

**GENERAL PURCHASING TERMS AND CONDITIONS FOR SUPPLIERS OF  
FUGRA, S.A. DE C.V.  
Version IV.**

July 2013

---

FUGRA, S.A. de C.V. (hereinafter referred to as “FUGRA”) and its supplier(s) (hereinafter, referred to as “Supplier”), hereby agree that the following terms and conditions are applicable and shall govern each and every commercial transaction between the parties. In the event of a conflict between the provisions set forth herein and any of Supplier’s acceptance documents, these terms and conditions shall control. FUGRA shall not be bound by any changes, modifications, or alterations of these terms and conditions unless specifically agreed to by FUGRA in writing.

**NOW, THEREFORE**, for good and valuable consideration, the adequacy, sufficiency and receipt of which is hereby acknowledged, the parties agree to the following:

## **1. DEFINITIONS**

The following definitions shall apply to these GENERAL PURCHASING TERMS AND CONDITIONS (hereinafter referred to as the “Conditions”) all of which are a material part of the Purchase Order and shall have the following meanings:

**Purchase Order:** The document issued either via e-commerce (through the FUGRA approved systems and/or media) or in writing which identifies the Goods to be purchased and/or Services to be contracted with the Supplier under the said order and these Conditions, without prejudice to any other additional documentation regarding specifications or modifications and which shall become part thereof.

**Acceptance of the Purchase Order:** The unequivocal expression of a party acting on its own behalf or through its legal representative, managers or executives or through any individual vested with sufficient authority to bind its principal, whereby such party agrees in writing or by electronic means to adhere itself to the commercial conditions submitted by the other party with compulsory intent, as well as with the simple delivery of the Goods and/or with the performance of Services.

**Goods and/or Services (“Goods” or “Services”; if referred to individually):** All parts, objects, components and/or services (whether or not complementary) as production, service parts, raw material, tools, engineered and/or designed to be provided in accordance with a Purchase Order.

**Conditions:** These terms and conditions, which are general in nature, have a binding effect upon all FUGRA suppliers, and are a material part of the Purchase Order.

**Documentation:** Any contractual undertaking executed in addition to the Purchase Order and these Conditions including but not limited to offers, quotations, working papers, specifications and requirement catalogues, rules, nomination letters, sketches, outlines, plans or any other type of Annex or in general any information contained in electronic or printed means and received by the Supplier in order to fulfill the requirements set forth in the Purchase Order.

**Samples:** Any example of the Goods or Services requested from the Supplier through the Purchase Order and regardless if provided for a fee or free of charge.

**Means of Manufacture:** Any machinery, device, proving method or inspection procedure, trim die, tooling, or all other means used within a production process regardless if referred to in the Purchase Order as the acquisition object itself or incidentally, as an auxiliary aid in manufacturing the Goods and/or performing the Services set forth in the Purchase Order.

**Conflict Minerals:** Are those that are defined, at the date of delivery of supplies, as such by the Securities and Exchange Commission ("SEC") of the United States of America, which may include, but are not limited to the following materials: (a) columbite-tantalite (coltan) from which tantalum is extracted, Cassiterite (the metal ore from which tin is extracted) Gold; wolframite (the metal ore from which tungsten is extracted), or their derivatives, or (b) any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of Congo, or in a neighboring country.

## **2. PURCHASE ORDER**

The Supplier hereby recognizes and unconditionally binds itself to these Conditions and further acknowledges that these Conditions and any applicable Documentation are a material part of the Purchase Order, with which the Supplier agrees to be bound. Supplier acknowledges and agrees any other covenant, including Supplier's Terms and Conditions of Sale is null and void unless expressly agreed to in writing with reference to these Conditions and signed by the authorized legal representatives of the parties.

The Purchase Order is legally binding upon both parties following its confirmation by the Supplier by way of electronic means acceptable to FUGRA or else materially, by handwritten signature on the Purchase Order itself and/or where the Supplier has already begun performance of the Purchase Order. Notwithstanding the above, where the Samples supplied do not fulfill the agreed upon specifications, FUGRA shall be entitled to revoke any Purchase Order without liability to Supplier.

The Supplier may not transfer, assign, subcontract, or delegate its duties or obligations under an accepted Purchase Order without the prior written consent of FUGRA.

### **3. DELIVERY**

Delivery of purchased Goods and/or Services must be executed by the Supplier in accordance with the specifications, volumes, characteristics and distribution terms set forth in the Purchase Order and in accordance with all time and place requirements shown in the delivery schedules. Time is of the essence with respect to performance of Supplier's obligations under a Purchase Order.

In case the period of acceptance of a Purchase Order is not specified, the term shall be considered as open for one year from the date of issuance, unless earlier terminated by FUGRA. **FUGRA shall not be obligated to accept any deliveries after the date the Purchase Order is terminated.**

#### **3.1 LATE DELIVERIES**

In the event that the Supplier is unable to perform scheduled deliveries on time, Supplier must provide written notice to FUGRA, and FUGRA may, at its option, elect to:

- 1) Receive Goods and/or Services rendered notwithstanding default.
- 2) Contract for replacement Goods and/or Services from third parties at the Supplier's expense.
- 3) Without any liability for FUGRA, to terminate Purchase Order.
- 4) Compel performance of the Purchase Order.
- 5) If there had been already a breach, to rescind the Purchase Order without liability to FUGRA.

