

## GENERAL TERMS & CONDITIONS OF PURCHASE

Approvals				
	Name	Title	Date	Signature
Created By	Jennifer Delgado	Sr. Quality Engineer	Electronic Approval	Electronic Signature
Checked By	Gitty Yasreb	Supply Chain Sr. Quality Engineer	Electronic Approval	Electronic Signature
Checked By	Dianna Nguyen	Buyer	Electronic Approval	Electronic Signature
Approved By	Jude Dozor	General Manager	Electronic Approval	Electronic Signature
Approved by	Andrew Lizama	VP of Quality	Electronic Approval	Electronic Signature

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## 1.0 SCOPE AND DEFINITIONS

### 1.1 SCOPE

This document describes general terms and conditions of purchase which are applicable to Orders placed by ADIENT. (Hereafter "ADIANT")

### 1.2 DEFINITIONS

The definitions set forth below shall apply to these Terms, any Order, and any related Agreement ("LTA") (collectively "the Agreement"). Words importing the singular shall also include the plural and vice versa.

- A. "Customer" means any owner, lessee or operator of an aircraft or commodity, or designee of such owner, lessee or operator.
- B. "FAA" means the United States Federal Aviation Administration or any successor agency thereto.
- C. "FAR" means the Federal Acquisition Regulations in effect on the date of these terms or any related Agreement(s).
- D. "Procurement Representative" means the individual designated by ADIENT as being primarily responsible for interacting with Seller regarding these terms or any Order.
- E. "Order" means each purchase contract and purchase order issued by ADIENT and either accepted by Seller under the terms of these Terms or issued within ADIENT's authority under these Terms.
- F. "Product" means goods, including components and parts thereof, services, documents, data, software, software documentation and other information or items furnished or to be furnished to ADIENT under any Order, including Tooling, except for rotating use tooling.
- G. "Services" means the work to be performed by Seller under an Order for ADIENT as set forth in the statement of work and specifications established in the applicable LTA.
- H. "Tooling" means all tooling, used in production or inspection of Products or Services, either provided to Seller or supplied by Seller whereby ADIENT agrees to pay Seller for the manufacture of the tooling.
- I. "LTA" means Long Term Agreement means a contract to perform work over an extended period of time instead of purchase order to purchase order contracts, and may contain more specific actions required to fulfill a particular procurement. ADIENT Pricing Agreements fall into this category.
- J. "Incoterm". The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) that are widely used in International commercial transactions or procurement processes. A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.
- K. "NRE" means None Recurring Expenses

## **2.0 ORDERING**

### **2.1 ISSUANCE OF ORDERS**

ADIANT may issue Orders to Seller from time to time. Each Order shall contain a description of the Products or Services ordered; a reference to the applicable specifications, drawings or supplier part number; the quantities and prices; the delivery schedule; the terms and place of delivery; and any special conditions. Each Order shall be governed by and be deemed to include the provisions of these Terms and any applicable Agreement. Purchase Order Terms and Conditions. Any other Order terms and conditions, which conflict with these terms, do not apply unless specifically agreed to in writing by the Parties.

Seller agrees that nothing in this GTA shall be construed as a commitment or obligation on ADIENT's part to order any quantities of Product at any time. Only Orders issued in accordance with this GTA shall, subject to the terms and conditions contained in this GTA, represent a commitment or obligation on ADIENT's part to order Product.

### **2.2 ACCEPTANCE OF ORDERS**

Each Order is ADIENT's offer to Seller and acceptance is strictly limited to its terms. Unless specifically agreed to in writing by the Procurement Representative of ADIENT, ADIENT objects to, and is not bound by, any terms or condition that differs from or adds to the Order. Seller's commencement of performance or acceptance of the Order in any manner shall conclusively evidence Seller's acceptance of the Order as written. ADIENT may revoke any Order prior to ADIENT's receipt of Seller's written acceptance or Seller's commencement of performance, whichever occurs first. Any rejection by Seller of an Order shall specify the reasons for rejection and any changes or additions that would make the Order acceptable to Seller; provided, however, that Seller may not reject any Order for reasons inconsistent with the provisions of these terms or the applicable LTA.

### **2.3 SALE OF PRODUCT**

Seller hereby agrees that the Products being manufactured per ADIENT specification as well as Products carrying an ADIENT specific part number shall only be sold and/or supplied to ADIENT, unless otherwise agreed in writing by ADIENT.

## **3.0 TITLE AND RISK OF LOSS**

Except as otherwise agreed to by the Parties, all deliverables shall be delivered DAP to the Delivery location as defined on the respective Order. The Incoterms 2010 published by the International Chamber of Commerce shall apply.

## **4.0 DELIVERY**

### **4.1 SCHEDULE**

Seller shall strictly adhere to the shipment, delivery or completion schedules specified in the Order. Seller may delivery up to five (5) Days in advance of the delivery due date or on-dock date in any Order considered on time. In the event of any anticipated or actual delay, Seller shall: (i) promptly notify ADIENT in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; and (ii) provide ADIENT with a written recovery schedule. If ADIENT requests, Seller shall, at Seller's expense, ship via air or other expedited routing to avoid the delay or minimize it as much as possible.

