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# SUPPLY AGREEMENT SCHEDULE E

## TERMS FOR TOOL ORDERS

In addition to the current versions of our Supply Agreements (incl. all agreed schedules) our tool orders are also subject to the following terms and conditions.

## 1. Design, quality and workmanship

1.1 The design, quality and workmanship of the tools must guarantee that the proposed series parts can be manufactured in a cost-effective way. The tools must be suitable for manufacturing the series and spare parts.

If the tool does not permit the output quantity stated in the offer or elsewhere in writing to be manufactured (e.g. due to tool breakage or heavy wear), a replacement must be provided at the Supplier's expense (e.g. replacement tool or tool overhaul).

1.2 The 2D and 3D design documents and the tool weight for each tool must be relinquished to Valeo on request.

At Valeo's request, the Supplier shall submit the design documents for approval. The Supplier's responsibility for the tools shall in no way be reduced by Valeo's approval of the tool drawings, calculations and other technical documents relinquished to it.

1.3 On request, the Supplier shall provide Valeo with a detailed schedule for tool manufacturing. At intervals of no longer than four weeks, the Supplier must provide Valeo with information on progress in the form of a written protocol and/or detailed photographs.

1.4 Once the tools are complete, initial samples must be presented to Valeo together with a completed initial sample test report. The initial samples must meet all requirements contained in drawings, documentation and specifications.

If initial samples are received incomplete and/or without a completed initial sample test report, initial sampling will be rejected and a complaint will be sent to the Supplier.

If the initial samples are rejected, the Supplier must submit new initial samples in the form stated above at its own expense.

## 2. Changes to orders

2.1 If, after placing an order, Valeo requests technical changes or upgrades which necessitate a price adjustment and/or a deadline shift, a cost estimate with the deadline consequences must be submitted to Valeo's purchasing department before the commencement of work. Verbal agreements entered into after the order is placed must be confirmed in writing. The Supplier shall be liable for additional costs or deadline shifts that were not accepted by Valeo in writing.

2.2 If, before the tools are complete, Valeo decides for any reason to suspend further work on the tools, Valeo will assume the costs incurred up to that point. Valeo reserves the right to review the proof of costs on site.

## 3. Advance payment bond, payment, transfer of ownership

3.1 If, in exceptional cases, advance payments are agreed to, the Supplier will provide Valeo with a directly enforceable and unlimited guarantee (payment at first request) without an escrow clause, issued by a bank licensed within the European Union and acceptable to Valeo at no charge to Valeo. Valeo shall return the guarantee document immediately after successful/unconditional acceptance.

3.2 If the supplier creates the tool itself, it shall transfer ownership of the tool conditionally from the time of its provision to Valeo. The supplier shall then have the tool in its possession on behalf of Valeo (section 930 and 868 BGB). If the supplier acquires the tool from a third party, the transfer of ownership to Valeo shall be made at the time when the supplier obtains direct possession of the tool. The supplier shall ensure that Valeo obtains unencumbered ownership.

This shall equally apply in the event of payment in instalments for semi-finished tools.

3.3 The assignment of the tool shall take place regardless of whether and to what extent Valeo has already paid tool (creation) costs to the Supplier.

3.4 The transfer of the tools held by the Supplier will be replaced by the Supplier's undertaking to store the tools for Valeo with the care of a prudent businessman.

3.5 The Supplier gives its assurance that no third-party rights to the tools exist. If the Supplier has agreed to a reservation of title in exchange for assignment in advance of its debts (so-called extended reservation of title), it gives its assurance that it exercises unrestricted control over the tools and is also entitled to collect the debt assigned. As a precautionary measure, Valeo agrees to any assignments in advance resulting from extended reservation of title rights by its presuppliers.

3.6 For tools the costs of are spread over a defined quantity of series parts, the transfer of ownership provided for in section 3.2 shall be made under the condition precedent of delivery and payment of the defined quantity. Until the condition is fulfilled, Valeo shall hold the expectant right to the tool. Valeo shall be entitled to bring about the immediate acquisition of ownership by payment of an amount corresponding to the portion of costs of the outstanding deliveries (right of redemption).

3.7 The tools shall not be paid for (payment of the balance or full amount) until Valeo has performed successful initial sampling. The term of payment shall commence on the date of successful initial sampling.

3.8 Should the requirements of section 1.4 not be fulfilled by the supplier' third attempt at the latest, but no later than 2 months after the planned date for initial sampling, the tool shall be considered unsuitable and the initial sampling definitively failed. In this case, the collaboration shall be terminated, and payments received from Valeo by the supplier up to that point must be repaid within 30 days.