The exercise of any of the above options does not operate as a waiver of FUGRA's right to seek damages, or payment of any costs or expenses incurred as a result thereof, and FUGRA reserves the right to require the Supplier to specifically perform the Purchase Order in accordance with its terms.

In the case Supplier cannot complete in time the deliveries as requested by FUGRA, the Supplier shall pay all charges necessary to expedite delivery in order to enable the Supplier to meet the delivery schedule. The Supplier shall ship all late shipments by express or other priority methods of delivery at its expense as directed by FUGRA.

#### **3.2 CONFORMITY OF GOODS AND SERVICES**

All Goods and/or Services delivered by Supplier must conform with the Conditions set forth in the Purchase Order in order to be accepted. FUGRA reserves the right to review and inspect the quantities, measurements, weights and other agreed upon specifications for the Goods and/or Services in order to determine conformity of the Goods and/or Services. Failure of FUGRA to review or inspect the Goods and/or Services, or the payment therefore, shall not be deemed an acceptance. Supplier agrees to indemnify and hold FUGRA harmless for losses incurred as a result of Supplier's failure to deliver conforming Goods.

The Supplier agrees to coordinate the deliveries in accordance with the delivery schedules of FUGRA. The Supplier shall not deliver Goods greater than or less than the amounts agreed upon by the parties, except with the prior written consent of FUGRA. Without such authorization, any additional costs accruing on FUGRA due to the Supplier's noncompliance shall be borne by the Supplier.

### **3.3 PACKAGING, DELIVERY, TRANSPORTATION AND RISK**

FUGRA reserves the sole right to determine the route, transportation mode, means of packaging, and terms of remittance for the Goods. The Supplier will be held liable for any loss or damages arising out of improper packaging, handling, and/or transportation of the Goods. All invoices, and forms must be used in accordance with FUGRA instructions. The Supplier will follow FUGRA's instructions, for unloading, handling, return, packaging and disposal procedures. Unless otherwise agreed in writing by the Parties, for each supply an invoice shall be issued.

All Goods shall be suitably packed by the Supplier to avoid damage and shall be duly marked and shipped in accordance with the requirements of common carriers to ensure secure and reasonable transportation so that the Goods arrive in good condition at the delivery point at the lowest transportation cost possible. No additional charge shall be made to FUGRA for packaging or shipping, unless otherwise agreed to by FUGRA in writing.

In the case of Goods that come from outside of the United Mexican States (hereinafter "Mexico"), any import/export permits or authorizations required to export or import such Goods shall be of Supplier's responsibility, unless otherwise agreed, as well as the necessary documentation to enable FUGRA to fulfill the import if any.

The Supplier covenants to follow the instructions made by FUGRA regarding the unloading and the return of Goods, as well as for the return, disposal and maintenance of the means of packing and packaging.

The Supplier shall be responsible for the cleaning, replacement and repairing costs of any reusable dunnage, delivery cartons or other materials delivered to the Supplier by FUGRA.

The transfer of title and risk of loss with respect to the Goods shall be DDP (INCOTERMS 2010), FUGRA's place of business, unless otherwise agreed to by the parties.

The Supplier shall not deliver Goods without the corresponding Purchase Order. All deliveries must conform with the delivery terms set forth in the Purchase Order or related Documentation. FUGRA shall not be held accountable for excess or shortage of Goods due to non-compliance with FUGRA instructions.

FUGRA further reserves the right to cancel any Purchase Order in whole or in part, without any liability, in the event of the following:

- 1)** Breach by the Supplier of any Conditions set forth in the Purchase Order, in which case Supplier shall be liable for any damages resulting therefrom.
- 2)** The (i) insolvency of Supplier; (ii) filing of a voluntary or involuntary petition in bankruptcy by or against Supplier; (iii) appointment of a receiver or trustee for Supplier; (iv) execution of an assignment for the benefit of creditors of Supplier; provided that such petition, appointment or assignment if made or filed against Supplier is not vacated within 60 days of such event.
- 3)** The occurrence of any force majeure events (as defined in paragraph 9) which persist for a thirty (30) day period.

The Supplier may be excused from any particular obligation under the Purchase Order, provided that such excuse does not operate as a waiver of any future obligation, nor a waiver of any right, action, title or privilege of FUGRA hereunder.

#### **4. SAMPLES AND PROTOTYPES**

The delivery of Samples and prototypes must take place within the agreed upon timeframes and must comply with the rules of any quality certification systems applied by FUGRA. Such systems may apply to new components, modification of specifications and changes in procedures affecting dimensions, functions and materials. Any additional costs as well as damages resulting from late deliveries of Samples or prototypes shall be borne by the Supplier. In the event that the Purchase Order covers Samples and/or quotations, this circumstance shall not imply a duty by FUGRA to approve such Samples or quotations, neither a duty to cover related expenses by FUGRA (unless otherwise agreed), nor a duty to enter into a binding agreement concerning the Goods and/or Services relating to such Samples.

