**Letter of Nomination – [Program Name] – [Scope of Supplier]**

This Letter of Nomination (“**LON**”) is issued on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”),

|  |  |
| --- | --- |
| By | **FAURECIA [FULL LEGAL ENTITY NAME]**  A limited liability company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with a share capital of Euros \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  duly represented by **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and duly empowered to sign this LON  hereinafter referred to as “**Faurecia**” or “**Company**” |
| To | A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with a share capital of \_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_,  duly represented by \_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and duly empowered to sign this LON,  hereinafter referred to as the “**Supplier**” |

for the development (the “**Development**”), manufacture, and delivery of the following parts (the “**Parts**”) and related tools (the “**Tools**”) (together the "**Deliverables**") as part of the program \_\_\_\_\_\_\_\_\_\_\_ (“**Program**”) for the vehicles of \_\_\_\_\_\_\_\_\_\_ (“**OEM**”). Faurecia has decided to choose the Supplier based on its skills and ability to perform such development and manufacturing and the Supplier accepts this nomination based on the terms and conditions set out below.

Supplier and Company hereafter referred to collectively as the “**Contractual Parties**”or individually as the“**Contractual Party**”.

# purpose

With this LON, the Supplier and Faurecia jointly agree on the specific terms and conditions that shall govern the performance of the development, manufacture and the delivery of the following specified Parts and Tools in relation to the Program.

The Contractual Parties are aware that individual delivery contracts come about as the result of Purchase Orders and subsequentReleases, submitted to the Supplier plant that is to make the delivery ("**Supplying Plant** ") by the Faurecia plant that is to receive the delivery (“**Receiving Plant**”). If the Contractual Parties do not own the respective Supplying Plants or Receiving Plants, then the Contractual Party concerned shall make sure that a Declaration of Adherence in accordance with the sample in Appendix A (Template of Declaration of Adherence) is submitted by the legal entity that owns the plant in question.

The Supplier is familiar with the special characteristics of the supply business in the automobile industry and is aware that on-time delivery synchronized with production is of the essence for the OEM and that the corresponding dovetailing of the work processes in serial delivery requires a continual exchange of information and regular coordination between the Contractual Parties.

The Contractual Parties agree that the competitiveness of the Supplier regarding prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

It does not constitute nor can be construed, in any way, as a commitment from Faurecia, to entrust to the Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or manufacturing.

In the event that Faurecia would expressly retain the Supplier’s offer for the supplying of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or Manufacturing, such supplying shall be subject to (i) a Faurecia purchase order and release, (ii) the provisions of the present LON which, by their nature, apply to the production and supply of the Parts and/or Tools, (iii) the Faurecia General Conditions of Purchase and (iiii) the other contractual documents (“OCD”), listed hereinafter in Article 2.

# CONTRACTUAL DOCUMENTATION

The following documents are an integral part of this LONand incorporated by reference:

The following documents, ranked by priority order, form an agreement (hereafter the "**Agreement**"):

* + 1. This LON, completed by possible amendments,
    2. the other contractual documents ("**OCD**"), listed hereinafter in the following chart, as amended in writing where applicable.

Any declaration, commitment, offer or any amendment to the Agreement shall only be binding if it is part of a subsequent agreement executed by the duly authorized representative of each Party having at least the same title that the signatory of the present LON.

| **N°** | **Name** | **Ref/** | **Comment** | **Incorporated by reference (Yes / No)** |
| --- | --- | --- | --- | --- |
| Appendix 1 | Special Terms and Conditions (if any) |  |  |  |
| Appendix 2 | Framework Agreement (FA)(if any) |  | Signed on |  |
| Appendix 3 | General Purchase Conditions | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 4 | NDA | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 5 | Quality Assurance Agreement (QAA) | FAU-S-SPG-3124 | Signed on |  |
| Appendix 6 | Supplier Logistics Manual (SLM) | FAU-S-SPG-2025 | Signed on |  |
| Appendix 7 | Supplier Logistics Agreement(SLA) | FAU-S-SPG-2026 | Signed on |  |
| Appendix 8 | Supplier Requirements Manual (SRM) | FAU-C-SPG-4030 | Signed on |  |
| Appendix 9 | RFQ Package | BG Specific |  |  |
| Appendix 10 | Statement of Work / RASIC | BG Specific |  |  |
| Appendix 11 | SRC Commitment | BG Specific | Signed on |  |
| Appendix 12 | Parts & Tools Cost Breakdowns | BG Specific |  |  |
| Appendix 13 | Drawings & Specifications | BG Specific |  |  |
| Appendix 14 | Time Schedule | BG Specific |  |  |
| Appendix 15 | Team Feasibility Commitment (TFC) | FAU-F-SPG-2408 | Signed on |  |
| Appendix 16 | Guaranteed Capacity Commitment (GCC) |  | Signed on |  |
| Appendix 17 | Quality Commitment (QC) | FAU-F-SPG-3100 | Signed on |  |
| Appendix 18 | Logistics Data Sheet (LDS) |  | Signed on |  |
| Appendix 19 | Long Term Agreement (LTA) (if any) |  | Signed on |  |
| Appendix 20 | Tools Loan Agreement (if any) |  | Signed on |  |
| Appendix 21 | PPAP PSW Checklist (if any) |  | Signed on |  |
| Appendix 22 | APQP\_Status+report (if any) |  | Signed on |  |
| Appendix 23 | Development Cost Participation and End of year rebate |  |  |  |
| Appendix A | Template of Declaration of Adherence |  |  |  |

In the event of discrepancies, the documents named in this article 2 shall apply in the order stated. The LON shall take precedence over all above-mentioned documents. In case of contradiction, specific provisions shall prevail over general provisions.

# Supplier’s delivery obligation

## Development Phase

### *Description of Development*

Description of Development to be inserted.

### *Deliverables*

Description of the Deliverables to be inserted.

### *Validation Process*

The Supplier is committed to fulfil the PPAP (as defined in Supplier Requirement Manual) and Program milestones on time according to the Program planning. Date for PPAP and Program milestones will be agreed in advanced product quality planning ("**APQP**") meetings, as described in Supplier Requirement Manual. In case of failure to fulfil the dates agreed in the latest APQP, Faurecia will charge to Supplier all associated costs with, minimum 5% of the associated Tools Price (as defined below). ASQ (Advanced Supplier Quality) Status Report (as described in Supplier Requirement Manual) must be updated at least on a monthly basis, and submitted to Faurecia the 20th of each month.

The Supplier shall propose a detailed Program timing including all design, test, and industrialisation milestones in accordance with Faurecia's and OEM's Program milestones that will have to be approved by Faurecia.

All timings follow-up (Tools, test, industrialization…) will be updated and sent to Faurecia's Program Buyer/ASQ every week.

The Supplier has to reserve and provide all the necessary means and personnel from the concerned departments in order to achieve the Program planning, by nominating a dedicated team including, at least, project leader, product engineer and quality engineer. The Supplier's Program team will have to be kept until SOP (as defined below) date+90 days or PPAP+90days.

During the regular follow up of the Development /manufacturing of the Part, it will be monitored if the Supplier is able to achieve the agreed Deliverables. Faurecia will be entitled to subcontract all or part of the Agreement if the Supplier is unable to achieve such agreed Deliverables after notice sent to the Supplier. All related costs will be charged to the Supplier.

The Supplier has to provide on-site support during all phases of prototype builds and Program launch as necessary and/or requested by Faurecia

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the carried out Development and the Development that should have been carried out in accordance with the LON.

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the Deliverables.

Should there be any reserves Faurecia may:

1. require that the Supplier remedies at its own expenses Faurecia’s reserves within the time limits stipulated in the written document; or
2. accept the Deliverables as such in exchange of an appropriate reduction of the Supplier remuneration

In case of non-satisfactory result of a validation test or of non-fulfilment of time limits by the Supplier, Faurecia reserves the right to:

1. decide to postpone validation and set new time limits; or
2. terminate the Agreement, without prejudice of damages that Faurecia might claim, and without payment of a termination charges and without a formal prior notice being necessary. As a consequence, the Supplier shall not be entitled to charge the rejected Deliverables.

### *Development Schedule*

The Supplier acknowledges that fulfilment of dates and Development time limits, as set forth in Appendix [●] (Time Schedule), are mandatory and represent an essential condition of the consent given by Faurecia to enter into this LON.

## Supply of Tools

### *Description of the Tools*

The Supplier shall supply our Company for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings free of charge unless a fee is specified below.

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Description of the Tool** | **Quantity** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

The Terms and Conditions for the Supply of Tools (Appendix 1) shall apply to the delivery of tools. To avoid misunderstandings, it is stated that any separate order for tools by our COMPANY shall be made solely for technical reasons, and no deviating or supplementary arrangements shall be agreed as the result of such orders for tools.

The Terms and Conditions for the Lending of Tools (Appendix 20) shall apply to the Supplier’s use of the tools.

### *Tools Delivery Schedule*

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Place of Delivery** | **Due Date** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

### *Acceptance and transfer of ownership*

Transfer of ownership of the Tools shall pass to Faurecia:

1. upon delivery of the Tools in the event of a sale (i.e., Tools are manufactured by Supplier's subcontractor and sold to Faurecia); or
2. upon acceptance of the Tools by Faurecia in the event of a services agreement (i.e., Tools are manufactured by Supplier itself).