#### 4. Contractual penalty

If the Supplier misses a deadline or does not deliver the quantity required as per the order, it must pay 0.5 % of the order value for each week of the delay or part thereof, up to a maximum of 5 % of the order value. Furthermore, Valeo shall reserve the right to claim for any damage caused to it by the delay which goes beyond the contractual penalty. This provision relates to deadlines for tool completion and initial sample deliveries. In the event that initial sample deliveries are delayed, the contractual penalty shall relate to the tool order value.

#### 5. Lending

5.1 If Valeo does not make any other provision, the tools that have become Valeo's property shall be lent to the Supplier until revoked.

5.2 The lending of the tools to the Supplier shall take place with the proviso that the tools can be used solely to manufacture parts for the companies belonging to the Valeo Group. The Supplier shall not be entitled to manufacture parts for third parties with these tools, unless Valeo's purchasing department has consented to this in writing.

5.3 The tools lent to the Supplier must immediately be permanently and visibly labelled as property of Valeo by the Supplier. The tools must be labelled with the tool numbers determined by Valeo. Furthermore, the ID number of the part to be manufactured must be affixed to the tool in such a way that it cannot be detached. The tools may not be surrendered or pledged to third parties. Notification must be given immediately of any violation of Valeo's rights by third parties.

5.4 The Supplier shall be fully liable to Valeo – irrespective of fault – for any damage, deterioration, complete or partial loss of the tools surrendered to it. It must adequately insure the tools against fire, theft and water damage at its own expense for the duration of the transfer.

Proof of insurance must be presented to Valeo upon request.

5.5 The Supplier shall be obliged to keep the tools in perfect condition at its own expense. Any necessary repair and maintenance work must be performed properly and professionally without delay.

5.6 If tools are surrendered to the Supplier with the proviso that they must be used to manufacture parts for Valeo, initial sampling must be carried out again (in accordance with QC1) following significant changes or repairs to the tools.

5.7 Valeo undertakes to order the delivery items to be manufactured using the tools exclusively from the Supplier during the term of the agreement, provided that the Supplier remains competitive in terms of technology, quality, deadlines, logistics and pricing. The prices for the delivery items manufactured using the tools will be negotiated and determined separately.

5.8 If tools are recalled by Valeo, they must be delivered to Valeo in perfect refurbished condition. It must be ensured that the remaining output quantity can be manufactured to the required quality standard. If this is not the case, Valeo shall be entitled to perform or have the necessary repairs or reworking performed at the Supplier's expense.

5.9 Valeo shall be entitled to inspect tools and equipment surrendered to the Supplier at any time by prior arrangement.

## **6. Obligation to notify in the event of bankruptcy or settlement**

The supplier undertakes to inform Valeo immediately if it applies for or initiates insolvency proceedings, if measures on the basis of the Insolvency Act are taken or if creditors undertake garnishments or other measures on the tools.

In the event of garnishment, the Supplier will inform the garnisher in writing of Valeo's rights and will provide Valeo with all necessary information and documents required for an intervention.

The tools will be released immediately upon request. The Supplier shall not have any rights of retention.

Where tool costs have been paid in part, an invoice may be issued to Valeo for the residual value of the tool. The residual value shall amount to the original purchase value of the tool less any partial tool cost paid, less the tool cost that have already been redeemed through the quantity of parts already delivered.

## **7. Execution of the agreement**

All correspondence relating to the agreement, as well as amendments and additions, must be conducted solely with Valeo purchasing department. Proposals made by the Supplier shall only become legally binding once they have been agreed to and approved in written form by Valeo purchasing department.

## **8. Right to terminate**

Up to the time of successful initial sampling in accordance with section 1.4, Valeo shall be entitled to cancel the tool order. The supplier shall in such a case be entitled to claim compensation for the tool costs that are proven to have been incurred until the time of cancellation, but no more than the tool costs laid down in the contract. Such a claim shall be barred if termination takes place because Valeo has reasonable grounds to believe that the Supplier will not be able to meet the agreed delivery times, the agreed prices or the quality standards of the object of delivery.

Should the supplier not meet the agreed completion dates or definitively fail the positive initial sampling in accordance with section 3.8, the

supplier shall be obliged to compensate Valeo for all losses Valeo incurs due to the failure to supply.

### **9. Tool lists**

The Supplier must keep a list of tools. The list must contain all tools/toolsets used to manufacture parts for Valeo with tool numbers, where available. Next to the individual tool positions are the ID numbers of the components manufactured using the tool/toolset. This tool list must be provided to Valeo on request.

### **10. Final provisions**

Agreements not included herein shall not be valid. Additions and subsequent amendments to this agreement must be effected in written form. Evidence for the content of the agreement and for the revocation of written form must comply with this form.

This agreement shall also be valid in full for tools that were manufactured before the signing date of this agreement on behalf of Valeo, or were procured by another means on behalf of Valeo.