All Goods and/or Services supplied by the Supplier must be consistent with FUGRA's specifications, Samples, quotations and security measures whether set forth in the Purchase Order, related Documentation or whether requested expressly by FUGRA as a means to comply with binding requirements, or any other FUGRA requirements. The Supplier further warrants that the Goods and/or Services shall be free of all defects, whether latent or patent, and that any materials used shall be new, of high quality and processed by qualified labor. The Goods and/or Services must fit the particular purpose specified by FUGRA. The Supplier will undertake all testing required by FUGRA through the Purchase Order Documentation, or other requirements in order to satisfy all quality and security standards demanded by FUGRA's customer, and by the national and international automotive industries. All testing undertaken by the Supplier must be properly documented and kept on file for a period of time specified by FUGRA.

The Supplier shall permit FUGRA personnel necessary access to its facility in order for FUGRA to inspect and audit all pertinent books and records pertaining to the Goods and Services performed under a Purchase Order in order to verify compliance with the provisions of this paragraph 4. In the event Supplier's action or inaction shall trigger such inspection, the Supplier shall bear all costs of the audit, including the cost of any testing or re-testing regardless if undertaken by FUGRA, a third party or the Supplier itself, excluding the cost of the prototype approval test itself, if applicable.

#### **4.1 SPECIFICATIONS, TESTING AND QUALITY**

The Supplier shall have quality control procedures consistent with the state of the art of the technology. The Supplier shall operate according to specifications and quality control regulations certified or certifiable under , , ISO TS-16949 and QS-9000 and/or ISO 14001 and any other quality control regulation required in the time and manner specified by FUGRA.

The Supplier shall obtain third party certifications regarding the compliance of ISO 14001 in all the Supplier facilities where the Goods are manufactured with an environmental impact.

At the Supplier's request, FUGRA may jointly analyze any methods and testing procedures and exchange knowledge with the view of insuring common and mutually acceptable testing procedures.

FUGRA reserves the right to inspect and audit the testing and quality assurance procedures at any time in order to assure the required compliance. In the event of non-compliance with quality assurance standards, should FUGRA incur any costs in order to correct by itself or through a third party, any actual or potential claims, such costs shall be at the Supplier's expense including the cost of any replacement Samples and the cost of the audit.

FUGRA shall not be subject to, and Supplier hereby waives, any statute of limitations defenses applicable to FUGRA's right to bring any claims or causes of action against Supplier that the Goods are subject to any hidden or latent defects. FUGRA shall recover all related expenses and reserves the right to set off any amounts due against any future payments to the Supplier.

In the event of Goods and/or Services (hereinafter "Defective Goods") do not comply with the agreed upon specifications, FUGRA may additionally choose to proceed as follows:

- 1) cure Defective Goods or re-perform the non-conforming Services at the Supplier's expense, or**
- 2) procure supplies from a third party at the Supplier's expense (including the cost of any additional Tooling needed for said procurement), or**
- 3) demand from the Supplier the defect be cured and the Goods delivered accordingly and in the required time, or**
- 4) return the Defective Goods to the Supplier at Supplier's sole risk and expense, or**
- 5) require the Supplier to pick up the Defective Goods at Supplier's risk and expense, or**

6) terminate the Purchase Order.

#### **4.2 SECURITY MEASURES**

All dangerous, risky, flammable, explosive, disposable or hazardous Goods shall be labeled and marked by the Supplier to ensure that personnel handling these Goods are sufficiently warned of the nature of the goods handled by using preventive language such as “Danger”, “Hazard”, “Explosive” or the like, in accordance with applicable Mexican and International Regulations, including standard ANSI Z535.

#### **4.3 MANDATORY DOCUMENTATION**

The Supplier acknowledges and agrees that all components requiring validation tests or which are subject to compliance of safety standards as shown in FUGRA drawings and / or specifications must be manufactured accordingly. The Supplier further acknowledges that it shall undertake all mandated testing in addition to all certification requirements and furnish proof of certification by an authorized certification agency. The Supplier acknowledges and agrees that it shall comply with and abide by all rules prevailing in the automotive and automotive component industries.

In the event that a governmental agency subjects FUGRA to production process inspections and/or inspects production documents, the Supplier shall at all times and at no cost, assist FUGRA and allow FUGRA or its designated agent unrestricted access to its facility in order to review and inspect any relevant documents pertaining thereto.

The Supplier covenants that if any governmental authority (particularly the Mexican authority) investigates acts committed by the Supplier abroad, the Supplier shall give a timely, accurate and prompt response to the requesting authority. The Supplier covenants to provide to the satisfaction of the authority all the necessary information to support and validate the Certificate of Origin issued on behalf of FUGRA regarding the preferential tax treatment to its Goods in accordance to the rules of origin established in the North American Free Trade Agreement or any other applicable Free Trade Agreement.

The Supplier covenants that such Certificates of Origin issued on behalf of FUGRA, shall adhere to the official format in terms of form (according to the instructions of filling) and substance (calculation memory). If for some reason, the authority would determine the nullity of a Certificate of Origin provided by the Supplier, forcing FUGRA to make the payment of the taxes or customs duties omitted by the Supplier, the Supplier shall reimburse all the taxes, customs duties, expenses and costs incurred by FUGRA resulting therefrom.