#### **4.2 PENALTIES - LATE SHIPMENTS**

Seller guarantees that all goods and services to be delivered hereunder shall be delivered in accordance with the scheduled delivery date set forth in this Order. Except for delay caused by ADIENT, where the delivery date is not met, Seller (at ADIENT's discretion) shall pay ADIENT, after a five (5) Day grace period, a penalty equal to one percent (1.0%) of the then current price of the delayed Order value per Day of delay until the effective delivery of such delayed Product(s) capped at 30% of the Order Value.

### **5.0 ON-SITE REVIEW AND RESIDENT REPRESENTATIVES AND RIGHT TO AUDIT**

#### **5.1 REVIEW**

Seller hereby grants, and shall cause any of its subcontractors or suppliers to grant, to ADIENT the right to visit the facility of Seller or any of its subcontractors or suppliers during operating hours to review progress and performance with respect to production, schedule, cost, quality and protection of ADIENT's proprietary rights under any Order. Any ADIENT representative shall be allowed access to all areas used for the performance of the Agreement. ADIENT shall notify Seller prior to any visit. Such notice shall contain the names, citizenship and positions of the visiting personnel and the duration and purpose of such visit.

#### **5.2 RESIDENT REPRESENTATIVES**

ADIENT may elect to have a representative on site at Seller's facility during operation hours to review progress and performance with respect to production, schedule, cost, quality and protection of ADIENT's proprietary rights under any Order. Seller shall provide the necessary infrastructure (incl. office space, telephone, internet-access, etc.) to support such representative.

#### **5.3 RIGHT TO AUDIT**

Upon written notification by ADIENT, which the Parties agree shall be no less five (5) business days, ADIENT representatives shall have access to Seller's facilities during business hours at any time to carry out an audit of compliance with the applicable quality standards and procedures.

In the case of non-compliance of Seller or its suppliers or subcontractors with applicable standards and procedures as required by this GTA, ADIENT shall notify Seller of any such non-compliance and set agreed upon time limits for the rectification correction of them. Seller shall make and/or shall cause its suppliers and subcontractors to make all necessary rectifications corrections and shall inform ADIENT promptly of any actions Seller, its supplier and/or subcontractors plan to carry out and any completed corrections.

### **6.0 PACKING AND SHIPPING**

#### **6.1 General**

Seller shall pack the Products according to ATA 300, Level 3 and all applicable governmental regulations. Seller shall not charge ADIENT for packing of the products.

#### **6.2 SHIPPING DOCUMENTATION**

All Products are to be delivered with mutually agreeable quality and shipping documentation, as required and defined by ADIENT in the respective Order and any applicable regulatory agency, and a CoC. The Products shall not be considered received until ADIENT received all required documents. ADIENT receives the right to return Products – at Seller's expense – if documents are not properly executed and/or the Products are rejected.

## **7.0 QUALITY ASSURANCE, INSPECTION, REJECTION, & ACCEPTANCE**

### **7.1 SELLER'S INSPECTION**

Seller shall inspect or otherwise verify that all Products or Services, including those components procured from or furnished by subcontractors or suppliers or ADIENT, comply with the requirements of the Order prior to shipment to ADIENT or Customer. Seller shall be responsible for all tests and inspections of the Product during receiving, manufacture and Seller's final inspection. Seller agrees to furnish copies of test and/or control data upon request from ADIENT's Procurement Representative.

#### **7.1.1 SELLER'S DISCLOSURE**

Seller shall provide written notification to ADIENT within one (1) day when a nonconformance is determined to exist, or is suspected to exist, on Product already delivered to ADIENT under any Order. When the following is known, written notification shall include:

- A. Affected process or Product number and name
- B. Description of the problem (i.e., what it is and what it should be);
- C. Quantity, dates and destination of shipment delivered
- D. Suspect/affected serial number(s) or date codes, when applicable.
- E. The Seller shall notify the ADIENT Procurement Representative and the ADIENT Supplier
- F. Quality Field Representative for the ADIENT location where the Product was delivered.

If the nonconforming condition has been previously identified by ADIENT, using a

- A. Nonconformance Record or other equivalent means and requesting a corrective action
- B. response, the Seller shall notify the ADIENT investigator identified on the corrective
- C. action request that additional Product is affected.

#### **7.1.2 SELLER'S ACCEPTANCE**

Seller shall provide with all shipments the following evidence of acceptance by its quality assurance department: (a) certified physical and metallurgical or mechanical test reports where required by controlling specifications, or (b) a signed, dated statement on the packing sheet certifying that its quality assurance department has inspected the Products or Services and they adhere to all applicable drawings and/or specifications.