The Supplier shall also, transfer ownership to Faurecia, together with the tools, gauges and drawings, and will mark them in accordance with Faurecia instructions.

No reservation of title clause proposed by the Supplier or its subcontractors shall be effective against Faurecia. The Supplier shall assure that no reservation of title clause shall be asserted by its sub-contractors for any element delivered by them and which is part of the Tools.

## Supply of Parts

### *Description of Parts*

The Supplier shall manufacture the Parts listed in the following table in the Supplying Plant, and deliver them free from defects, in accordance with the Specifications listed in Appendix [●] (Drawings and Specifications) to the Receiving Plant.

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Index** | **Description** | **Part N°** |
|  |  |  | Part N°1 |
|  |  |  | Part N°2 |
|  |  |  | Part N°3 |
|  |  |  | Part N°4 |

### *Place and term of delivery*

The Supplying Plants and related Receiving Plants shall be as set forth in the following table. The delivery shall be made in accordance with the Incoterm (ICC Incoterms 2020) and place of delivery set out in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** |  | **Supplying Plant** | **Receiving Plant** | **Incoterm** |
| Part 1 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 2 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 3 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 4 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |

### *Supplier Guaranteed Capacity*

The Supplier guarantees that it can deliver 1/45th of 130 percent of the Estimated Annual Requirement (Section 3.3.4) every week (“**Guaranteed Capacity**”) as set forth in Appendix [●] (Guaranteed Capacity Commitment). For the year in which SOP (as described below) occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity shall be the Estimated Annual Requirement of the year following SOP (as described below). For the year in which EOP occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity for those years shall be the Estimated Annual Requirement of the year prior to EOP. This applies accordingly to any additional years of delivery of Parts if the OEM extends the duration of the Program.

### *Indicative volumes*

Without accepting liability, Faurecia hereby informs the Supplier that the OEM has indicated the annual demand for Parts in the form of a non-binding estimated production requirement (“**Estimated Annual Requirement**") as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Reference** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

For clarifying purposes only, it is stated that the Estimated Annual Requirement is for informational purposes only and does not represent a commitment for Faurecia, unless otherwise explicitly provided in this LON. It does not constitute a basis of this LON under any circumstances and cannot be construed, in any way, as a commitment from Faurecia to entrust to Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development. If the OEM changes the indicated annual demand for Parts, Faurecia shall be entitled, to amend the Estimated Annual Requirement accordingly.

### *Packing, Transportation and Logistics*

It is agreed that the Supplier shall comply with the logistic and packaging procedures set out in Appendices, including the relevant insurances based on the applicable incoterm.

### *Pre-series delivery Schedule*

The Supplier states that it agrees to the following pre-series due dates:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Place of Delivery,**  **Contact Person taking delivery** | **Quantity** | **Due Date** |
| Initial Sample |  |  |  |
| Prototypes |  |  |  |
| Run rate  (cost-neutral acceptance of one day’s production) |  |  |  |
| Release Sample, including ISTR |  |  |  |
| Off-Tool-Components (OTC) |  |  |  |
| Initial Serial Production Deliveries |  |  |  |

### *Quality requirements*

The Supplier undertakes in general to comply with the Faurecia’s zero-defect strategy. Moreover, the Supplier undertakes to achieve the following PPM numbers for the scope of its deliveries (“**Production Quality Targets**”):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SOP +0 | SOP +1 | SOP+2 | SOP+3 | SOP 3+n |
| All Parts\* |  |  |  |  | XX |

*\*For Parts relevant for safety and Parts that are subject to legal regulation, 0 PPM always applies.*

### *Spare Parts*

The Supplier undertakes to manufacture spare parts for the Parts in accordance with this LON and after-sales needs expressed by Faurecia. In any case, the Supplier undertakes to supply Faurecia with the said spare parts, at any time and upon first request of the latter and for a fifteen (15) year period as of the sale of the last vehicle of any model whatsoever on which the Parts concerned is fitted. To this effect, the Supplier undertakes to keep in good state of functioning the Tools and equipment necessary to produce spare parts as well as to keep the corresponding drawings and manufacturing ranges, until the date of expiry or termination by Faurecia of this LON.

Spare parts' price, during and after the serial production phase, shall be the same as the serial production price plus the specific packaging and transportation expenses.

### *Subcontracting*

The Supplier shall only be permitted to subcontract part of its obligations under this LON to a subcontractor with the prior written consent of Faurecia. The Supplier shall be required to contractually and organizationally ensure that its subcontractor is properly trained and comply with the provisions of this LON. Consent by Faurecia shall not limit the liability of the Supplier. The Supplier shall be liable on an unrestricted basis for the acts and omissions of its subcontractor.

# Price and Terms of Payment

The Contractual Parties agree that the competitiveness of the Supplier in regard to prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

The Part Prices and Tools Prices referred to below are agreed upon between the Contractual Parties according to the commercial proposal “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx negotiated between Mr. \_\_\_\_\_\_\_\_\_\_\_ for Faurecia acting as Program Buyer and \_\_\_\_\_\_\_\_\_\_\_\_ for the Supplier acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on xx/xx/20xx and updated through the formal commercial offer “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx .

The Prices are all-inclusive and includes all costs, expenses, charges, constraints and/or obligations of any kind related to the performance of the Program.

The breakdown of the Part Prices and Tools Prices, as set forth in Appendix [●] (Parts and Tools Cost Breakdowns) are an integral part of this LON. Any price modification resulting from a program timing or Parts or Tools definition modification shall require Faurecia previous written consent through the approval of an updated Cost Breakdown.

Without prejudice to the provisions of this article and save as otherwise provided in the LON the Part Price and the Tools Price are firm and final, with no indexation or escalation and therefore, no Part Price or Tools Price increase may be applied without the prior written agreement of Faurecia.

## Development Price and Payment Conditions

To be inserted.

## Part Price and Payment Conditions

Faurecia pledges that it will pay the following remuneration (“**Part Price**”) plus the statutory VAT, if applicable, in consideration of the delivery of the Parts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference** | **Index** | **Prototypes Price (€) and Incoterm** | **Pre-Series Price (€)**  **and Incoterm** | **Serial Production Price (€) and Incoterm** | **End of Serial Production (EOP) Price (€) and Incoterm** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

For replacement part deliveries after the End of Serial Production (“**EOP**”), it is agreed that the Part Price will be the last serial Part Price plus an additional charge of x%.

The purchase price is due and payable \_\_\_\_\_\_\_\_\_ (xx) days after delivery and receipt of the Invoice, at the end of the month.

No claim concerning the payment for obsolete Parts may be made by the Supplier more than three (3) months after the date of issuance of the purchase order related to these obsolete Parts.

## Tools Price and Payment Conditions

The Supplier shall supply Faurecia for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings as specified below:

|  |  |  |
| --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Payment Conditions** |
|  |  |  |
|  |  |  |
|  |  |  |

The Tools Loan Agreement as referred to in Appendix 20 (Tools Loan Agreement) shall apply to the Supplier’s use of the tools.

## Other Financial Clauses

* [Material price clause, if applicable]
* [Currency clause, if applicable]
* [Indexation clause]

## Tools Amortization

Faurecia pledges that it will pay in addition to the Part Price a part price amortization (“**PPA**”) linked to the amortization of 100% of the Tools Price:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Amortized Quantity** | **PPA (€)** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Development Amortization / Packaging Amortization

The total Development / manufacturing remuneration and Packaging costs will be integrated in Part Price to be amortized on the total volume declared by Faurecia's customer mentioned in Faurecia's request for quotation. In case that 80% of the volume declared by Faurecia's customer at least are reached during the performance of the Program, the Supplier will not receive any additional compensation. When the delivered Parts will reach the total volume declared by Faurecia, the Development / manufacturing remuneration and Packaging costs shall be deducted from the Part Price.

## The Parties agree that ownership title to the packaging remains to the Supplier, except if requested by Faurecia.

## 

## Productivity

The Supplier recognizes that mass production leads to productivity gains both on the Parts and on the process level. The Supplier offers Faurecia, who accepts it, the opportunity to take advantage of productivity gains. Therefore, the Supplier undertakes to grant to Faurecia an annual serial Part Prices reduction, based on the Part Price \_\_\_ (Incoterms, 2020), excluding transport fees, Tools Price and Development.

The Contractual Parties agree therefore that the Part Price shall be reduced not less than:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **SOP +0** | **SOP +1** | **SOP +2** | **SOP+3** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The first adjustment (SPO+0) will take place \_\_\_\_ (x) months after the Start of Serial Production (“**SOP**”); all further price reductions will take place on January 1st of the respective subsequent year (SOP+x).

If serial production starts after June 30th of a year, the first adjustment (SOP+0) will take place on January 1st of the following year. All further price reductions will take place on January 1st of the respective following year (SOP+x).

The Contractual Parties agree also on a Faurecia Development Cost Participation of \_\_\_\_\_\_\_\_\_\_\_\_\_€ as stated in Appendix [●] (Development Cost Participation and End of year Rebate).