Relevant documents shall include, but are not limited to information on registrations, certificates, certifications, manufacturing sites and safety components. The Supplier shall keep the corresponding records for up to (15) fifteen years after the last supply of Goods; such records shall be available to FUGRA, final clients of the Goods and governmental agencies for review and inspection.

The Supplier warrants and represents that the Goods shall comply with applicable rules of United States of America, European Union and the United Mexican States, as well as the legislation in the countries where the Goods shall be used or sold.

#### **4.4 WARRANTY**

The warranty period shall be determined by FUGRA, but in no event shall be less than that period of time required by FUGRA's customer purchasing the Goods, which warranty period shall begin on the date of FUGRA's purchase, and continue for the period of time specified by FUGRA's customer to the end user. During the warranty period, Supplier warrants the Goods/Services will be free of defects in workmanship and material, conform to all specifications, drawings, Samples and performance requirements referenced in the Purchase Order or Documentation. Supplier further warrants that it will transfer title to the Goods delivered and Services provided free of liens and encumbrances of third parties.

In the event the Goods and/or Services do not conform to the foregoing warranties, FUGRA may elect to pursue the remedies set forth in paragraph 4.1.

In the event of claims against the Supplier for any hidden or latent defects in the Goods and/or Services), FUGRA shall have the right to set off any payments due the Supplier in proportion to the extent of such claim.

It is agreed by the Supplier that any quality test reports, acceptance documents, the reception of, or payment for the Goods and/or Services by FUGRA shall not operate as a waiver or affect any right of FUGRA to claim breach of warranty against the Supplier.

#### **4.5 MEANS OF MANUFACTURE AND EQUIPMENT**

In the event that the Supplier does not have the necessary tooling, machinery or equipment required for the manufacture of the contracted Goods and/or performance of Services, the parties shall endeavor to obtain such resources. The acquisition of any such Means of Manufacture shall be subject to a separate agreement executed by the parties.

All Means of Manufacture, Documentation, Samples, and the like provided by FUGRA or finished by the Supplier in accordance with FUGRA's instructions, shall not be sold, transferred or given as a security towards third parties without the prior written consent of FUGRA. All Goods manufactured with the said means or devices shall be exclusively delivered to FUGRA or a party designated by FUGRA.



#### **4.6 MATERIALS SUPPLIED BY FUGRA**

Unless expressly set forth in a Bailment Agreement separately executed by the parties, any materials supplied by FUGRA to Supplier shall be subject to the following conditions:

Whenever FUGRA provides the Supplier with the necessary Tooling (defined hereinafter in paragraph 6), Documentation or other materials, to perform the Purchase Order, the Supplier shall review and approve such Tooling, Documentation and materials prior the use of the same. The Tooling, Documentation and materials so provided will at all times remain the property of FUGRA and shall only be used to perform the Purchase Order and must be returned to FUGRA upon request by FUGRA within three (3) working days of the date of such request.

FUGRA, and its designated representatives, shall be granted access to the Supplier's facility in order to verify due compliance of the condition of the manufacture, use of any of the materials supplied by FUGRA, as well as any other information regarding the Goods. The Supplier shall protect against and be responsible for any damage, loss, misuse, theft, or abuse (reasonable wear and tear excepted), occurring to the Tooling, Documentation of other materials supplied by FUGRA. Otherwise, Supplier shall be responsible for all costs associated with repair, replacement or maintenance of the materials supplied by FUGRA.

The corporate name, as well as the trademarks, logos, designs and other protected rights of the companies that are part of the group of companies and controlling companies of FUGRA, as well as the part numbers, shall be marked in accordance with any instructions provided by FUGRA.

#### **5. PRICES, INVOICES AND PAYMENT CONDITIONS**

All prices shall be firm for the time period specified on the Purchase Order, and may not be modified without the express written consent of FUGRA. The Supplier warrants that all Goods and/or Services mentioned in the Purchase Order shall be competitive in terms of price, technology, design, quality, and performance when compared to similar products available in the world market. If in FUGRA's reasonable opinion, any of the Supplier's Goods and/or Services which are the subject of the Purchase Order are no longer competitive, the Supplier will be informed in which field the similar product or service, offered by another supplier, is more competitive. In the event the Supplier does not accept or adapt to the terms required to make the Goods/Service competitive to those available on the world market within a reasonable period established by FUGRA, the Supplier recognizes and accepts that by written notice, FUGRA may cancel the Purchase Order without liability to Supplier.

