

Special Purchase Conditions for Project Services of AVL Italy SRL (hereunder called AVL)

Edition May 2017

Unless otherwise agreed by the parties in writing, the following conditions shall apply to the contractual relationship, supplementing and prevailing over the general purchase conditions of AVL (GPC) in the event of any discrepancies. These special purchase conditions for project services and the GPC are deemed to be accepted upon commencement of order performance and the Contractor also accepts them as legally binding for all subsequent and additional orders. Any deviating or supplementary conditions of the Contractor shall only be applicable if they are expressly accepted in writing by us.

1. Performance of the Contractor

- 1.1 The Contractor is responsible for the result of the specific project services ordered.
- 1.2 At the time of commencing the performance, the Contractor shall provide us with details of a contact person having authority and responsibility to validly receive declarations and who facilitates the entire communication within the scope of the existing contractual relationships.
- 1.3 For all project services rendered within AVL premises, the Contractor shall strictly comply with the then applicable "Safety instructions for external companies / hired workers", the "Safety instructions governing the use of hazardous substances and / or poisons" and the AVL Fire Protection Code, (Italian law Dlgs 81/08) all of which constitute integral components of these special purchase conditions. The Contractor shall inform all of its employees and any third parties engaged by it who will be deployed on AVL premises of the foregoing rules in their entirety and shall ensure their compliance with the same. Before commencing work on AVL premises, the Contractor shall submit to the AVL project management a report of the instruction provided, which has been personally signed by each employee and any third party to be deployed on AVL premises, which report shall include the full names of all respective individuals involved and their car registration plates. If any additional employees or third parties are deployed on AVL premises in the course of executing the commissioned services, the relevant details and proof of their receipt of instruction shall be submitted unrequested.
If the Contractor is not yet aware of these safety instructions and the Fire Protection Code, it must

request details of the same from us. In the event of any serious breaches of the safety instructions (e.g. the ban on photography), we shall be entitled to immediately impose a ban on entry to any offending individuals deployed by the Contractor.

- 1.4 The Contractor shall inform us, unrequested, of any circumstances which could result in suspicion of false self-employment.

2. Order processing

- 2.1 Our orders are based on an offer submitted by the Contractor, which must include all the key details for the rendering of service/delivery, particularly the following:
 - The precise scope of service,
 - The fixed price, including all material and wage costs, all travel costs and any other ancillary costs incurred by the Contractor.
- 2.2 We shall review this offer and, where applicable, request any required modifications and then accept the offer when amended in due form by issuing an order ("individual contract").
- 2.3 Any overrun or underrun of the agreed fixed price shall remain the sole responsibility of the Contractor and any amounts resulting from the same shall not be settled or refunded by ourselves.

3. Variations and additional services

- 3.1 We may request variations to the contractual services at any time. The Contractor shall be entitled to reject the requested variation, when it appears infeasible to implement the same, within three working days of receiving the variation request. The Contractor shall issue a new written offer for any additional and supplementary services. Any additional services may only be rendered once a separate individual contract for the same has been concluded, otherwise no compensation shall be paid for the same. In the event of failure to reach agreement, we shall be entitled to terminate the individual contract, if adhering to the individual contract in question is unacceptable for us without the requested variation.
- 3.2 The new offer of the Contractor must be verifiably based on the original bases for calculation agreed in the first place between the parties.

4. Performance of contract

- 4.1 The Contractor warrants that its services are rendered on the basis of state-of-the-art project management (commensurate with the standards of the European vehicle industry) (particularly in terms of tracking of deadlines, costs and quality) throughout the entire term of the project.
- 4.2 Regular meetings shall be organised between ourselves and the Contractor to facilitate coordination and monitoring of the work. During such meetings, the progress of the project will be checked and, where applicable, corrective measures initiated. The regular meetings shall be held via telephone/Skype and in person at the premises of AVL, the Contractor or our customer.
- 4.3 Reporting shall be in accordance with our specifications, we shall provide the Contractor with a corresponding monitoring model.
- 4.4 The entire documentation concerned must be drawn up in the language specified in the individual contract.
- 4.5 If the Contractor fails to perform according to the contract, we reserve the right to initiate relevant accelerating measures to ensure the execution of the works as commissioned (e.g. by taking on extra manpower) at the expense of the Contractor.
- 4.6 If the Contractor uses AVL equipment for the performance of the contract it must pay a usage fee for the same, details of which are to be specified in the offer in the form of a price reduction.

