following remedies respectively:

1.1 In case of delay or failure: (i) supplier shall compensate DENSO for any losses, claims or damages arising from the delay or failure in the delivery of the products. (ii) in addition to the remedies under (i), DENSO shall have the right to terminate the respective Contract, in whole or in part, without any liability towards supplier.

1.2 In case of shortage: DENSO shall have the right to request supplier (i) to deliver the shortage of the products; or (ii) to pay back the purchase price of the products multiplied by the shortage.

1.3 In case of excess; DENSO shall have the right to request supplier (i) to take back such excess at supplier's risk and expense; (ii) to purchase such excess at the same price as the ordered products.

1.4 In case of discrepancy; (i) DENSO shall have the right to request supplier (a) to take back such incorrect products at supplier's risk and expense and (b) to reimburse DENSO for the costs in sorting and/or reworking; and (c) to pay back the purchase price of the products multiplied by the number of such incorrect products. (ii) Without prejudice for the above remedies, DENSO shall have the right to request supplier to deliver the correct products ordered at the cost of supplier.

2. Without prejudice for the remedies under section VI. 1, supplier shall defend, indemnify and hold DENSO and/or DENSO's customers harmless from and against any and all claims, actions, losses, damages, or costs arising out or in connection with supplier's liability as provided by section VI. 1 herein.

3. DENSO shall have the right to reject any partial or advanced delivery of the products.

4. The quantity of the products determined during the inspection made by DENSO, shall prevail in respect to the quantities, weight, dimensions indicated in the documentation issued by supplier in respect of the products unless proven otherwise by supplier.

5. The products will be duly identified with the part number attributed to them by DENSO. Supplier acknowledges that DENSO remains the sole proprietor of such part numbers and that the use is restricted for purposes of the supplies under the Contract.

VII. WARRANTY

1. Supplier warrants that the products are and shall be free from any defects and therefore (i) comply with regulatory standards; (ii) comply with (a) technical Standards (b) the specifications; (c) any other terms provided in the Contract; and (d) any other instructions given by DENSO; including but not limited to, defects in design, material, manufacturing, process, and/or workmanship of the product, are reliable and fit for their purpose and manufactured in such a manner to ensure the safe and proper operation of the product); and (iv) are free from all liens, encumbrances, security interests and any other adverse claims against title to such products. Warranty claims shall expire within 24 month as of first time registration of the vehicle or installation of the spare part, but no later than 30 months after delivery to DENSO. DENSO and supplier however will enter into good faith negotiations if the warranty term of DENSO's customer provide for longer periods.

2. Should the products not comply with the warranty described under section VII. 1, DENSO shall have the right to exercise any of the following remedies:

2.1 If DENSO determines that the defects in the products may be by sorted or reworked, supplier shall reimburse DENSO for the costs and expenses incurred by DENSO (a) in sorting such defective products and (b) in reworking such defective products;

2.2 If DENSO determines that the defects in the products may not be sorted or reworked by DENSO, supplier shall: (i) take back or dispose such defective products at supplier's risk and expense; (ii) reimburse DENSO, for the costs and expenses incurred by DENSO in sorting such defective products and; (ii) reimburse DENSO the purchase price of the defective products and deliver the products to replace the defective products.

2.3 In any case supplier shall defend, indemnify and keep DENSO and/or its customers harmless from and against any and all losses or damages, costs, claims and actions caused by the defective products as provided under section VII. 1 herein, and/or incurred by either DENSO and/or its customers in connection with such defective products.

2.4 Supplier agrees that DENSO shall be entitled (at its discretion) to charge-back, off-set and/or deduct the costs arising from the warranty claims (as described in section VII. 2 and VII. 3 herein) from any amounts due by DENSO under the Contract to the extent permitted by the respective statutory law.

2.5 The warranty provided by these general terms shall be in addition to any implied or statutory warranty at law that may be provided by supplier to the DENSO.