## End of the year rebate

The Supplier agrees and undertakes to take into account the cumulative annual turnover exclusive of tax invoiced by the Supplying Plants corresponding to the purchase orders issued by Faurecia or the Receiving Plants and, based on this turnover, to apply an end of year rebate according to the conditions set forth in Appendix [●] (Development Cost Participation and End of year Rebate).

In addition, the Supplier undertakes to propose regularly to Faurecia, improvement ideas and/or productivities meaning an up-date of the Program in order to improve the quality, Part Price, Tools Price or time delivery of the Program.

Faurecia shall decide if such up-date shall be implemented or not. If Faurecia decides to implement such up-date the Contractual Parties shall agree on the terms and conditions of the implementation of such up-date.

# Contract partner / Project Head

* **Faurecia**:

until SOP: [NAME AND CONTACT DETAILS]

as of SOP: [NAME AND CONTACT DETAILS]

* **Supplier**

[NAME AND CONTACT DETAILS]

# General Provisions

There shall be no oral side agreements. Modifications and supplementations of this LON must be in writing and must be signed by a legal representative or a person duly authorized by the legal representative or the purchasing manager) of the Contractual Parties. This also applies to cancellation of the written form clause.

**[**French**]** substantive law shall apply excluding the provisions on conflicts of law and with exclusion of the provisions of the United Nations Convention on the International Sale of Goods shall not apply to the LON.

The Contracting Parties shall endeavour to amicably resolve differences of opinion with respect notably to the interpretation, performance or termination of the LON prior to bringing a complaint or initiating an arbitration proceeding.

The Contracting Parties agree that disputes, even in case of warranty claim or multiple defendants, not resolved amicably within sixty (60) calendar days shall be exclusively filed before the **[**Commercial Court (Tribunal de Commerce) of Paris, France**]**.

Executed in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on \_\_\_\_\_\_ of \_\_\_\_\_\_\_ 20xx, in two (2) original counterparts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **On behalf of the Supplier:** | |  | **On behalf of Faurecia:** | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

Appendix A: Declaration of Participation

|  |
| --- |
| [Company Name]  [Address]  [Country]  [Company Register]  (in the following referred to as "**Plant**“) |

Preamble

1. With this declaration of adherence the Plant declares its participation as set forth in Article 1 of the Letter of Nomination entered into between FAURECIA INTERIORS PARDUBICE S.R.O. and COVESTRO DEUTSCHLAND A.G. on [date] (the "**LON**").
2. In the LON, the Contractual Parties have defined the basis of the serial delivery of Material in the frame of the Program. However, the Supplying Plant and the Receiving Plant shall execute the actual deliveries. Even though the Plant is no Contractual Party to the LON, the provisions of the LON shall be binding for the Plant, too. Therefore, the Plant shall join the respective Principal Party as Contractual Party of the LON. “**Principal Party”** shall be for the Supplying Plant, the Supplier and for the Receiving Plant, the Company.

Declaration

1. Herewith the Plant joins the Principal Party as Contractual Party of the LON. For the avoidance of doubt only, the individual delivery contracts which will be concluded by way of call of deliveries shall only be concluded between the Supplying Plant and the Receiving Plant.
2. The Plant represents that it has knowledge of the content of the LON and has been provided with a copy thereof.
3. The definitions set forth in the LON shall apply to the extent this declaration does not contain deviating definitions.
4. This declaration is subject to German substantive law. Application of the UN Convention on Contracts for the International Sale of Goods is excluded.
5. All disputes that arise in connection with this declaration or its validity shall be exclusively decided by the competent courts of Frankfurt am Main, Germany.

**If any of the defending Suppliers or the defending Supplying Plant has its legal seat in Brazil, Russia, India or China** (“**BRIC-Supplier**”),then in deviation from this, all disputes that arise in connection with this declaration or its validity shall be decided by an arbitration court without recourse to ordinary courts of law. The country where the legal seat of the BRIC-Supplier is located shall decide the applicable arbitration rules as follows:

**China**: Hong Kong Inter­national Arbitration Centre Administered Arbi­tration Rules applicable at the time of submission of the request for arbitration.

**India**: Arbitration Rules of the London Court of Arbitration (LCIA)

**Brazil**: Arbitration Rules of the International Chamber of Commerce (ICC).

**Russia**: Arbitration Rules of the Institute of Arbitration of the Chamber of Commerce Stockholm

By way of this reference, the respective arbitration rules shall be an integral part of this declaration.

The place of arbitration shall be Frankfurt am Main, Germany. In deviation from this, the place of arbitration for proceedings involving BRIC-Supplier with legal seat in China shall be Hong Kong, China.

There shall be three arbitrators. The arbitration proceedings shall be conducted in English. German substantive law shall apply.

The arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the submission of the request for arbitration.

Part I of the Indian Arbitration and Conciliation Act, 1996 (Nr. 26/1996) is excluded.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **For the Plant:** | | |  | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

**Letter of Nomination – [Program Name] – [Scope of Supplier]**

This Letter of Nomination (“**LON**”) is issued on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”),

|  |  |
| --- | --- |
| By | **FAURECIA [FULL LEGAL ENTITY NAME]**  A limited liability company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with a share capital of Euros \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  duly represented by **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and duly empowered to sign this LON  hereinafter referred to as “**Faurecia**” or “**Company**” |
| To | A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with a share capital of \_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_,  duly represented by \_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and duly empowered to sign this LON,  hereinafter referred to as the “**Supplier**” |

for the development (the “**Development**”), manufacture, and delivery of the following parts (the “**Parts**”) and related tools (the “**Tools**”) (together the "**Deliverables**") as part of the program \_\_\_\_\_\_\_\_\_\_\_ (“**Program**”) for the vehicles of \_\_\_\_\_\_\_\_\_\_ (“**OEM**”). Faurecia has decided to choose the Supplier based on its skills and ability to perform such development and manufacturing and the Supplier accepts this nomination based on the terms and conditions set out below.

Supplier and Company hereafter referred to collectively as the “**Contractual Parties**”or individually as the“**Contractual Party**”.

# purpose

With this LON, the Supplier and Faurecia jointly agree on the specific terms and conditions that shall govern the performance of the development, manufacture and the delivery of the following specified Parts and Tools in relation to the Program.

The Contractual Parties are aware that individual delivery contracts come about as the result of Purchase Orders and subsequentReleases, submitted to the Supplier plant that is to make the delivery ("**Supplying Plant** ") by the Faurecia plant that is to receive the delivery (“**Receiving Plant**”). If the Contractual Parties do not own the respective Supplying Plants or Receiving Plants, then the Contractual Party concerned shall make sure that a Declaration of Adherence in accordance with the sample in Appendix A (Template of Declaration of Adherence) is submitted by the legal entity that owns the plant in question.

The Supplier is familiar with the special characteristics of the supply business in the automobile industry and is aware that on-time delivery synchronized with production is of the essence for the OEM and that the corresponding dovetailing of the work processes in serial delivery requires a continual exchange of information and regular coordination between the Contractual Parties.

The Contractual Parties agree that the competitiveness of the Supplier regarding prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

It does not constitute nor can be construed, in any way, as a commitment from Faurecia, to entrust to the Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or manufacturing.

In the event that Faurecia would expressly retain the Supplier’s offer for the supplying of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or Manufacturing, such supplying shall be subject to (i) a Faurecia purchase order and release, (ii) the provisions of the present LON which, by their nature, apply to the production and supply of the Parts and/or Tools, (iii) the Faurecia General Conditions of Purchase and (iiii) the other contractual documents (“OCD”), listed hereinafter in Article 2.

# CONTRACTUAL DOCUMENTATION

The following documents are an integral part of this LONand incorporated by reference:

The following documents, ranked by priority order, form an agreement (hereafter the "**Agreement**"):

* + 1. This LON, completed by possible amendments,
    2. the other contractual documents ("**OCD**"), listed hereinafter in the following chart, as amended in writing where applicable.

Any declaration, commitment, offer or any amendment to the Agreement shall only be binding if it is part of a subsequent agreement executed by the duly authorized representative of each Party having at least the same title that the signatory of the present LON.

| **N°** | **Name** | **Ref/** | **Comment** | **Incorporated by reference (Yes / No)** |
| --- | --- | --- | --- | --- |
| Appendix 1 | Special Terms and Conditions (if any) |  |  |  |
| Appendix 2 | Framework Agreement (FA)(if any) |  | Signed on |  |
| Appendix 3 | General Purchase Conditions | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 4 | NDA | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 5 | Quality Assurance Agreement (QAA) | FAU-S-SPG-3124 | Signed on |  |
| Appendix 6 | Supplier Logistics Manual (SLM) | FAU-S-SPG-2025 | Signed on |  |
| Appendix 7 | Supplier Logistics Agreement(SLA) | FAU-S-SPG-2026 | Signed on |  |
| Appendix 8 | Supplier Requirements Manual (SRM) | FAU-C-SPG-4030 | Signed on |  |
| Appendix 9 | RFQ Package | BG Specific |  |  |
| Appendix 10 | Statement of Work / RASIC | BG Specific |  |  |
| Appendix 11 | SRC Commitment | BG Specific | Signed on |  |
| Appendix 12 | Parts & Tools Cost Breakdowns | BG Specific |  |  |
| Appendix 13 | Drawings & Specifications | BG Specific |  |  |
| Appendix 14 | Time Schedule | BG Specific |  |  |
| Appendix 15 | Team Feasibility Commitment (TFC) | FAU-F-SPG-2408 | Signed on |  |
| Appendix 16 | Guaranteed Capacity Commitment (GCC) |  | Signed on |  |
| Appendix 17 | Quality Commitment (QC) | FAU-F-SPG-3100 | Signed on |  |
| Appendix 18 | Logistics Data Sheet (LDS) |  | Signed on |  |
| Appendix 19 | Long Term Agreement (LTA) (if any) |  | Signed on |  |
| Appendix 20 | Tools Loan Agreement (if any) |  | Signed on |  |
| Appendix 21 | PPAP PSW Checklist (if any) |  | Signed on |  |
| Appendix 22 | APQP\_Status+report (if any) |  | Signed on |  |
| Appendix 23 | Development Cost Participation and End of year rebate |  |  |  |
| Appendix A | Template of Declaration of Adherence |  |  |  |

In the event of discrepancies, the documents named in this article 2 shall apply in the order stated. The LON shall take precedence over all above-mentioned documents. In case of contradiction, specific provisions shall prevail over general provisions.