## **7.2 ADIENT'S INSPECTION AND REJECTION**

ADIANT will accept the Products or Services or give Seller notice of rejection or revocation of acceptance ("rejection" herein), notwithstanding any payment, prior test or inspection, or passage of title. If Seller delivers non-conforming Products or Services, ADIENT may at its option and at Seller's expense (i) return the Products for credit or refund; (ii) require Seller to promptly correct or replace the Products or Services; (iii) correct the Products or Services; or, (iv) obtain replacement Products or Services from another source. These remedies are in addition to any remedies ADIENT may have at law or equity. Seller shall not redeliver corrected or rejected goods without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. Rework, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Procurement Representatives of ADIENT may reasonably direct. All costs and expenses and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction or credit against amounts that may be owed to Seller under these terms or otherwise. Acceptance of any Product by ADIENT following any repair or rework pursuant to this Section 7.2 shall not alter or affect the obligations of Seller or the rights of ADIENT under the Agreement.

ADIANT reserves the right to charge Seller a two hundred and fifty (\$250) dollar penalty for each Non-Conformance Report (NCR) written by ADIENT against Seller's goods and services supplied hereunder.

## **7.3 RETENTION OF RECORDS**

For Orders supporting commercial airlines, Seller shall maintain, on file at Seller's facility, Quality records traceable to the conformance of product/part numbers delivered to ADIENT. Seller shall make such records available to regulatory authorities and ADIENT's authorized representatives. Seller shall retain such records for a period of not less than (10) ten years from the date of shipment under each applicable Order for all product/part numbers unless otherwise specified on the Order. Seller shall maintain all records related to the current first article inspection (FAI) for (10) ten years past final delivery of the last Product covered by the FAI. At the expiration of such period set forth above and prior to any disposal of records, Seller will notify ADIENT of records to be disposed of and ADIENT reserves the right to request delivery of such records. In the event ADIENT chooses to exercise this right, Seller shall promptly deliver such records to ADIENT at no additional cost on media agreed to by both parties.

## **7.4 ADIENT DISPOSITION OF NONCONFORMING PRODUCTS**

When supplier is manufacturing products per Adient design, the dispositions of "use-as-is" or "repair" shall only be used by the supplier after approval by Adient unless written MRB authorization is granted.

Supplier shall not use dispositions of "use-as-is" or "repair", unless specifically authorized by the Adient if the nonconformity results in a departure from the contract requirements.

## 7.5 SUPPLIER CONTROL

Seller shall:

- Apply appropriate controls to their direct and sub-tier suppliers to ensure that requirements are met.
- Use customer-designated or approved external providers, including process sources (e.g., special processes) when required by Order or supplier contract;
- Have a process in place to prevent the use of counterfeit parts;
- flow down to its suppliers any applicable requirements including Adient requirements;
- provide, when required, test specimens for design approval, inspection/verification, investigation, or auditing;
- ensure its employees are aware of:
  - their contribution to product or service conformity;
  - their contribution to product safety;

## 8.0 EXAMINATION OF RECORDS

Seller shall maintain complete and accurate records showing the sales volume of all Products or Services. Such records shall support all services performed, allowances claimed and costs incurred by Seller in the performance of each Order, including but not limited to those factors which comprise or affect direct labor hours, direct labor rates, material costs, burden rates and subcontracts. Such records and other data shall be capable of verification through audit and analysis by ADIENT and be available to ADIENT at Seller's facility for ADIENT's examination, reproduction, and audit at all reasonable times from the date of the applicable Order until three (3) years after final payment under such Order. Seller shall provide assistance to interpret such data if requested by ADIENT. Such examination shall provide ADIENT with complete information regarding Seller's performance for use in price negotiations with Seller relating to existing or future orders for Products or Services, including but not limited to negotiation of equitable adjustments for changes and termination/obsolescence claims pursuant to Section 9.0 and Section 10.0 herein. ADIENT shall treat all information disclosed under this Section as confidential, except as otherwise required by U.S. Government contracting regulation(s).

## 9.0 CHANGES

### 9.1 CHANGES CLAUSE

ADIANT's Procurement Representative may, in writing direct changes within the general scope of these terms or an Order in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of ADIENT-furnished property; and, if these terms includes services, (vi) description of services to be performed; (vii) time of performance (i.e., hours of the day, days of the week, etc.); and (viii) place of performance. Seller shall comply immediately with such direction. If such change increases or decreases the cost or time required to perform under these terms, ADIENT and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to ADIENT's Procurement Representative in writing within thirty (30) days and deliver a fully supported proposal to ADIENT's Procurement Representative within sixty (60) days after Seller's receipt of such direction. ADIENT shall modify the Order in writing accordingly. ADIENT may, at its sole discretion, consider any claim regardless of when asserted. If Seller's claim includes the cost of property made obsolete or excess

by the change, ADIENT may direct the disposition of the property. ADIENT may examine Seller's pertinent books and records supporting Seller's claim. Failure of the Parties to agree upon any adjustment shall not excuse Seller from performing in accordance with ADIENT's direction. If Seller considers that ADIENT's conduct constitutes a change, Seller shall notify ADIENT's Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from ADIENT's Procurement Representative, Seller shall take no action to implement any such change.

ADIENT has the right to make changes to delivery schedule within a ninety (90) days period or not less than seller's stated lead time without any financial impact.

## **9.2 NOTIFICATION OF CHANGE/WORK TRANSFER**

The supplier shall establish, implement and maintain a process to plan and control the temporary or permanent transfer of work, as defined in AS9100, (e.g., from one organization facility to another, from the organization to a supplier, from one supplier to another supplier) and to verify the conformity of the work to requirements.