2.6 Supplier shall have the obligation to promptly (i) furnish DENSO the information and data necessary for DENSO to investigate and analyse the causes of the defects; (ii) cooperate with DENSO in the investiga-

tion and analysis of the defects, including the cases where such defects are caused incidentally by the defects of other parts; and (iii) investigate and analyse the defects and take appropriate counter-measures against them.

2.7 Any inspection or receipt of the products by DENSO shall not be deemed to alter or affect the obligations of supplier or the rights of DENSO as described herein.

VIII. RECALL CAMPAIGN

If a recall campaign or any similar procedure related to the products (including, but not limited to, service campaigns), is carried out by DENSO or by DENSO's customer, supplier shall defend, indemnify and hold DENSO (and/or DENSO's customer) harmless against any and all claims, costs, expenses and damages reasonably incurred by DENSO and/or DENSO's customer from such recall campaign or procedure (including in case of campaigns or procedures performed beyond the Warranty term above).

IX. PRODUCT LIABILITY

Supplier shall defend, indemnify and hold DENSO and its customers free and harmless from any and all losses, expenses or damages of whatever nature which may be caused by DENSO and/or its customers directly or indirectly arising from death, injury or damages to any person or property by the products.

X. LIABILITY

Unless otherwise agreed herein, supplier shall be obligated to pay for the damages, as a result of a defective delivery or for any other reasons attributable to supplier. In principle, liability for damages shall only apply if supplier, his representatives or his assistants and vicarious agents are responsible for the damage. If claims are asserted against DENSO by third parties based on liability regardless of negligence or fault, supplier shall indemnify DENSO against such liability if supplier is responsible for the damage.

XI. INTELLECTUAL PROPERTY RIGHTS AND TRADEMARK

1. Supplier shall be liable for any claim which, by the use of goods according to the terms of the Contract, result from the infringement of intellectual property rights and shall defend and hold DENSO and DENSO's customers free and harmless of all liabilities resulting from making use of such intellectual property rights. The aforementioned shall not apply if supplier has manufactured the products according to drawings, models or similar other descriptions or statements provided by the DENSO and if, at the same time, supplier doesn't know or, in connection with the products developed by him, was unable to know that intellectual property rights were infringed.

2. All information disclosed by DENSO shall remain exclusive property of DENSO and may only be used by supplier for the performance of the respective Contract and no rights are deriving from it. Supplier shall specify in writing any and all industrial property rights it owns or uses under license when needed and used to manufacture the products or affect their use or sale.

3. Supplier shall notify DENSO in writing, without delay, of any actions which have been brought against it in relation to the products on the ground of infringement of the patents, utility models, copyrights, trademarks, registered designs, know-how or other intellectual property rights of any third party.

4. Supplier will apply DENSO trademarks or logos on the products or packages, as instructed by DENSO. The use of trademarks shall not give rise to any claim to such trademark by supplier and the use must cease whenever requested by DENSO and when the last shipment has been made.

XII. INSURANCE

Supplier shall take out adequate insurance, with a reputable insurance company. Such coverage shall include but not be limited to: (i) commercial general and/or public liability insurance; (ii) product liability insurance; (iii) workers compensation or employers liability insurance as required by local law; and (ii) property damage to cover supplier's manufacturing facilities.

XIII. SERVICE PARTS

Supplier shall supply the products to DENSO, as service parts for a period of 15 years, to be calculated from the date of cease of the purchase of such products by DENSO as original equipment parts.

XIV. ASSIGNMENT OF CONTRACTS OR RECEIVABLES

1. Supplier shall not, either directly or indirectly, assign (including assignment by operation of law) transfer, mortgage or otherwise dispose the order or Contract or any of its terms without the prior written consent of DENSO.

2. Supplier shall not, in particular assign any credits and/or receivables, either actual or future, or factor them to any third party, without the prior written consent of DENSO.