All shipments of Goods shall contain the corresponding invoice, which shall include at least the following information:

1. Date of shipment, place and date of issuance
2. Number of Purchase Order,
3. Design or reference of the Goods in accordance with Purchase Order,
4. Description of Goods according to Purchase Order,
5. Quantity, unit of measure and type of goods or merchandise or description of the service, or the use or enjoyment covered
6. Accounting units,
7. Lot number
8. Invoice number,
9. Agreed price without Value Added Tax (VAT),
  - 1.- Taxpayer Identification Number of issuer of invoice and taxation under applicable Income Tax Law of issuer. In the case of taxpayers with more than one establishment or facility, you must indicate the address of the facility or establishment in which tax receipts are issued.
  - 2.- Number of digital stamp sheet and Tax Administration Service, referred to in section IV, paragraphs b) and c) of Article 29 of the Fiscal Federal Code, as well as the digital seal of the issuing taxpayer.
  - 3.- Taxpayer Identification Number of the person to whom it is issued.
  - 4.- Unit value reflected in number.
  - 5.- Total amount allocated reflected in number or written out in words.
  - 6.- Number and date of customs document, when it refers to firsthand sales of import goods.
10. Any other data required under applicable tax regulations.

Absent an agreement to the contrary, payment of all invoices shall be made in accordance to the established in the Purchase Order, that shall always take place after delivery and receipt of Goods and/or performance of the Services, and of all the necessary items and documents provided to FUGRA free of any error. Failure to do so shall result in FUGRA being entitled to retain or defer payment without the loss of any bargained for concessions or discount prices. Supplier hereby authorizes FUGRA the right to set off any amounts due the Supplier as a result of Supplier's non-compliance with the terms of a Purchase Order.

The form of currency to settle the financial obligations of FUGRA shall be set forth in the Purchase Order.

The Supplier and FUGRA agree that if there is a deviation between the Mexican Peso and the United States of America Dollar or in respect to the EURO of the European Union, greater than 10% in a period of thirty (30) days, immediately after such event, the Purchase Order shall be reviewed, renegotiated or may be canceled.

FUGRA shall pay for all accepted Goods and/or Services that conform with the Conditions set forth in the Purchase Order.

The Supplier accepts the payment of the Goods and/or Services covered in the Purchase Order and approved by FUGRA, by electronic funds transfer. Any deviation or error in the transfer caused by a third person that shall make a delay in payment shall not be responsibility of FUGRA.

The claims and/or rights of the Supplier against FUGRA that might result from the Purchase Order shall not be assigned to third persons without the prior written consent of FUGRA. FUGRA shall be lawfully entitled to withhold payments to the Supplier in the event FUGRA is required by judicial mandate, authority or legal disposition to refrain from making the aforesaid payments and/or make them available to the corresponding authority.

The Supplier shall sell to FUGRA the necessary Goods to comply with the service of the current models and the requirements of the spare parts at the purchase price set forth in the Purchase Order, for up to 15 years after termination of the series production of the model.

The Purchase Order shall be modified only by written amendment issued by FUGRA.

FUGRA reserves the right to modify (increase or decrease) at any time, the amount of the Purchase Order, as well as technical data, drawings, specifications, packaging methods, packing and shipping conditions, upon prior written notice; should such changes signify any price variations, the Supplier shall give FUGRA within ten (10) business days a written notice providing the necessary support for which the price variations is based. FUGRA shall review such notice and may accept or reject such variations. In case the parties do not agree within fifteen (15) business days after notice of rejection of such variations, FUGRA may cancel the Purchase Order, in whole or in part and continue with the Goods and/or Services without the projected changes, and consequently without any price variations. In any case, FUGRA shall have the right to terminate the Purchase Order, without any liability to Supplier. The Supplier assumes all risks associated with any accepted changes, and warrants and represents to have the entire financial documentation necessary to validate such price variations. The Supplier hereby releases FUGRA from any liability as a consequence of the aforementioned price variations and waives any right or legal remedy against FUGRA, and further undertakes to comply with all the obligations arising hereunder.

## **6. SUPPLIER RESPONSIBILITIES**

The Supplier hereby expressly recognizes that the manufacture of Goods and/or the Services to be rendered in accordance with the Purchase Order fall within the scope of its regular business activity in which the Supplier is specialized and which it renders to FUGRA in a non-exclusive manner.

In addition to this, the Supplier further acknowledges that it has the necessary technological infrastructure and human resources to properly comply with the Goods and/or Services covered by the Purchase Order. All employees and personnel working for the Supplier shall be the latter's sole responsibility. The parties are independent contractors; no employment or work relationship shall exist between FUGRA and personnel of the Supplier, or created as a result of a Purchase Order. Any obligations towards the Supplier's personnel under applicable labor laws and social security laws shall be the liability of the Supplier only. It is understood that the Supplier shall at all times hold FUGRA harmless against any claims by personnel, employees, contract workers or suppliers directly or indirectly related to the Supplier and to compensate FUGRA for any loss or expense including attorney fees, costs, expenses or any quantity to which FUGRA could be ordered or that could derive from such third party actions.

Should the Supplier subcontract its own suppliers with the consent of FUGRA, Supplier will remain primarily liable to FUGRA for the performance of all obligations arising under a Purchase Order.