# Supplier’s delivery obligation

## Development Phase

### *Description of Development*

Description of Development to be inserted.

### *Deliverables*

Description of the Deliverables to be inserted.

### *Validation Process*

The Supplier is committed to fulfil the PPAP (as defined in Supplier Requirement Manual) and Program milestones on time according to the Program planning. Date for PPAP and Program milestones will be agreed in advanced product quality planning ("**APQP**") meetings, as described in Supplier Requirement Manual. In case of failure to fulfil the dates agreed in the latest APQP, Faurecia will charge to Supplier all associated costs with, minimum 5% of the associated Tools Price (as defined below). ASQ (Advanced Supplier Quality) Status Report (as described in Supplier Requirement Manual) must be updated at least on a monthly basis, and submitted to Faurecia the 20th of each month.

The Supplier shall propose a detailed Program timing including all design, test, and industrialisation milestones in accordance with Faurecia's and OEM's Program milestones that will have to be approved by Faurecia.

All timings follow-up (Tools, test, industrialization…) will be updated and sent to Faurecia's Program Buyer/ASQ every week.

The Supplier has to reserve and provide all the necessary means and personnel from the concerned departments in order to achieve the Program planning, by nominating a dedicated team including, at least, project leader, product engineer and quality engineer. The Supplier's Program team will have to be kept until SOP (as defined below) date+90 days or PPAP+90days.

During the regular follow up of the Development /manufacturing of the Part, it will be monitored if the Supplier is able to achieve the agreed Deliverables. Faurecia will be entitled to subcontract all or part of the Agreement if the Supplier is unable to achieve such agreed Deliverables after notice sent to the Supplier. All related costs will be charged to the Supplier.

The Supplier has to provide on-site support during all phases of prototype builds and Program launch as necessary and/or requested by Faurecia

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the carried out Development and the Development that should have been carried out in accordance with the LON.

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the Deliverables.

Should there be any reserves Faurecia may:

1. require that the Supplier remedies at its own expenses Faurecia’s reserves within the time limits stipulated in the written document; or
2. accept the Deliverables as such in exchange of an appropriate reduction of the Supplier remuneration

In case of non-satisfactory result of a validation test or of non-fulfilment of time limits by the Supplier, Faurecia reserves the right to:

1. decide to postpone validation and set new time limits; or
2. terminate the Agreement, without prejudice of damages that Faurecia might claim, and without payment of a termination charges and without a formal prior notice being necessary. As a consequence, the Supplier shall not be entitled to charge the rejected Deliverables.

### *Development Schedule*

The Supplier acknowledges that fulfilment of dates and Development time limits, as set forth in Appendix [●] (Time Schedule), are mandatory and represent an essential condition of the consent given by Faurecia to enter into this LON.

## Supply of Tools

### *Description of the Tools*

The Supplier shall supply our Company for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings free of charge unless a fee is specified below.

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Description of the Tool** | **Quantity** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

The Terms and Conditions for the Supply of Tools (Appendix 1) shall apply to the delivery of tools. To avoid misunderstandings, it is stated that any separate order for tools by our COMPANY shall be made solely for technical reasons, and no deviating or supplementary arrangements shall be agreed as the result of such orders for tools.

The Terms and Conditions for the Lending of Tools (Appendix 20) shall apply to the Supplier’s use of the tools.

### *Tools Delivery Schedule*

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Place of Delivery** | **Due Date** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

### *Acceptance and transfer of ownership*

Transfer of ownership of the Tools shall pass to Faurecia:

1. upon delivery of the Tools in the event of a sale (i.e., Tools are manufactured by Supplier's subcontractor and sold to Faurecia); or
2. upon acceptance of the Tools by Faurecia in the event of a services agreement (i.e., Tools are manufactured by Supplier itself).

The Supplier shall also, transfer ownership to Faurecia, together with the tools, gauges and drawings, and will mark them in accordance with Faurecia instructions.

No reservation of title clause proposed by the Supplier or its subcontractors shall be effective against Faurecia. The Supplier shall assure that no reservation of title clause shall be asserted by its sub-contractors for any element delivered by them and which is part of the Tools.

## Supply of Parts

### *Description of Parts*

The Supplier shall manufacture the Parts listed in the following table in the Supplying Plant, and deliver them free from defects, in accordance with the Specifications listed in Appendix [●] (Drawings and Specifications) to the Receiving Plant.

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Index** | **Description** | **Part N°** |
|  |  |  | Part N°1 |
|  |  |  | Part N°2 |
|  |  |  | Part N°3 |
|  |  |  | Part N°4 |

### *Place and term of delivery*

The Supplying Plants and related Receiving Plants shall be as set forth in the following table. The delivery shall be made in accordance with the Incoterm (ICC Incoterms 2020) and place of delivery set out in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** |  | **Supplying Plant** | **Receiving Plant** | **Incoterm** |
| Part 1 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 2 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 3 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 4 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |

### *Supplier Guaranteed Capacity*

The Supplier guarantees that it can deliver 1/45th of 130 percent of the Estimated Annual Requirement (Section 3.3.4) every week (“**Guaranteed Capacity**”) as set forth in Appendix [●] (Guaranteed Capacity Commitment). For the year in which SOP (as described below) occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity shall be the Estimated Annual Requirement of the year following SOP (as described below). For the year in which EOP occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity for those years shall be the Estimated Annual Requirement of the year prior to EOP. This applies accordingly to any additional years of delivery of Parts if the OEM extends the duration of the Program.

### *Indicative volumes*

Without accepting liability, Faurecia hereby informs the Supplier that the OEM has indicated the annual demand for Parts in the form of a non-binding estimated production requirement (“**Estimated Annual Requirement**") as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Reference** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

For clarifying purposes only, it is stated that the Estimated Annual Requirement is for informational purposes only and does not represent a commitment for Faurecia, unless otherwise explicitly provided in this LON. It does not constitute a basis of this LON under any circumstances and cannot be construed, in any way, as a commitment from Faurecia to entrust to Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development. If the OEM changes the indicated annual demand for Parts, Faurecia shall be entitled, to amend the Estimated Annual Requirement accordingly.

### *Packing, Transportation and Logistics*

It is agreed that the Supplier shall comply with the logistic and packaging procedures set out in Appendices, including the relevant insurances based on the applicable incoterm.

### *Pre-series delivery Schedule*

The Supplier states that it agrees to the following pre-series due dates:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Place of Delivery,**  **Contact Person taking delivery** | **Quantity** | **Due Date** |
| Initial Sample |  |  |  |
| Prototypes |  |  |  |
| Run rate  (cost-neutral acceptance of one day’s production) |  |  |  |
| Release Sample, including ISTR |  |  |  |
| Off-Tool-Components (OTC) |  |  |  |
| Initial Serial Production Deliveries |  |  |  |

### *Quality requirements*

The Supplier undertakes in general to comply with the Faurecia’s zero-defect strategy. Moreover, the Supplier undertakes to achieve the following PPM numbers for the scope of its deliveries (“**Production Quality Targets**”):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SOP +0 | SOP +1 | SOP+2 | SOP+3 | SOP 3+n |
| All Parts\* |  |  |  |  | XX |

*\*For Parts relevant for safety and Parts that are subject to legal regulation, 0 PPM always applies.*

### *Spare Parts*

The Supplier undertakes to manufacture spare parts for the Parts in accordance with this LON and after-sales needs expressed by Faurecia. In any case, the Supplier undertakes to supply Faurecia with the said spare parts, at any time and upon first request of the latter and for a fifteen (15) year period as of the sale of the last vehicle of any model whatsoever on which the Parts concerned is fitted. To this effect, the Supplier undertakes to keep in good state of functioning the Tools and equipment necessary to produce spare parts as well as to keep the corresponding drawings and manufacturing ranges, until the date of expiry or termination by Faurecia of this LON.

Spare parts' price, during and after the serial production phase, shall be the same as the serial production price plus the specific packaging and transportation expenses.