Supplier shall notify ADIENT when transferring work. Supplier shall promptly notify ADIENT when changing Top Level Management. Supplier shall also notify ADIENT and obtain approval when changing manufacturing facility location, changing product and/or process.

## 10.0 TERMINATION FOR CONVENIENCE

### 10.1 BASIS FOR TERMINATION, NOTICE

ADIANT may, from time to time terminate all or part of any Order issued hereunder, by written notice to Seller. Any such written notice of termination shall specify the effective date and the extent of any such termination.

### 10.2 TERMINATION INSTRUCTIONS

On receipt of a written notice of termination of all or part of any Order under these terms, unless otherwise directed by ADIENT, Seller shall:

- A. Immediately stop work as specified in the notice;
- B. Incur no further contractual obligations for materials, services or facilities, except as necessary to complete any continued portion of these terms or any Order issued hereunder.
- C. Immediately terminate its subcontracts and purchase orders relating to work terminated;
- D. Assign to ADIENT, if directed by ADIENT, all right, title, and interest of Seller under its subcontracts terminated, in which case ADIENT shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
- E. Settle any termination claims made by its subcontractors or suppliers; provided, that ADIENT shall have approved the amount of such termination claims in writing prior to such settlement;
- F. Preserve and protect all terminated inventory and Products in which ADIENT has or may acquire an interest;
- G. At ADIENT's request, transfer title (to the extent not previously transferred) and deliver to ADIENT or ADIENT's designee all supplies and materials, work-in-process, Tooling and manufacturing drawings and data produced or acquired by Seller for the performance of these terms and any Order, all in accordance with the terms of such request;
- H. Be compensated for such items to the extent provided in Section 10.3 below;
- I. Take all reasonable steps required to return, or at ADIENT's option and with prior written approval to destroy, all ADIENT Proprietary Information and Items, as set forth in Section 17.0, in the possession, custody or control of Seller or any of its subcontractors or suppliers;
- J. Take such other action as, in ADIENT's reasonable opinion, may be necessary, and as ADIENT shall direct in writing, to facilitate termination of the Order; and
- K. Complete performance of the work not terminated in which ADIENT has or may acquire an interest.

### 10.3 SELLER'S CLAIM

If ADIENT terminates an Order in whole or in part under these terms, Seller shall be entitled to claim a termination charge which includes the following upon delivery of substantiated and documented evidence to ADIENT:

- A. The price paid by Supplier to acquire materials, labor costs and overhead costs, which have been reasonably and properly incurred by Supplier in connection with Product which remains undelivered under the terminated portion of this LTA and any Order issued hereunder; and
- B. Payments which have reasonably and properly been made to Supplier's suppliers in accordance with this Article 7.3 in relation to Product ordered prior to the effective date of termination;

Seller shall have no claim for any cost, expense, damage or liability of any kind in relation to the Termination for Convenience of ADIENT, except as specifically set forth above.

**10.4 PARTIAL PAYMENT/PAYMENT**

Payment, if any, to be paid under this Section 10.0 shall be made thirty (30) days after settlement between the Parties or as otherwise agreed to between the Parties. ADIENT may make partial payments and payments against costs incurred by Seller for the terminated portion of the Order. If the total payments exceed the final amount determined to be due, Seller shall repay the excess to ADIENT upon demand

**10.5 SELLER'S ACCOUNTING PRACTICES**

ADIANT and Seller agree that Seller's "normal accounting practices" used in developing the price of the Product(s) shall also be used in determining the allocable costs at termination of all or part of an Order. For purposes of this Section 10.5, Seller's "normal accounting practices" refers to Seller's method of charging costs as either a direct charge, overhead expense, general administrative expense, etc.

**11.0 CANCELLATION FOR DEFAULT****11.1 EVENTS OF DEFAULT**

Seller agrees that the occurrence of any one or more of the following events constitute an event of default (each an "Event of Default").

- A. Any failure by Seller to perform or comply with any term, condition, representation, warranty or obligation set forth in this GTA and/or any attachment hereto and/or and LTA hereto; or
- B. Seller declares itself unable to meet its commitments as set forth in the GTA, incl. any attachment and/or any LTA.
- C. (i) the suspension, dissolution or winding up of Seller's business, (ii) Seller's insolvency or its inability to pay debts, or its nonpayment of debts as they become due, (iii) the institution of bankruptcy, reorganization, liquidation or such other proceedings by or against Seller or appointment of a custodian, trustee, receiver or similar person for Seller's properties or business, (iv) an assignment by Seller of any of its assets for the benefit of its creditors, or any action of Seller for the purpose of effecting or facilitating any of the foregoing.
- D. A change of control of Seller in relation to which ADIENT has not provided its prior written consent by which a competitor of ADIENT .
- E. Any failure by Seller to perform or comply with any obligation set forth in these terms and such failure shall continue unremedied for a period of ten (10) days or more following receipt by Seller of notice from ADIENT specifying such failure

**11.2 REMEDIES**

Upon the occurrence of any Event of Default and in addition to any other remedies available to ADIENT under this GTA or at law, ADIENT will have the right to receive reimbursement of all costs incurred with the procurement of similar Products from other sources other than Seller, including Product price difference. Furthermore, Seller shall, immediately upon ADIENT request, transfer title to and possession of all tooling required to manufacture and maintain the Product, raw materials, parts and work in progress. Seller shall cooperate with and assist ADIENT in transferring any aforementioned items in an expeditious and orderly manner all for the purpose of maintaining ADIENT production schedule.