The Supplier shall protect the tooling, jigs, dies, gauges, fixtures, molds, patterns, supplies, materials and other property used to manufacture the Goods and/or perform the Services ("Tooling") while it is under its custody or control until transferred back to FUGRA. The Tooling shall be held at the Supplier's risk and shall be insured by the Supplier for the full replacement cost of the Tooling, at the Supplier's expense by a recognized insurance company approved by FUGRA that shall identify FUGRA as an additional insured and that shall cover:

- 1)** any risk for damage or loss (including force majeure or fortuitous cases) of the Tooling,
- 2)** liability derived from the non-compliance of the Supplier manufacturing obligations, and
- 3)** damages that could be caused to any third party by the Goods or due to the manufacture of the same, as well as for the rendering of Services to FUGRA.

In the event of any claims, causes of actions or other liabilities for injury or death to persons, property damage, economic loss, and any resulting damages, losses, costs and expenses (including reasonable attorney's fees) shall arise as a result of non-compliance, nonconformance, deviation and/or defects of any kind in the Goods provided (or rendered Services) regardless of whether the claim or demand arises under tort, contract, strict liability or other legal theory, Supplier shall at all times hold FUGRA harmless against such claims and shall reimburse FUGRA all the damages and other expenses paid due to such claims against FUGRA, in the corresponding amount as if the Supplier would have been directly liable to such third parties. In the event of a recall campaign ("Recall Actions"), the Supplier shall be liable up to the legal scope of its own responsibility. FUGRA shall inform the Supplier in any case about any suits and claims received and shall give the Supplier the opportunity to solve Recall Actions. Both parties shall coordinate the measures to take, particularly in negotiations of any judicial and extra-judicial agreements. The Supplier shall have at all times an insurance policy (Liability / Product Liability) with a sufficient coverage for any risk or liability the Supplier could incur, as well an insurance with coverage for Recall Actions, and such policies of insurance shall name FUGRA as an additional insured.

The Supplier warrants and expressly agrees to manufacture and to obtain the spare parts for the Goods involved in Recall Actions at its costs, and to substitute them with corrected Goods; additionally Supplier shall cover all the expenses related with up to its liability limit.

Should it be alleged or determined that non-compliance of Goods provided by the Supplier is the cause of any Recall Action, the Supplier shall defend, indemnify and hold harmless FUGRA, its affiliates, subsidiaries, directors, officers, employees, agents and other representatives from and against all expenses and costs of such Recall Action.

Should the insurance policies be partially or fully terminated, the Supplier shall be liable for all the resulting indemnification payments, that shall have to be covered with its own resources up to the amount of any claim of the aforementioned concepts.

The Supplier agrees to obtain the necessary permits and/or government authorizations for the full compliance of the Purchase Order, of which these Conditions are part of; the Supplier warrants to provide the necessary and/or convenient information for FUGRA should FUGRA have to provide it to third parties or if FUGRA would have to obtain by its own such permits or government authorizations.

Should the Supplier conduct any work inside or outside of FUGRA's premises or be using goods of FUGRA, the Supplier shall indemnify and keep FUGRA harmless against any liability, claim, demand and expenses (including professional contracted fees), for damages against FUGRA's property or injuries (including death) of the Supplier's or FUGRA's employees, as well as of any third party, caused by the works of the Supplier or the use of the Goods in FUGRA except caused by FUGRA's negligence.

By merely complying with a Purchase Order, the Supplier declares under penalty of perjury, that the product supplied is free of Conflict Minerals.

## **7. EARLY TERMINATION**

FUGRA may terminate at any time and for any or no reason a Purchase Order, without declaration or judicial notification, by giving thirty (30) days prior written notice to the Supplier. The same shall apply in the case that FUGRA has to terminate a Purchase Order or suspend partially, or in full, its operations because of strikes, closures, interventions of authorities and in general due to any force majeure event (as defined in paragraph 9), deviations in FUGRA's customer purchase requirements, and accidental cases or causes beyond the control of FUGRA. The parties agree that such termination shall not generate any liability or obligation of any kind to FUGRA.

FUGRA reserves the right to immediately terminate in full or in part any Purchase Order, without any legal responsibility to FUGRA, in the following cases:

1. Due to non-compliance of the Conditions established in the Purchase Order, in which case the Supplier shall be liable for the damages caused to FUGRA, or
2. The (i) insolvency of Supplier; (ii) filing of a voluntary or involuntary petition in bankruptcy by or against Supplier; (iii) appointment of a receiver or trustee for Supplier; (iv) execution of an assignment for the benefit of creditors of Supplier; provided that such petition, appointment or assignment if made or filed against Supplier is not vacated within 60 days of such event.

The excuse of the Supplier for non-performance of its obligations established in the Purchase Order shall not constitute novation or waiver of FUGRA to exercise any right or remedy.

In case of early termination of the Purchase Order by FUGRA, the following shall apply:

1. Balance between deliveries and payments in order to determine if balances of delivery and payment are pending,
2. Review and solve any pending claim,
3. Conclude the manufacture of Goods of the pending respective Purchase Order, as may be determined by FUGRA at the moment of the notice of cancelation or early termination,
4. Deliver to FUGRA the Tooling, Documentation and other materials supplied by FUGRA,
5. To transfer to FUGRA, without exceeding the authorized amounts, the work in process and the acquired materials related with the manufacture of the Goods appointed in the Purchase Order that shall have to be of the specified kind and quality same, and that shall may not anymore be used by the Supplier to manufacture of the Goods referred in the Purchase Orders of FUGRA.