### *Subcontracting*

The Supplier shall only be permitted to subcontract part of its obligations under this LON to a subcontractor with the prior written consent of Faurecia. The Supplier shall be required to contractually and organizationally ensure that its subcontractor is properly trained and comply with the provisions of this LON. Consent by Faurecia shall not limit the liability of the Supplier. The Supplier shall be liable on an unrestricted basis for the acts and omissions of its subcontractor.

# Price and Terms of Payment

The Contractual Parties agree that the competitiveness of the Supplier in regard to prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

The Part Prices and Tools Prices referred to below are agreed upon between the Contractual Parties according to the commercial proposal “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx negotiated between Mr. \_\_\_\_\_\_\_\_\_\_\_ for Faurecia acting as Program Buyer and \_\_\_\_\_\_\_\_\_\_\_\_ for the Supplier acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on xx/xx/20xx and updated through the formal commercial offer “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx .

The Prices are all-inclusive and includes all costs, expenses, charges, constraints and/or obligations of any kind related to the performance of the Program.

The breakdown of the Part Prices and Tools Prices, as set forth in Appendix [●] (Parts and Tools Cost Breakdowns) are an integral part of this LON. Any price modification resulting from a program timing or Parts or Tools definition modification shall require Faurecia previous written consent through the approval of an updated Cost Breakdown.

Without prejudice to the provisions of this article and save as otherwise provided in the LON the Part Price and the Tools Price are firm and final, with no indexation or escalation and therefore, no Part Price or Tools Price increase may be applied without the prior written agreement of Faurecia.

## Development Price and Payment Conditions

To be inserted.

## Part Price and Payment Conditions

Faurecia pledges that it will pay the following remuneration (“**Part Price**”) plus the statutory VAT, if applicable, in consideration of the delivery of the Parts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference** | **Index** | **Prototypes Price (€) and Incoterm** | **Pre-Series Price (€)**  **and Incoterm** | **Serial Production Price (€) and Incoterm** | **End of Serial Production (EOP) Price (€) and Incoterm** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

For replacement part deliveries after the End of Serial Production (“**EOP**”), it is agreed that the Part Price will be the last serial Part Price plus an additional charge of x%.

The purchase price is due and payable \_\_\_\_\_\_\_\_\_ (xx) days after delivery and receipt of the Invoice, at the end of the month.

No claim concerning the payment for obsolete Parts may be made by the Supplier more than three (3) months after the date of issuance of the purchase order related to these obsolete Parts.

## Tools Price and Payment Conditions

The Supplier shall supply Faurecia for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings as specified below:

|  |  |  |
| --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Payment Conditions** |
|  |  |  |
|  |  |  |
|  |  |  |

The Tools Loan Agreement as referred to in Appendix 20 (Tools Loan Agreement) shall apply to the Supplier’s use of the tools.

## Other Financial Clauses

* [Material price clause, if applicable]
* [Currency clause, if applicable]
* [Indexation clause]

## Tools Amortization

Faurecia pledges that it will pay in addition to the Part Price a part price amortization (“**PPA**”) linked to the amortization of 100% of the Tools Price:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Amortized Quantity** | **PPA (€)** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Development Amortization / Packaging Amortization

The total Development / manufacturing remuneration and Packaging costs will be integrated in Part Price to be amortized on the total volume declared by Faurecia's customer mentioned in Faurecia's request for quotation. In case that 80% of the volume declared by Faurecia's customer at least are reached during the performance of the Program, the Supplier will not receive any additional compensation. When the delivered Parts will reach the total volume declared by Faurecia, the Development / manufacturing remuneration and Packaging costs shall be deducted from the Part Price.

## The Parties agree that ownership title to the packaging remains to the Supplier, except if requested by Faurecia.

## 

## Productivity

The Supplier recognizes that mass production leads to productivity gains both on the Parts and on the process level. The Supplier offers Faurecia, who accepts it, the opportunity to take advantage of productivity gains. Therefore, the Supplier undertakes to grant to Faurecia an annual serial Part Prices reduction, based on the Part Price \_\_\_ (Incoterms, 2020), excluding transport fees, Tools Price and Development.

The Contractual Parties agree therefore that the Part Price shall be reduced not less than:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **SOP +0** | **SOP +1** | **SOP +2** | **SOP+3** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The first adjustment (SPO+0) will take place \_\_\_\_ (x) months after the Start of Serial Production (“**SOP**”); all further price reductions will take place on January 1st of the respective subsequent year (SOP+x).

If serial production starts after June 30th of a year, the first adjustment (SOP+0) will take place on January 1st of the following year. All further price reductions will take place on January 1st of the respective following year (SOP+x).

The Contractual Parties agree also on a Faurecia Development Cost Participation of \_\_\_\_\_\_\_\_\_\_\_\_\_€ as stated in Appendix [●] (Development Cost Participation and End of year Rebate).

## End of the year rebate

The Supplier agrees and undertakes to take into account the cumulative annual turnover exclusive of tax invoiced by the Supplying Plants corresponding to the purchase orders issued by Faurecia or the Receiving Plants and, based on this turnover, to apply an end of year rebate according to the conditions set forth in Appendix [●] (Development Cost Participation and End of year Rebate).

In addition, the Supplier undertakes to propose regularly to Faurecia, improvement ideas and/or productivities meaning an up-date of the Program in order to improve the quality, Part Price, Tools Price or time delivery of the Program.

Faurecia shall decide if such up-date shall be implemented or not. If Faurecia decides to implement such up-date the Contractual Parties shall agree on the terms and conditions of the implementation of such up-date.

# Contract partner / Project Head

* **Faurecia**:

until SOP: [NAME AND CONTACT DETAILS]

as of SOP: [NAME AND CONTACT DETAILS]

* **Supplier**

[NAME AND CONTACT DETAILS]

# General Provisions

There shall be no oral side agreements. Modifications and supplementations of this LON must be in writing and must be signed by a legal representative or a person duly authorized by the legal representative or the purchasing manager) of the Contractual Parties. This also applies to cancellation of the written form clause.

**[**French**]** substantive law shall apply excluding the provisions on conflicts of law and with exclusion of the provisions of the United Nations Convention on the International Sale of Goods shall not apply to the LON.

The Contracting Parties shall endeavour to amicably resolve differences of opinion with respect notably to the interpretation, performance or termination of the LON prior to bringing a complaint or initiating an arbitration proceeding.

The Contracting Parties agree that disputes, even in case of warranty claim or multiple defendants, not resolved amicably within sixty (60) calendar days shall be exclusively filed before the **[**Commercial Court (Tribunal de Commerce) of Paris, France**]**.

Executed in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on \_\_\_\_\_\_ of \_\_\_\_\_\_\_ 20xx, in two (2) original counterparts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **On behalf of the Supplier:** | |  | **On behalf of Faurecia:** | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

Appendix A: Declaration of Participation

|  |
| --- |
| [Company Name]  [Address]  [Country]  [Company Register]  (in the following referred to as "**Plant**“) |

Preamble

1. With this declaration of adherence the Plant declares its participation as set forth in Article 1 of the Letter of Nomination entered into between FAURECIA INTERIORS PARDUBICE S.R.O. and COVESTRO DEUTSCHLAND A.G. on [date] (the "**LON**").
2. In the LON, the Contractual Parties have defined the basis of the serial delivery of Material in the frame of the Program. However, the Supplying Plant and the Receiving Plant shall execute the actual deliveries. Even though the Plant is no Contractual Party to the LON, the provisions of the LON shall be binding for the Plant, too. Therefore, the Plant shall join the respective Principal Party as Contractual Party of the LON. “**Principal Party”** shall be for the Supplying Plant, the Supplier and for the Receiving Plant, the Company.

Declaration

1. Herewith the Plant joins the Principal Party as Contractual Party of the LON. For the avoidance of doubt only, the individual delivery contracts which will be concluded by way of call of deliveries shall only be concluded between the Supplying Plant and the Receiving Plant.
2. The Plant represents that it has knowledge of the content of the LON and has been provided with a copy thereof.
3. The definitions set forth in the LON shall apply to the extent this declaration does not contain deviating definitions.
4. This declaration is subject to German substantive law. Application of the UN Convention on Contracts for the International Sale of Goods is excluded.
5. All disputes that arise in connection with this declaration or its validity shall be exclusively decided by the competent courts of Frankfurt am Main, Germany.

**If any of the defending Suppliers or the defending Supplying Plant has its legal seat in Brazil, Russia, India or China** (“**BRIC-Supplier**”),then in deviation from this, all disputes that arise in connection with this declaration or its validity shall be decided by an arbitration court without recourse to ordinary courts of law. The country where the legal seat of the BRIC-Supplier is located shall decide the applicable arbitration rules as follows:

**China**: Hong Kong Inter­national Arbitration Centre Administered Arbi­tration Rules applicable at the time of submission of the request for arbitration.

**India**: Arbitration Rules of the London Court of Arbitration (LCIA)

**Brazil**: Arbitration Rules of the International Chamber of Commerce (ICC).

**Russia**: Arbitration Rules of the Institute of Arbitration of the Chamber of Commerce Stockholm

By way of this reference, the respective arbitration rules shall be an integral part of this declaration.

The place of arbitration shall be Frankfurt am Main, Germany. In deviation from this, the place of arbitration for proceedings involving BRIC-Supplier with legal seat in China shall be Hong Kong, China.