XV. TERM AND TERMINATION

1. The term of the Contract shall be indefinite unless, the subject matter of the Contract constitutes a closed order, in such case the term of

that Contract shall be equivalent to the period of performance of the respective closed order.

2. DENSO shall have the right to terminate the Contract, in whole or in part, by giving a written notice, if supplier repeatedly breaches or defaults any of the material terms and conditions herein, provided, that such default or breach is not cured or remedied within (30) days after the written notice is given to supplier.

3. DENSO shall have the right to terminate the Contract, in whole or in part, with immediate effect, upon notice to supplier, in any of the following cases: (i) due to breach of any of the following sections of these general terms: (i) the repeated non-compliance with competitive factors of section II.3; and (ii) assignment of contracts or receivables as described in section XIV. (iii) if supplier adopts resolutions to wind up its business or files or a petition is for insolvency or similar is filed (iv) if there is a change in control of supplier, whether by ownership of voting securities, contract or otherwise, which changes the direction of management; (v) if an Event of Force Majeure affecting supplier continues for 6 months.

4. DENSO is entitled to terminate the Contract for convenience, in whole or in part, by giving Supplier 90 days written notice. Supplier and DENSO may discuss in good faith, the reimbursement of costs related to the termination of the Contract.

XVI. FORCE MAJEURE

Neither party shall be liable for the failure to comply with its obligations under these general terms to the extent that is caused by circumstances beyond its reasonable control, non-exhaustive illustrations of such circumstances are act of god, war, riot, explosion, abnormal weather conditions, earth quake, tsunami, fire, flood, nationwide or regional strike and lockout, government action or regulation and nationwide or regional power failure ("Event of Force Majeure"). Any suspension of performance of a Contract by reason of an Event of Force Majeure shall be limited to the period during which the cause of failure exists. Under such circumstances supplier, however, shall take all reasonable measures to provide delivery of the products. Event of Force Majeure, shall not include the case where supplier cannot perform its obligations due to a failure by third party (including sub-suppliers), which has failed to perform its own obligations towards supplier.

XVII. CONFIDENTIALITY

Any information disclosed by the parties in connection with the performance of the respective Contract or business details and all commercial and technical details shall be strictly confidential and not be disclosed to any third party and not be used for the purposes other than those provided for in the Contract. This obligation shall continue in force for a period of 5 years after the completion of the respective order or Contract. DENSO's affiliated companies shall not be considered as third party. Suppliers shall, upon termination or expiration of the respective Contract dispose any confidential material or return the same in accordance with the instructions of DENSO.

XVIII. DATA PROTECTION

Supplier hereby acknowledges and authorizes DENSO, to process supplier's information for the purpose of the performance of the Contract. In particular supplier shall cooperate with DENSO should further consents are or will be required for this purpose.

XIX. WAIVER

Failure by DENSO to enforce any of the terms of these general terms, shall not be construed as a waiver of said DENSO's rights.

XX. CODE OF CONDUCT AND GENERAL COMPLIANCE

Supplier acknowledges it is material to comply with the law and with those principles as laid down in the [DNES] DENSO EU Code of Conduct and ensures to have written rules matching the principles therein, and effective compliance programs to prevent the violation of such principles and the law. Supplier is aware of the Italian Legislative Decree no. 231/2001 ('Law 231') and is committed to avoid any behaviour that may lead to breach the Decree prescriptions.

The non-compliance of the Supplier in the fulfilment of such obligations, is considered a serious breach of this contract, and will be ground for immediate termination of the contract, as well as possible compensatory damages deriving from the offence.

XXI. GOVERNING LAW and JURISDICTION

These general terms and/or the Contract shall be governed by, construed and interpreted in accordance with the substantive laws of Italy. Application of the United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods shall be excluded. The courts of Turin shall have exclusive jurisdiction to resolve on any dispute relating of these general terms and/or the Contract.

Turin, _____

The Supplier _____