## 12.0 EXCUSABLE DELAY

Each Party shall be excused for failures and delays in performance caused by acts of god, war, terrorist acts, riots, laws, floods, fires, labor strikes and catastrophes without the fault of such Party. To the extent that any such cause actually retards a Party's performance under this GTA, the scheduled time for performance shall be extended for a period of time by ADIENT after an assessment of alternate work methods. Any Party claiming such excuse shall give prompt written notice to the other Party. If performance is delayed by any of the aforementioned circumstances for more than forty-five (45) Days, ADIENT shall have the right to cancel all Orders not fulfilled and if partially fulfilled to the extent not fulfilled without any liability or cancellation charge for ADIENT, and ADIENT shall be entitled to purchase related deliverables from an alternate source.

## 13.0 SUSPENSION OF WORK

ADIENT may at any time, by written notice to Seller, require Seller to stop all or any part of the work called out by this GTA or any Statement of Work related to this GTA for up to one hundred twenty (120) days. Any such notice shall be specifically identified as a "Stop Work Notice". Upon receipt of such Stop Work Notice, Seller shall promptly comply with its terms and take all reasonable steps to minimize the costs arising from the work covered by the Stop Work Notice during the period of work stoppage. Within the period established in the Stop Work Notice, including any extension thereof, ADIENT shall either (i) cancel the Stop Work Notice or (ii) terminate this GTA or (iii) cancel the Stop Work Notice. Seller agrees to promptly resume work in accordance with the terms of this GTA in the event ADIENT cancels the Stop Work Notice.

## 14.0 ASSURANCE OF PERFORMANCE

If ADIENT, at any time, has reasonable grounds for insecurity that it will receive Seller's timely, continuing and complete performance hereunder, ADIENT may demand in writing from Seller adequate assurances with respect to any specific matters regarding Seller's performance, whereby Seller shall provide the necessary assurances that Seller is able to perform all of its obligations under this GTA when and as specified herein.

Seller agrees to deliver said written assurance of performance to ADIENT no later than five (5) Days following ADIENT request. Seller agrees that ADIENT may suspend all or any part of ADIENT obligations hereunder, including but not limited to, any payments due to Seller, until ADIENT receives such written assurance of performance from Seller, satisfactory in form and substance to ADIENT.

## 15.0 ORDER OF PRECEDENCE

In the event of any conflict between the terms of the documents exchanged / issued between the Parties, the order of precedence shall be:

- Any LTAs executed between the Parties
- Any Order; then
- This GTA (including any attachments); then
- Any other document signed by the Parties incorporated herein by reference.

In resolving any such conflicts, these documents shall be read as a whole and in a manner most likely to accomplish their purposes.

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**16.0 LIMITATION OF SELLER'S RIGHT TO ENCUMBER ASSETS**

Seller warrants to ADIENT that it has good title to all inventory, work-in-process, tooling and materials to be supplied by Seller in the performance of its obligations under any Order. Pursuant to the provisions of such Order, Seller will transfer to ADIENT title to such inventory, work-in-process, tooling and materials whether transferred separately or as part of any Product delivered under the Order, free of any liens, charges, encumbrances or rights of others.

**17.0 PROPRIETARY INFORMATION AND ITEMS**

ADIANT and Seller shall each keep confidential and protect from disclosure all (a) confidential, proprietary, and/or trade secret information; (b) tangible items containing, conveying, or embodying such information; and (c) tooling obtained from and/or belonging to the other in connection with these terms or any Order (collectively referred to as "Proprietary Information and Materials"). ADIENT and Seller shall each use Proprietary Information and Materials of the other only in the performance of and for the purpose of these terms and/or any Order. Provided, however, that despite any other obligations or restrictions imposed by this Section 17.0, ADIENT shall have the right to use, disclose and copy Seller's Proprietary Information and Materials for the purposes of testing, certification, use, sale, or support of any item delivered under these terms, an Order, or any airplane including such an item; and any such disclosure by ADIENT shall, whenever appropriate, include a restrictive legend suitable to the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from ADIENT's Proprietary Information and Materials.