There shall be three arbitrators. The arbitration proceedings shall be conducted in English. German substantive law shall apply.

The arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the submission of the request for arbitration.

Part I of the Indian Arbitration and Conciliation Act, 1996 (Nr. 26/1996) is excluded.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **For the Plant:** | | |  | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

**Letter of Nomination – [Program Name] – [Scope of Supplier]**

This Letter of Nomination (“**LON**”) is issued on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”),

|  |  |
| --- | --- |
| By | **FAURECIA [FULL LEGAL ENTITY NAME]**  A limited liability company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with a share capital of Euros \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  duly represented by **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and duly empowered to sign this LON  hereinafter referred to as “**Faurecia**” or “**Company**” |
| To | A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with a share capital of \_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_,  duly represented by \_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and duly empowered to sign this LON,  hereinafter referred to as the “**Supplier**” |

for the development (the “**Development**”), manufacture, and delivery of the following parts (the “**Parts**”) and related tools (the “**Tools**”) (together the "**Deliverables**") as part of the program \_\_\_\_\_\_\_\_\_\_\_ (“**Program**”) for the vehicles of \_\_\_\_\_\_\_\_\_\_ (“**OEM**”). Faurecia has decided to choose the Supplier based on its skills and ability to perform such development and manufacturing and the Supplier accepts this nomination based on the terms and conditions set out below.

Supplier and Company hereafter referred to collectively as the “**Contractual Parties**”or individually as the“**Contractual Party**”.

# purpose

With this LON, the Supplier and Faurecia jointly agree on the specific terms and conditions that shall govern the performance of the development, manufacture and the delivery of the following specified Parts and Tools in relation to the Program.

The Contractual Parties are aware that individual delivery contracts come about as the result of Purchase Orders and subsequentReleases, submitted to the Supplier plant that is to make the delivery ("**Supplying Plant** ") by the Faurecia plant that is to receive the delivery (“**Receiving Plant**”). If the Contractual Parties do not own the respective Supplying Plants or Receiving Plants, then the Contractual Party concerned shall make sure that a Declaration of Adherence in accordance with the sample in Appendix A (Template of Declaration of Adherence) is submitted by the legal entity that owns the plant in question.

The Supplier is familiar with the special characteristics of the supply business in the automobile industry and is aware that on-time delivery synchronized with production is of the essence for the OEM and that the corresponding dovetailing of the work processes in serial delivery requires a continual exchange of information and regular coordination between the Contractual Parties.

The Contractual Parties agree that the competitiveness of the Supplier regarding prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

It does not constitute nor can be construed, in any way, as a commitment from Faurecia, to entrust to the Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or manufacturing.

In the event that Faurecia would expressly retain the Supplier’s offer for the supplying of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or Manufacturing, such supplying shall be subject to (i) a Faurecia purchase order and release, (ii) the provisions of the present LON which, by their nature, apply to the production and supply of the Parts and/or Tools, (iii) the Faurecia General Conditions of Purchase and (iiii) the other contractual documents (“OCD”), listed hereinafter in Article 2.

# CONTRACTUAL DOCUMENTATION

The following documents are an integral part of this LONand incorporated by reference:

The following documents, ranked by priority order, form an agreement (hereafter the "**Agreement**"):

* + 1. This LON, completed by possible amendments,
    2. the other contractual documents ("**OCD**"), listed hereinafter in the following chart, as amended in writing where applicable.

Any declaration, commitment, offer or any amendment to the Agreement shall only be binding if it is part of a subsequent agreement executed by the duly authorized representative of each Party having at least the same title that the signatory of the present LON.

| **N°** | **Name** | **Ref/** | **Comment** | **Incorporated by reference (Yes / No)** |
| --- | --- | --- | --- | --- |
| Appendix 1 | Special Terms and Conditions (if any) |  |  |  |
| Appendix 2 | Framework Agreement (FA)(if any) |  | Signed on |  |
| Appendix 3 | General Purchase Conditions | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 4 | NDA | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 5 | Quality Assurance Agreement (QAA) | FAU-S-SPG-3124 | Signed on |  |
| Appendix 6 | Supplier Logistics Manual (SLM) | FAU-S-SPG-2025 | Signed on |  |
| Appendix 7 | Supplier Logistics Agreement(SLA) | FAU-S-SPG-2026 | Signed on |  |
| Appendix 8 | Supplier Requirements Manual (SRM) | FAU-C-SPG-4030 | Signed on |  |
| Appendix 9 | RFQ Package | BG Specific |  |  |
| Appendix 10 | Statement of Work / RASIC | BG Specific |  |  |
| Appendix 11 | SRC Commitment | BG Specific | Signed on |  |
| Appendix 12 | Parts & Tools Cost Breakdowns | BG Specific |  |  |
| Appendix 13 | Drawings & Specifications | BG Specific |  |  |
| Appendix 14 | Time Schedule | BG Specific |  |  |
| Appendix 15 | Team Feasibility Commitment (TFC) | FAU-F-SPG-2408 | Signed on |  |
| Appendix 16 | Guaranteed Capacity Commitment (GCC) |  | Signed on |  |
| Appendix 17 | Quality Commitment (QC) | FAU-F-SPG-3100 | Signed on |  |
| Appendix 18 | Logistics Data Sheet (LDS) |  | Signed on |  |
| Appendix 19 | Long Term Agreement (LTA) (if any) |  | Signed on |  |
| Appendix 20 | Tools Loan Agreement (if any) |  | Signed on |  |
| Appendix 21 | PPAP PSW Checklist (if any) |  | Signed on |  |
| Appendix 22 | APQP\_Status+report (if any) |  | Signed on |  |
| Appendix 23 | Development Cost Participation and End of year rebate |  |  |  |
| Appendix A | Template of Declaration of Adherence |  |  |  |

In the event of discrepancies, the documents named in this article 2 shall apply in the order stated. The LON shall take precedence over all above-mentioned documents. In case of contradiction, specific provisions shall prevail over general provisions.

# Supplier’s delivery obligation

## Development Phase

### *Description of Development*

Description of Development to be inserted.

### *Deliverables*

Description of the Deliverables to be inserted.

### *Validation Process*

The Supplier is committed to fulfil the PPAP (as defined in Supplier Requirement Manual) and Program milestones on time according to the Program planning. Date for PPAP and Program milestones will be agreed in advanced product quality planning ("**APQP**") meetings, as described in Supplier Requirement Manual. In case of failure to fulfil the dates agreed in the latest APQP, Faurecia will charge to Supplier all associated costs with, minimum 5% of the associated Tools Price (as defined below). ASQ (Advanced Supplier Quality) Status Report (as described in Supplier Requirement Manual) must be updated at least on a monthly basis, and submitted to Faurecia the 20th of each month.

The Supplier shall propose a detailed Program timing including all design, test, and industrialisation milestones in accordance with Faurecia's and OEM's Program milestones that will have to be approved by Faurecia.

All timings follow-up (Tools, test, industrialization…) will be updated and sent to Faurecia's Program Buyer/ASQ every week.

The Supplier has to reserve and provide all the necessary means and personnel from the concerned departments in order to achieve the Program planning, by nominating a dedicated team including, at least, project leader, product engineer and quality engineer. The Supplier's Program team will have to be kept until SOP (as defined below) date+90 days or PPAP+90days.

During the regular follow up of the Development /manufacturing of the Part, it will be monitored if the Supplier is able to achieve the agreed Deliverables. Faurecia will be entitled to subcontract all or part of the Agreement if the Supplier is unable to achieve such agreed Deliverables after notice sent to the Supplier. All related costs will be charged to the Supplier.

The Supplier has to provide on-site support during all phases of prototype builds and Program launch as necessary and/or requested by Faurecia

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the carried out Development and the Development that should have been carried out in accordance with the LON.

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the Deliverables.

Should there be any reserves Faurecia may:

1. require that the Supplier remedies at its own expenses Faurecia’s reserves within the time limits stipulated in the written document; or
2. accept the Deliverables as such in exchange of an appropriate reduction of the Supplier remuneration

In case of non-satisfactory result of a validation test or of non-fulfilment of time limits by the Supplier, Faurecia reserves the right to:

1. decide to postpone validation and set new time limits; or
2. terminate the Agreement, without prejudice of damages that Faurecia might claim, and without payment of a termination charges and without a formal prior notice being necessary. As a consequence, the Supplier shall not be entitled to charge the rejected Deliverables.

### *Development Schedule*

The Supplier acknowledges that fulfilment of dates and Development time limits, as set forth in Appendix [●] (Time Schedule), are mandatory and represent an essential condition of the consent given by Faurecia to enter into this LON.

## Supply of Tools

### *Description of the Tools*

The Supplier shall supply our Company for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings free of charge unless a fee is specified below.

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Description of the Tool** | **Quantity** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

The Terms and Conditions for the Supply of Tools (Appendix 1) shall apply to the delivery of tools. To avoid misunderstandings, it is stated that any separate order for tools by our COMPANY shall be made solely for technical reasons, and no deviating or supplementary arrangements shall be agreed as the result of such orders for tools.

The Terms and Conditions for the Lending of Tools (Appendix 20) shall apply to the Supplier’s use of the tools.