5. Compensation and payment

- 5.1 Compensation shall only be paid upon complete performance of the contract, unless otherwise agreed in the individual contract. Payment of the agreed compensation is deemed to cover all services/deliverables provided by the Contractor, including any transferred rights. No claim for compensation beyond this scope shall be entertained.

6. Delivery period and delay

- 6.1 A detailed project schedule for the individual services/deliverables for the respective AVL or customer project is a component of the respective individual contract.
- 6.2 The Contractor guarantees the punctual rendering of service/delivery by the delivery deadline specified in the individual contract. These deadlines must be adhered to, regardless of circumstances.

7. Acceptance and transfer of risk

- 7.1 The Contractor is only entitled to request acceptance of the

completed performance if the contractually due performance has been rendered in full and without any defects. The acceptance criteria (including an acceptance test and a written acceptance report) shall be defined in the respective individual contract. If this is not the case, the assessment and acceptance of the work deliverables shall be performed by the competent AVL specialist department and the AVL project manager responsible, following a relevant presentation of the work deliverables made to ourselves.

- 7.2 The acceptance of the performance of the Contractor shall be on a formal basis. We may decline acceptance, if a defect is detected which we consider to be serious. The Contractor shall only be entitled to re-request an additional acceptance inspection if it has verifiably rectified any defect detected.
- 7.3 Unless otherwise agreed, partial acceptances are excluded. Reviews and checks on interim results and the approval of partial payments in accordance with the milestone plan do not constitute acceptance.
- 7.4 Our payment does not constitute unconditional acceptance of the performance rendered by the Contractor. All warranty and liability claims shall be unaffected.
- 7.5 The Contractor shall bear the risk for its contractual performance until the formal acceptance of said performance by us.

8. Guarantee

- 8.1 The Contractor guarantees the freedom from defects and the completeness of its services/deliverables, including the related product documentation and delivery papers. It also guarantees in particular that the information, work deliverables, processes and documents provided in the course of executing its order are correct, usable, complete, in accordance with specifications and properly documented.
- 8.2 The guarantee period shall be 24 months from the time of final acceptance of the customer project by our customer or, for AVL-projects, from the time of acceptance by the AVL-project manager. For hidden defects, which are not detectable at the time of acceptance, the guarantee period shall only commence at the time of detection thereof.



AVL Italia S.r.l.
Corso Francesco Ferrucci 112 - 10138, Torino (TO)

9. Insurance

9.1 The Contractor shall maintain sufficient insurance protection for a period extending for an appropriate time beyond the termination of the contract (of at least ten years) to cover all risks potentially arising from the existing contractual relationship (particularly operating and product liability insurance, expanded product liability coverage, including dismantling and assembly costs, as well as checking, sorting and vehicle recall costs) and equating to a minimum coverage sum of EUR 5,000,000.00 per incident of damage with global applicability (including USA/Canada). Proof of this insurance coverage must be submitted within two days of concluding the individual contract unrequested.

10. Rights to work results/industrial property rights

10.1 Where the development result contains inventions created by the Contractor prior to or during the implementation of an AVL or customer project, but outside the scope of the project work performed on our behalf, or industrial property rights (applied or registered) pertaining to the same, we and all our affiliated companies shall have a non-exclusive global right of use, free of charge, including the right to sublicensing, to the same.

11. Contract term and termination

- 11.1 The contract term shall be agreed in the individual contract.
- 11.2 Each individual contract may be terminated with immediate effect for cause, if the other party breaches a fundamental contractual obligation and this breach remains unresolved for 14 days, despite a written reminder.
- 11.3 We may terminate an individual contract with immediate effect in the following cases:
- (i) The Contractor is delayed in its performance for more than three months, due to unforeseen circumstances or events beyond its control
 - (ii) The ownership structure of the Contractor changes to such an extent that it affects significant interests of AVL,
 - (iii) The end customer contract, which is the basis for the individual contract, is dissolved by our customer or ourselves.
- 11.4 Terminations must be issued via registered letter.
- 11.5 In the event of premature contractual termination, pursuant to 11.3, the Contractor shall receive compensation to cover

all costs verifiably incurred up to the point of said termination based upon the individual contract to be terminated. The Contractor has no further claim to any compensation beyond this scope.

SUPPLIER

Signature for acceptance

For the purposes and for the effects referred to in art. 1341 and 1342 of the Italian Civil Code the supplier declares to explicitly approve the contents of clauses 7.2 / 7.4 / 7.5 / 8.2 / 9.1 / 10.1 / 11.3 of these Special Purchase Conditions for Project Services of AVL Italy SRL – Edition May 2017.

SUPPLIER

Signature for acceptance