Upon ADIENT's request at any time, and in any event upon the completion, termination or cancellation of any Agreement, Seller shall return all of ADIENT's Proprietary Information and Materials, and all materials derived from ADIENT's Proprietary Information and Materials to ADIENT unless specifically directed otherwise in writing by ADIENT. Seller shall not, without the prior written authorization of ADIENT, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying, or made in accordance with or by reference to any Proprietary Information and Materials of ADIENT. Prior to disposing of such parts or materials as scrap, Seller shall render them unusable. ADIENT shall have the right to audit Seller's compliance with this Section 17.0. Seller may disclose Proprietary Information and Materials of ADIENT to its subcontractors or suppliers as required for the performance of an Order, provided that each such subcontractor first assumes, by written agreement, the same obligations imposed upon Seller under this Section 17.0 relating to Proprietary Information and Materials; and Seller shall be liable to ADIENT for any breach of such obligation by such subcontractor or supplier. The provisions of this Section 17.0 are effective in lieu of, and will apply notwithstanding the absence of, any restrictive legends or notices applied to Proprietary Information and Materials; and the provisions of this Section 17.0 shall survive the performance, completion, termination or cancellation of these terms or any Order. This Section 17.0 supersedes and replaces any and all other prior agreements or understandings between the parties to the extent that such agreements or understandings relate to ADIENT's obligations relative to confidential, proprietary, and/or trade secret information, or tangible items containing, conveying, or embodying such information, obtained from Seller and related to any Product, regardless of whether disclosed to the receiving party before or after the effective date of acceptance of these terms.

## **18.0 COMPLIANCE**

### **18.1 COMPLIANCE WITH LAWS**

Seller shall be responsible for complying with all legal requirements, including, but not limited to the provisions of any statute, ordinance, rule, regulation, judgment, decree, order, permit, approval, license or registration applicable to its performance under these terms. Seller shall notify ADIENT of any aspect of Seller's performance that is prohibited under any legal requirements, at the earliest opportunity, but in all events sufficiently in advance of Seller's performance of such obligation, so as to identify and implement alternative methods of performance. Seller shall notify ADIENT in writing at the earliest possible opportunity of any aspect of its performance, which becomes subject to any additional legal requirement after the date of execution of these terms or which Seller reasonably believes will become subject to additional regulation during the term of operation under these terms. Seller agrees to indemnify and to hold harmless ADIENT from any failure by Seller to comply with any legal requirement.

In addition, Seller shall (i) comply with all applicable country laws relating to anticorruption or anti-bribery, including but not limited to legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (the "OECD Convention") or other anti-corruption/anti-bribery convention; (ii) comply with the requirements of the Foreign Corrupt Practices Act, as amended, (FCPA) (15 U.S.C. §§78dd-1, et. seq.), regardless of whether Seller is within the jurisdiction of the United States; and (iii) neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received from ADIENT to a non-U.S. public official or any person in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

### **18.2 ETHICS AND COMPLIANCE PROGRAM**

Seller acknowledges and accepts full and sole responsibility to maintain an ethics and compliance program appropriate for its business throughout the performance of this Agreement. ADIENT strongly encourages Seller to model its program in accordance with the Federal Sentencing Guidelines, applicable guidance from enforcement authorities, and industry best practices. Seller shall publicize to its employees who are engaged in the performance of work under the Agreement that they may report any concerns of misconduct by ADIENT or any of its employees or agents by contacting ADIENT's Human Resources Department. Seller shall convey the substance of this clause to its suppliers.

### **18.3 CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS**

ADIANT is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations. In furtherance of this commitment, ADIENT has adopted a Code of Basic Working Conditions and Human Rights setting out in detail the measures it takes to ensure this commitment is fulfilled. The ADIENT Code may be downloaded at ADIENT strongly encourages Seller to adopt and enforce concepts similar to those embodied in the ADIENT Code, including conducting Seller's operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Seller will promptly cooperate with and assist ADIENT in implementation of and adherence to the ADIENT Code. Further, any material violation of law by Seller of applicable laws relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, of the country or countries in which Seller is performing of work under this Agreement may be considered a material breach of this Agreement for which ADIENT may elect to cancel any open Orders between ADIENT and the Seller, for cause, in accordance with the provisions of this Agreement, or exercise any other right of ADIENT for an Event of Default under this Agreement.



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#### 18.4 ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE

Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system ("EMS") appropriate for its business throughout the performance of this contract. ADIENT expects that Seller's EMS will promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies. Seller shall convey the requirements of this Section to its suppliers.

#### 18.5 CONFLICT MINERALS

Seller shall, no later than thirty (30) days following each calendar year in which Seller has delivered any Products to ADIENT, under this Agreement or otherwise, notify ADIENT's Purchasing Agent of any use of materials listed under the "Conflict Minerals" as noted in the CONFLICT FREE SOURCING INITIATIVE's website (<http://www.conflictreesourcing.org/>). Seller shall perform appropriate due diligence on its supply chain in order to fulfill the reporting obligations of this Section.

#### 19.0 INTEGRITY IN PROCUREMENT

Seller warrants that neither it nor any of its employees, agents or representatives have offered or given, or will offer or give any gratuities to ADIENT's employees, agents or representatives for the purpose of securing any Order or securing favorable treatment under any Order.

#### 20.0 INTELLECTUAL PROPERTY

Seller grants to ADIENT a non-exclusive, perpetual, word-wide, transferable to current and future ADIENT fully paid-up right to use the deliverables, including software, and documentation provided by Seller under this GTA within the scope and for the Term of this GTA for ADIENT . Such license shall include all licenses and documentation to the extent necessary to receive the Products. The aforementioned usage right encompasses the right to make copies of the documentation to the extent necessary for the proper use of the deliverables.