### *Tools Delivery Schedule*

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Place of Delivery** | **Due Date** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

### *Acceptance and transfer of ownership*

Transfer of ownership of the Tools shall pass to Faurecia:

1. upon delivery of the Tools in the event of a sale (i.e., Tools are manufactured by Supplier's subcontractor and sold to Faurecia); or
2. upon acceptance of the Tools by Faurecia in the event of a services agreement (i.e., Tools are manufactured by Supplier itself).

The Supplier shall also, transfer ownership to Faurecia, together with the tools, gauges and drawings, and will mark them in accordance with Faurecia instructions.

No reservation of title clause proposed by the Supplier or its subcontractors shall be effective against Faurecia. The Supplier shall assure that no reservation of title clause shall be asserted by its sub-contractors for any element delivered by them and which is part of the Tools.

## Supply of Parts

### *Description of Parts*

The Supplier shall manufacture the Parts listed in the following table in the Supplying Plant, and deliver them free from defects, in accordance with the Specifications listed in Appendix [●] (Drawings and Specifications) to the Receiving Plant.

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Index** | **Description** | **Part N°** |
|  |  |  | Part N°1 |
|  |  |  | Part N°2 |
|  |  |  | Part N°3 |
|  |  |  | Part N°4 |

### *Place and term of delivery*

The Supplying Plants and related Receiving Plants shall be as set forth in the following table. The delivery shall be made in accordance with the Incoterm (ICC Incoterms 2020) and place of delivery set out in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** |  | **Supplying Plant** | **Receiving Plant** | **Incoterm** |
| Part 1 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 2 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 3 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 4 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |

### *Supplier Guaranteed Capacity*

The Supplier guarantees that it can deliver 1/45th of 130 percent of the Estimated Annual Requirement (Section 3.3.4) every week (“**Guaranteed Capacity**”) as set forth in Appendix [●] (Guaranteed Capacity Commitment). For the year in which SOP (as described below) occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity shall be the Estimated Annual Requirement of the year following SOP (as described below). For the year in which EOP occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity for those years shall be the Estimated Annual Requirement of the year prior to EOP. This applies accordingly to any additional years of delivery of Parts if the OEM extends the duration of the Program.

### *Indicative volumes*

Without accepting liability, Faurecia hereby informs the Supplier that the OEM has indicated the annual demand for Parts in the form of a non-binding estimated production requirement (“**Estimated Annual Requirement**") as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Reference** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

For clarifying purposes only, it is stated that the Estimated Annual Requirement is for informational purposes only and does not represent a commitment for Faurecia, unless otherwise explicitly provided in this LON. It does not constitute a basis of this LON under any circumstances and cannot be construed, in any way, as a commitment from Faurecia to entrust to Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development. If the OEM changes the indicated annual demand for Parts, Faurecia shall be entitled, to amend the Estimated Annual Requirement accordingly.

### *Packing, Transportation and Logistics*

It is agreed that the Supplier shall comply with the logistic and packaging procedures set out in Appendices, including the relevant insurances based on the applicable incoterm.

### *Pre-series delivery Schedule*

The Supplier states that it agrees to the following pre-series due dates:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Place of Delivery,**  **Contact Person taking delivery** | **Quantity** | **Due Date** |
| Initial Sample |  |  |  |
| Prototypes |  |  |  |
| Run rate  (cost-neutral acceptance of one day’s production) |  |  |  |
| Release Sample, including ISTR |  |  |  |
| Off-Tool-Components (OTC) |  |  |  |
| Initial Serial Production Deliveries |  |  |  |

### *Quality requirements*

The Supplier undertakes in general to comply with the Faurecia’s zero-defect strategy. Moreover, the Supplier undertakes to achieve the following PPM numbers for the scope of its deliveries (“**Production Quality Targets**”):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SOP +0 | SOP +1 | SOP+2 | SOP+3 | SOP 3+n |
| All Parts\* |  |  |  |  | XX |

*\*For Parts relevant for safety and Parts that are subject to legal regulation, 0 PPM always applies.*

### *Spare Parts*

The Supplier undertakes to manufacture spare parts for the Parts in accordance with this LON and after-sales needs expressed by Faurecia. In any case, the Supplier undertakes to supply Faurecia with the said spare parts, at any time and upon first request of the latter and for a fifteen (15) year period as of the sale of the last vehicle of any model whatsoever on which the Parts concerned is fitted. To this effect, the Supplier undertakes to keep in good state of functioning the Tools and equipment necessary to produce spare parts as well as to keep the corresponding drawings and manufacturing ranges, until the date of expiry or termination by Faurecia of this LON.

Spare parts' price, during and after the serial production phase, shall be the same as the serial production price plus the specific packaging and transportation expenses.

### *Subcontracting*

The Supplier shall only be permitted to subcontract part of its obligations under this LON to a subcontractor with the prior written consent of Faurecia. The Supplier shall be required to contractually and organizationally ensure that its subcontractor is properly trained and comply with the provisions of this LON. Consent by Faurecia shall not limit the liability of the Supplier. The Supplier shall be liable on an unrestricted basis for the acts and omissions of its subcontractor.

# Price and Terms of Payment

The Contractual Parties agree that the competitiveness of the Supplier in regard to prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

The Part Prices and Tools Prices referred to below are agreed upon between the Contractual Parties according to the commercial proposal “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx negotiated between Mr. \_\_\_\_\_\_\_\_\_\_\_ for Faurecia acting as Program Buyer and \_\_\_\_\_\_\_\_\_\_\_\_ for the Supplier acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on xx/xx/20xx and updated through the formal commercial offer “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx .

The Prices are all-inclusive and includes all costs, expenses, charges, constraints and/or obligations of any kind related to the performance of the Program.

The breakdown of the Part Prices and Tools Prices, as set forth in Appendix [●] (Parts and Tools Cost Breakdowns) are an integral part of this LON. Any price modification resulting from a program timing or Parts or Tools definition modification shall require Faurecia previous written consent through the approval of an updated Cost Breakdown.

Without prejudice to the provisions of this article and save as otherwise provided in the LON the Part Price and the Tools Price are firm and final, with no indexation or escalation and therefore, no Part Price or Tools Price increase may be applied without the prior written agreement of Faurecia.

## Development Price and Payment Conditions

To be inserted.

## Part Price and Payment Conditions

Faurecia pledges that it will pay the following remuneration (“**Part Price**”) plus the statutory VAT, if applicable, in consideration of the delivery of the Parts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference** | **Index** | **Prototypes Price (€) and Incoterm** | **Pre-Series Price (€)**  **and Incoterm** | **Serial Production Price (€) and Incoterm** | **End of Serial Production (EOP) Price (€) and Incoterm** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

For replacement part deliveries after the End of Serial Production (“**EOP**”), it is agreed that the Part Price will be the last serial Part Price plus an additional charge of x%.

The purchase price is due and payable \_\_\_\_\_\_\_\_\_ (xx) days after delivery and receipt of the Invoice, at the end of the month.

No claim concerning the payment for obsolete Parts may be made by the Supplier more than three (3) months after the date of issuance of the purchase order related to these obsolete Parts.

## Tools Price and Payment Conditions

The Supplier shall supply Faurecia for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings as specified below:

|  |  |  |
| --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Payment Conditions** |
|  |  |  |
|  |  |  |
|  |  |  |

The Tools Loan Agreement as referred to in Appendix 20 (Tools Loan Agreement) shall apply to the Supplier’s use of the tools.

## Other Financial Clauses

* [Material price clause, if applicable]
* [Currency clause, if applicable]
* [Indexation clause]

## Tools Amortization

Faurecia pledges that it will pay in addition to the Part Price a part price amortization (“**PPA**”) linked to the amortization of 100% of the Tools Price:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Amortized Quantity** | **PPA (€)** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Development Amortization / Packaging Amortization

The total Development / manufacturing remuneration and Packaging costs will be integrated in Part Price to be amortized on the total volume declared by Faurecia's customer mentioned in Faurecia's request for quotation. In case that 80% of the volume declared by Faurecia's customer at least are reached during the performance of the Program, the Supplier will not receive any additional compensation. When the delivered Parts will reach the total volume declared by Faurecia, the Development / manufacturing remuneration and Packaging costs shall be deducted from the Part Price.

## The Parties agree that ownership title to the packaging remains to the Supplier, except if requested by Faurecia.

## 

## Productivity

The Supplier recognizes that mass production leads to productivity gains both on the Parts and on the process level. The Supplier offers Faurecia, who accepts it, the opportunity to take advantage of productivity gains. Therefore, the Supplier undertakes to grant to Faurecia an annual serial Part Prices reduction, based on the Part Price \_\_\_ (Incoterms, 2020), excluding transport fees, Tools Price and Development.

The Contractual Parties agree therefore that the Part Price shall be reduced not less than:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **SOP +0** | **SOP +1** | **SOP +2** | **SOP+3** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The first adjustment (SPO+0) will take place \_\_\_\_ (x) months after the Start of Serial Production (“**SOP**”); all further price reductions will take place on January 1st of the respective subsequent year (SOP+x).

If serial production starts after June 30th of a year, the first adjustment (SOP+0) will take place on January 1st of the following year. All further price reductions will take place on January 1st of the respective following year (SOP+x).