## **8. CONFIDENTIALITY**

Except in the performance of its obligations under this Purchase Order, the Supplier shall not use or disclose any drawings, Samples, prototypes, plans, designs, trademarks, patents, utility models, trade secrets, financial data, technical or business data (“Confidential Information”) and in general any item and / or information received from FUGRA, as well as any other items provided or delivered to the Supplier by FUGRA, such as: Tooling, Documentation, Means of Manufacture and any other materials. The Supplier must protect such against damage and / or loss and insure these against any kind of risk, for which FUGRA shall be named as an additional insured under the corresponding policies.

The Supplier shall not sell to third parties any of the Goods furnished with the general information or Confidential Information provided by FUGRA, and/or as a result of reverse engineering.

The confidentiality covenant shall remain in force even after the Purchase Order is terminated or revoked. Confidential Information shall at no time be accessible to third parties unrelated to the business relationship tying FUGRA and the Supplier. Under no circumstance will the Supplier be allowed to use Confidential Information provided by FUGRA in order to sell components or render services to third parties, unless it obtains prior written consent from FUGRA. The Supplier further agrees not to disclose such information to third parties other than to its employees, subcontractors, or other persons only on need to know basis and that bind the Supplier to at least the same terms of confidentiality as stated hereunder.

The following events, however, shall not be considered to constitute a breach of the confidentiality covenant:

1. That the information was known already by the Supplier because it could easily be of general knowledge to an expert on the subject matter.
2. That the information was in the public domain prior to the date of disclosure by the Supplier, or that it subsequently entered the public domain through no fault of the Supplier.
3. That the Confidential Information would have to be disclosed upon mandatory notice from a judicial or administrative governmental authority (in which case the Supplier shall immediately notify FUGRA of said release).

In the event of termination of the Purchase Order, the Supplier shall immediately return to FUGRA all items containing Confidential Information and destroy any copies thereof within the following three (3) working days upon receipt of requirement or at FUGRA's option, destroy all such Information. The Supplier shall certify such destruction to FUGRA.

The use of the FUGRA trade name or any trademarks, logos, designs and other protected rights of FUGRA and the marking of components with such trade names or component numbers shall be undertaken whenever FUGRA provides licensed rights in this regard.

The Supplier is not authorized to use the trademarks and/or name and/or logos of FUGRA without written authorization of FUGRA. The Supplier warrants FUGRA that the performance of its obligations under this Purchase Order shall not infringe patents, trademarks, copyrights, industrial or intellectual property rights nor to any other rights of third parties protected by law. If due to any reason FUGRA should receive any claim affecting such third party rights, the Supplier shall (i) procure the right (by license or otherwise) to continue supplying the Goods on a non-infringing basis; and (ii) defend, indemnify and hold harmless FUGRA, in full against all loss, liability, damages, costs and all expenses including attorney and expert fees arising directly or indirectly out of any third party claims, actions or lawsuits, alleging infringement of any intellectual property rights under applicable Law in connection with the components or services, alone or in combination with any parts or components or their manufacture.

The Supplier shall not advertise or publish (i) its relationship with FUGRA, (ii) the contract to manufacture or furnish the Goods, or (iii) the performance of Services under the Purchase Order, without the prior written consent of FUGRA.

Herewith the Supplier grants FUGRA a worldwide, irrevocable, free for use, and right to exploit (with the right to sublicense), to FUGRA or FUGRA's designee: All inventions, discoveries, concepts and all the materials, ideas, information and improvements, including, if any, the corresponding license for the operating of the software incorporated to the same, as well as of all registered trademarks, copyrights and any trademarks rights on products in development, and of all patent applications filed and patents granted on any development, including those filed in foreign countries, necessary or convenient for the use, sale or manufacture of the Goods.

The Supplier shall procure any document and perform subsequent actions that FUGRA deems necessary or useful to obtain, maintain, protect and enforce patents, copyrights, trademarks or any other intellectual property right which expenses shall be paid by FUGRA.

All work product, resulting or derived from, or made in the course of performing Services under a Purchase Order, including any invention (whether or not patentable), research results, software programs, written material, or derivative or modification of any background technology identified in an order (collectively "Work Product") will be considered "work for hire" unless already in the public domain. All right, title and ownership interest in the items of Work Product will be vested exclusively with FUGRA. All rights in and to the background technology specifically identified in a Purchase Order will remain with the Supplier, provided that, to the extent that any such background technology is included or incorporated into the Work Product, FUGRA is hereby granted a perpetual, non-terminable, royalty-free license to use, reproduce and distribute the same for any and all purposes. Supplier agrees to execute any and all documents and instruments as may be necessary to evidence, perfect, or otherwise confirm FUGRA's rights hereunder in respect of the Work Product. If by operation of law any Work Product, including all related intellectual property rights, is not owned exclusively by FUGRA automatically upon the creation thereof, then Supplier agrees to assign and hereby assigns to Purchaser all of the Supplier's rights in that Work Product, including all related intellectual property rights and goodwill associated therewith. Upon request of FUGRA, Supplier will promptly deliver all items or representations of the Work Product, in whatever form or media to Purchaser or its designee at no cost to FUGRA other than Supplier's actual out-of-pocket expenses included (such as shipping charges) in delivering such materials.