- A. The Parties hereby represent and warrant that, except as indicated below regarding the intellectual property developed under this GTA, all intellectual property used by either Party in connection with the performance of this agreement either belongs to the Parties, is licensed to the Parties or is in the public domain.
- B. The Background IP, (i) owned or controlled by either Party prior to this GTA entering into force, (ii) generated or acquired by either Party at any time independently from the performance of this GTA, or (iii) licensed to either Party by third parties and are required for the performance of this GTA, shall be referred to as "Background IP". A Party's Background IP shall always remain the property of such Party.
- C. The Parties acknowledge that the performance of this GTA may result on the creation and development of certain Intellectual Property ("Foreground IP"). All Foreground IP created under this GTA shall belong to ADIENT .

#### 21.0 TERMINATION OF AIRPLANE PROGRAM

##### 21.1 PROGRAM TERMINATION

The parties acknowledge and agree that ADIENT may, in its sole discretion, terminate all or part of these terms, including any Order issued hereunder, by written notice to Seller, if ADIENT decides not to initiate or continue production of the program which the Product supports, by reason of ADIENT's determination that there is insufficient business basis for proceeding with such program. In the event of such a termination, ADIENT shall have no liability to Seller except as expressly provided in Section 21.2 below.

**21.2 TERMINATION OF LIABILITY**

In the event of a termination of the program as described in 25.1 above, ADIENT shall have no liability whatsoever to Seller, except to the extent of (i) any guaranteed minimum purchase, if any, and (ii) any Orders issued prior to the date of the written notice to Seller identified in 25.1 above. Termination of such Orders shall be governed by Section 10.0 herein.

**22.0 PUBLICITY**

Without ADIENT's prior written approval, Seller shall not, and shall require that its subcontractors or suppliers shall not, release any publicity, advertisement, news release or denial or confirmation of the same, regarding any Order or Products or Services, or the program to which they may pertain. Seller shall be liable to ADIENT for any breach of such obligation by any subcontractor or supplier.

**23.0 PROPERTY INSURANCE****23.1 INSURANCE**

Seller shall (itself or through its partners) maintain, with companies of reasonable known capacity, (i) a property damage insurance against loss or damage to all tooling, equipment, raw materials and all other parts thereof, required for the performance of the GTA, and (ii) broad form of comprehensive legal liability insurance limited to \$50,000,000 USD per occurrence.

**23.2 CERTIFICATE OF INSURANCE**

Upon written request from ADIENT, Seller shall provide to ADIENT's Procurement Representative certificates of insurance reflecting full compliance with the requirements set forth in Section 23.1. Such certificates shall be kept current and in compliance throughout the period of these terms and shall provide for thirty (30) days advanced written notice to ADIENT's Procurement Representative in the event of cancellation, nonrenewal or material change adversely affecting the interests of ADIENT

**23.3 NOTICE OF DAMAGE OR LOSS**

Seller shall give prompt written notice to ADIENT's Procurement Representative of the occurrence of any damage or loss to any property required to be insured herein. If any such property shall be damaged or destroyed, in whole or in part, by an insured peril or otherwise, and if no Event of Default shall have occurred and be continuing, then Seller may, upon written notice to ADIENT, settle, adjust, or compromise any and all such loss or damage not in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in any one occurrence and Five Hundred Thousand Dollars (\$500,000) in the aggregate. Seller may settle, adjust or compromise any other claim by Seller only after ADIENT has given written approval, which approval shall not be unreasonably withheld.

**24.0 SUBCONTRACTING**

Seller may not purchase completed or substantially completed Products in fulfillment of any Order without ADIENT prior written consent.

**24.1 ASSIGNMENT**

Seller shall not be entitled to assign its rights or obligations under the GTA to any third party without the prior consent of ADIENT . Assignment to Affiliates will be consented, subject to a parental guarantee. The prohibition set forth in this Section includes, without limitation: (i) a consolidation or merger of Seller; (ii) a change in the ownership or voting rights of more than fifty percent (50%) of the issued and outstanding stock of any corporate Seller; (iii) any assignment or transfer which would otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other significant change in corporate or proprietary structure; (iv) the sale, assignment or transfer of all or substantially all of the assets of Seller; and (v) where Seller is a partnership, a change in control in such partnership.

Seller agrees and acknowledges that ADIENT may assign any of its responsibilities to other third parties, except as otherwise stated in this GTA or a related Statement or Work. Any such transferring of responsibility shall be under terms and conditions solely negotiated between ADIENT and the other third party. Such arrangements shall have no adverse impact on Seller, financial or otherwise, and shall not relieve ADIENT of any of its responsibilities as set forth herein.

**25.0 SALES CAMPAIGNS**

Seller agrees to negotiate in good faith special terms which may be required to secure major orders, launch customers or presentations of ADIENT products at trade shows. In any case such terms shall not be worse than already defined in this GTA.