## **9. COMPLIANCE AND RISK**

All obligations deriving from the Purchase Order must be complied with in the agreed upon place and manner in accordance with these Conditions. The property and burden of loss of the Goods shall be placed with the Supplier and shall pass to FUGRA upon delivery and acceptance in accordance with terms established hereunder. It is the Supplier's obligation to obtain all necessary permits and governmental clearances to legally manufacture and supply Goods requested by FUGRA. The Supplier will comply and abide by all applicable laws, including Mexican Official Regulations (NOM) and International Treaties. The Supplier will comply with all procedures laid down by FUGRA for its suppliers as well as any environmental, safety and logistics procedures. Any visits to FUGRA's facility by Supplier shall be subject to the confidentiality and non-use provisions of paragraph 8, Confidentiality, and FUGRA's then current policies and procedures in place for onsite visits. For the avoidance of doubt, the use by Supplier of any photographic or digital imaging devices is strictly forbidden while visiting FUGRA's place of business.

The Supplier shall be held responsible for all damages accruing FUGRA due to violations of public laws as well as of disregard of internal regulations of FUGRA, previously provided to the Supplier in the Purchase Order or by any other separate document.

If any provision of the Purchase Order or accompanying documents is considered null and void, it shall not affect the validity of the remaining conditions or provisions. In the case of conflict of the terms of a Purchase Order and these Conditions, the corresponding terms of the Purchase Order shall prevail.

Neither FUGRA nor the Supplier shall be held liable for non-compliance due to force majeure. Events of force majeure shall include but not be limited to natural disasters or Acts of God, civil strife, war, strikes and labor unrest, acts of national or foreign governmental authority, expropriation, confiscation, embargoes, exchange controls and in general, all such events imposed on the parties and unforeseeable or uncontrollable in nature. Provided the Purchase Order has not been terminated by FUGRA, both parties shall strive for compliance with the Purchase Order and the Conditions upon a return to normality of the former circumstances.

## **10. INTERRUPTION OF THE SUPPLY**

The Supplier, at its expense, shall take the necessary actions to ensure supply of the Goods and/or Services to FUGRA. In case the Supplier suspends the supply for more than thirty (30) calendar days, the Supplier shall provide a guarantee to ensure that the interruption shall not exceed such period.

Should such situation continue for more than thirty (30) calendar days or if the Supplier cannot guarantee not to exceed such period, FUGRA reserves the right to immediately terminate the PURCHASE ORDER, without any liability to FUGRA.

The Supplier shall notify immediately to FUGRA regarding any labor problem, current or potential that could delay or be a threat of delay for the deliveries.

## **11. ENVIRONMENTAL POLICY**

FUGRA reaffirms its social and legal engagement towards protecting the environment. It therefore aims at generating environmental awareness among its employees, the Supplier and contractors. FUGRA's engagement includes preventing water, air and soil pollution, health hazards to human beings, protection of natural resources, recycling, sustainable development, compliance with applicable laws and environmental regulations, improvement of the Environmental Protection System and safe operation of its plants. This policy will be thoroughly communicated to FUGRA personnel and be available to the general public.

## **12. AUTONOMY AND INDEPENDENCE OF THE PARTIES**

The Supplier and FUGRA are independent contracting parties and do not intend that any agency or partnership relationship be created between them by the Purchase Order.

## **13. GENERAL PROVISIONS, JURISDICTION AND APPLICABLE LAWS**

Any notice by the Parties addressed to the address indicated in the Purchase Order shall be valid.

Where the Supplier is an individual or a controlled entity, addressed in the United Mexican States, both parties may prefer to submit their disputes to binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC), by one or more arbitrators chosen in accordance with such Rules. The location of the arbitration shall be conducted in Mexico City, Federal District. The applicable law shall be Mexican Law expressly excluding the United Nations Convention on the International Sale of Goods. The language of the arbitration shall be Spanish.

In the case the Supplier is a foreign individual or addressed abroad (outside of the United Mexican States), the parties may prefer to submit their disputes by binding arbitration in according to the Rules of Arbitration of the International Chamber of Commerce (ICC) by one or more arbitrators in the City of Detroit, Michigan, United States of America. The applicable law shall be the laws of the State of Michigan, United States of America, without regard to conflict of laws and expressly excluding the United Na-

tions Convention on the International Sale of Goods. The language of the arbitration shall be English.

When the Supplier is a provider of Goods that are not incorporated or directly related to the FUGRA production process or the manufacture of components and assemblies of FUGRA, at FUGRA's sole discretion, the applicable law of FUGRA's place of business shall apply.

The rights and resources reserved to FUGRA in these Conditions shall be cumulative and additional to any other recognized rights by law.

Supplier: \_\_\_\_\_ Fugra, S.A. de C.V.

\_\_\_\_\_

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Position: Legal Representative Position: Legal Representative

Place: \_\_\_\_\_ Place: Mexico–City, Federal District

Date: \_\_\_\_\_ Date: \_\_\_\_\_