**26.0 NO WAIVER**

Failure by either Party to enforce any provision of this GTA shall not be construed as a waiver of such provision. Nothing in this GTA shall grant to either Party the right to make commitments of any kind for or on behalf of the other Party without the prior written consent of the other Party.

**27.0 GOVERNING LAW**

These Terms shall be governed by the laws of the State of California. Seller hereby irrevocably consents to and submits itself exclusively to the jurisdiction of the applicable courts of Orange County, California and the federal courts of the State of California for the purpose of any suit, action or other judicial proceeding arising out of or connected with any Order or the performance or subject matter thereof. Seller hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that (a) Seller is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

## **28.0 TAXES**

### **28.1 INCLUSION OF TAXES IN PRICE**

Unless these terms, specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by these terms and the Orders issued hereunder, except for sales or use taxes on sales to ADIENT ("Sales Taxes") for which ADIENT specifically agrees to pay and which are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which ADIENT has furnished a valid exemption certificate or other evidence of exemption.

## **29.0 WARRANTY**

Seller expressly warrants that each Product sold and/or delivered, or to be delivered to ADIENT or its designated recipients, under this GTA or any Order issued hereunder, shall (i) be free from defects in materials and workmanship from the date of Delivery of the individual Product for a period of sixty (60) months and, (ii) fully conform to the requirements of this GTA, its attachments, related LTAs and applicable Orders and (iii) to the extent not manufactured pursuant to detail design and specifications provided by ADIENT, be free from any defects in design, materials and workmanship.

Any failures, delays or forbearances of ADIENT in insisting upon or enforcing any provisions of any Order, or in exercising any rights or remedies under these terms, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. If any provision of any Order is or becomes void or unenforceable by law, the remainder shall be valid and enforceable.

### **29.1 WARRANTY PERIOD AND REMEDIES**

29.1.1 If within sixty (60) months after receipt and acceptance of any Product by ADIENT or its designated recipient, such Product fails to comply in any respect with the warranty set forth in this Article, Seller shall, at ADIENT discretion, (i) make all necessary Corrections or (ii) authorize ADIENT to make such Corrections.

29.1.2 All Corrections made by Seller and all Corrections made by ADIENT pursuant to this Article shall be at Seller's expense, including but not limited to all applicable freight and custom charges.

29.1.3 The TAT for any Product under Correction shall not exceed fifteen (15) Days for processing including shipping time.

29.1.4 In the event Seller fails to meet the guaranteed TAT, Seller shall provide ADIENT with an exchange Product at no additional cost. If no exchange Product is available Seller Lead Contractor shall provide a loan item. The exchange Product shall be at least of the condition and same modification status compared to the Item originally delivered to Seller after repair. Seller may provide ADIENT with an Item with a higher modifications status after having received a written approval of ADIENT and only if the Item originally delivered to Seller and the exchange Product are two ways interchangeable. Seller shall submit to ADIENT on request all relevant data concerning the exchange Product such as, but not limited to, repair history data.

**29.2 CORRECTED PRODUCTS**

As to any defect in design, material or workmanship or failure to conform the requirements of this GTA or any applicable or any applicable Order, Seller's warranty obligation for a corrected Product shall be for the remainder of the warranty period, plus a supplemental period of the time equal to the elapsed between the notification of defect and the delivery to ADIENT or its designated recipient of the Corrected product

**30.0 INDEMNIFICATION**

Seller agrees to indemnify, defend, and hold ADIENT, any OEM and/or any Customer harmless from and against any and all claims, demands, actions, liabilities, damages, losses, expenses, suits, proceedings, assessments, fines, penalties and/or judgements (including, but not limited to, all attorneys' fees, costs and expenses in connection therewith), whether for the death of or bodily injury or other harm to any person (including, but not limited to, Seller's and ADIENT employees and any passenger on any Aircraft upon which the goods may be installed or services performed), for the loss of, damage to or destruction of any property, including, but not limited to, Aircraft upon which the goods may be installed or services performed, and/or for any other injury, loss or damage of any kind or nature whatsoever that may be charged to, recoverable from, suffered or incurred by or assessed or asserted, whether actual or alleged, by any third party against ADIENT, any OEM and/or Customer, in any manner or to any extent arising or resulting from, caused by or accrued in connection with: (i) the negligence, gross negligence, recklessness, bad faith, illegal act, breach of contractual or any other duty, misrepresentation of malicious or willful misconduct of Seller or any of its officers, directors, agents, representatives, contractors or employees in connection with Seller's performance of, or failure to perform, this GTA and/or any Order issued hereunder; and/or (ii) any defect or non-conformity in any Products, goods and services delivered by Seller to or for ADIENT under this GTA and/or any Order issued hereunder. Seller's obligation to maintain insurance under this GTA shall not be interpreted as relieving Seller of its responsibilities.

**31.0 OBSOLESCENCE**

Seller shall immediately notify ADIENT upon discovery of actual or pending obsolescence of any part or parts of goods supplied hereunder and promptly resolve any issue arising from the obsolescence of any such part or parts at no cost to ADIENT and/or its customers. Seller shall use all commercially reasonable efforts to obtain guarantees of availability of critical and single-sourced parts incorporated in goods supplied to ADIENT hereunder.