The Contractual Parties agree also on a Faurecia Development Cost Participation of \_\_\_\_\_\_\_\_\_\_\_\_\_€ as stated in Appendix [●] (Development Cost Participation and End of year Rebate).

## End of the year rebate

The Supplier agrees and undertakes to take into account the cumulative annual turnover exclusive of tax invoiced by the Supplying Plants corresponding to the purchase orders issued by Faurecia or the Receiving Plants and, based on this turnover, to apply an end of year rebate according to the conditions set forth in Appendix [●] (Development Cost Participation and End of year Rebate).

In addition, the Supplier undertakes to propose regularly to Faurecia, improvement ideas and/or productivities meaning an up-date of the Program in order to improve the quality, Part Price, Tools Price or time delivery of the Program.

Faurecia shall decide if such up-date shall be implemented or not. If Faurecia decides to implement such up-date the Contractual Parties shall agree on the terms and conditions of the implementation of such up-date.

# Contract partner / Project Head

* **Faurecia**:

until SOP: [NAME AND CONTACT DETAILS]

as of SOP: [NAME AND CONTACT DETAILS]

* **Supplier**

[NAME AND CONTACT DETAILS]

# General Provisions

There shall be no oral side agreements. Modifications and supplementations of this LON must be in writing and must be signed by a legal representative or a person duly authorized by the legal representative or the purchasing manager) of the Contractual Parties. This also applies to cancellation of the written form clause.

**[**French**]** substantive law shall apply excluding the provisions on conflicts of law and with exclusion of the provisions of the United Nations Convention on the International Sale of Goods shall not apply to the LON.

The Contracting Parties shall endeavour to amicably resolve differences of opinion with respect notably to the interpretation, performance or termination of the LON prior to bringing a complaint or initiating an arbitration proceeding.

The Contracting Parties agree that disputes, even in case of warranty claim or multiple defendants, not resolved amicably within sixty (60) calendar days shall be exclusively filed before the **[**Commercial Court (Tribunal de Commerce) of Paris, France**]**.

Executed in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on \_\_\_\_\_\_ of \_\_\_\_\_\_\_ 20xx, in two (2) original counterparts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **On behalf of the Supplier:** | |  | **On behalf of Faurecia:** | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

Appendix A: Declaration of Participation

|  |
| --- |
| [Company Name]  [Address]  [Country]  [Company Register]  (in the following referred to as "**Plant**“) |

Preamble

1. With this declaration of adherence the Plant declares its participation as set forth in Article 1 of the Letter of Nomination entered into between FAURECIA INTERIORS PARDUBICE S.R.O. and COVESTRO DEUTSCHLAND A.G. on [date] (the "**LON**").
2. In the LON, the Contractual Parties have defined the basis of the serial delivery of Material in the frame of the Program. However, the Supplying Plant and the Receiving Plant shall execute the actual deliveries. Even though the Plant is no Contractual Party to the LON, the provisions of the LON shall be binding for the Plant, too. Therefore, the Plant shall join the respective Principal Party as Contractual Party of the LON. “**Principal Party”** shall be for the Supplying Plant, the Supplier and for the Receiving Plant, the Company.

Declaration

1. Herewith the Plant joins the Principal Party as Contractual Party of the LON. For the avoidance of doubt only, the individual delivery contracts which will be concluded by way of call of deliveries shall only be concluded between the Supplying Plant and the Receiving Plant.
2. The Plant represents that it has knowledge of the content of the LON and has been provided with a copy thereof.
3. The definitions set forth in the LON shall apply to the extent this declaration does not contain deviating definitions.
4. This declaration is subject to German substantive law. Application of the UN Convention on Contracts for the International Sale of Goods is excluded.
5. All disputes that arise in connection with this declaration or its validity shall be exclusively decided by the competent courts of Frankfurt am Main, Germany.

**If any of the defending Suppliers or the defending Supplying Plant has its legal seat in Brazil, Russia, India or China** (“**BRIC-Supplier**”),then in deviation from this, all disputes that arise in connection with this declaration or its validity shall be decided by an arbitration court without recourse to ordinary courts of law. The country where the legal seat of the BRIC-Supplier is located shall decide the applicable arbitration rules as follows:

**China**: Hong Kong Inter­national Arbitration Centre Administered Arbi­tration Rules applicable at the time of submission of the request for arbitration.

**India**: Arbitration Rules of the London Court of Arbitration (LCIA)

**Brazil**: Arbitration Rules of the International Chamber of Commerce (ICC).

**Russia**: Arbitration Rules of the Institute of Arbitration of the Chamber of Commerce Stockholm

By way of this reference, the respective arbitration rules shall be an integral part of this declaration.

The place of arbitration shall be Frankfurt am Main, Germany. In deviation from this, the place of arbitration for proceedings involving BRIC-Supplier with legal seat in China shall be Hong Kong, China.

There shall be three arbitrators. The arbitration proceedings shall be conducted in English. German substantive law shall apply.

The arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the submission of the request for arbitration.

Part I of the Indian Arbitration and Conciliation Act, 1996 (Nr. 26/1996) is excluded.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **For the Plant:** | | |  | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

**Letter of Nomination – [Program Name] – [Scope of Supplier]**

This Letter of Nomination (“**LON**”) is issued on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”),

|  |  |
| --- | --- |
| By | **FAURECIA [FULL LEGAL ENTITY NAME]**  A limited liability company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with a share capital of Euros \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  duly represented by **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and duly empowered to sign this LON  hereinafter referred to as “**Faurecia**” or “**Company**” |
| To | A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with a share capital of \_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_,  duly represented by \_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and duly empowered to sign this LON,  hereinafter referred to as the “**Supplier**” |

for the development (the “**Development**”), manufacture, and delivery of the following parts (the “**Parts**”) and related tools (the “**Tools**”) (together the "**Deliverables**") as part of the program \_\_\_\_\_\_\_\_\_\_\_ (“**Program**”) for the vehicles of \_\_\_\_\_\_\_\_\_\_ (“**OEM**”). Faurecia has decided to choose the Supplier based on its skills and ability to perform such development and manufacturing and the Supplier accepts this nomination based on the terms and conditions set out below.

Supplier and Company hereafter referred to collectively as the “**Contractual Parties**”or individually as the“**Contractual Party**”.

# purpose

With this LON, the Supplier and Faurecia jointly agree on the specific terms and conditions that shall govern the performance of the development, manufacture and the delivery of the following specified Parts and Tools in relation to the Program.

The Contractual Parties are aware that individual delivery contracts come about as the result of Purchase Orders and subsequentReleases, submitted to the Supplier plant that is to make the delivery ("**Supplying Plant** ") by the Faurecia plant that is to receive the delivery (“**Receiving Plant**”). If the Contractual Parties do not own the respective Supplying Plants or Receiving Plants, then the Contractual Party concerned shall make sure that a Declaration of Adherence in accordance with the sample in Appendix A (Template of Declaration of Adherence) is submitted by the legal entity that owns the plant in question.

The Supplier is familiar with the special characteristics of the supply business in the automobile industry and is aware that on-time delivery synchronized with production is of the essence for the OEM and that the corresponding dovetailing of the work processes in serial delivery requires a continual exchange of information and regular coordination between the Contractual Parties.

The Contractual Parties agree that the competitiveness of the Supplier regarding prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

It does not constitute nor can be construed, in any way, as a commitment from Faurecia, to entrust to the Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or manufacturing.

In the event that Faurecia would expressly retain the Supplier’s offer for the supplying of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or Manufacturing, such supplying shall be subject to (i) a Faurecia purchase order and release, (ii) the provisions of the present LON which, by their nature, apply to the production and supply of the Parts and/or Tools, (iii) the Faurecia General Conditions of Purchase and (iiii) the other contractual documents (“OCD”), listed hereinafter in Article 2.

# CONTRACTUAL DOCUMENTATION

The following documents are an integral part of this LONand incorporated by reference:

The following documents, ranked by priority order, form an agreement (hereafter the "**Agreement**"):

* + 1. This LON, completed by possible amendments,
    2. the other contractual documents ("**OCD**"), listed hereinafter in the following chart, as amended in writing where applicable.

Any declaration, commitment, offer or any amendment to the Agreement shall only be binding if it is part of a subsequent agreement executed by the duly authorized representative of each Party having at least the same title that the signatory of the present LON.

| **N°** | **Name** | **Ref/** | **Comment** | **Incorporated by reference (Yes / No)** |
| --- | --- | --- | --- | --- |
| Appendix 1 | Special Terms and Conditions (if any) |  |  |  |
| Appendix 2 | Framework Agreement (FA)(if any) |  | Signed on |  |
| Appendix 3 | General Purchase Conditions | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 4 | NDA | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 5 | Quality Assurance Agreement (QAA) | FAU-S-SPG-3124 | Signed on |  |
| Appendix 6 | Supplier Logistics Manual (SLM) | FAU-S-SPG-2025 | Signed on |  |
| Appendix 7 | Supplier Logistics Agreement(SLA) | FAU-S-SPG-2026 | Signed on |  |
| Appendix 8 | Supplier Requirements Manual (SRM) | FAU-C-SPG-4030 | Signed on |  |
| Appendix 9 | RFQ Package | BG Specific |  |  |
| Appendix 10 | Statement of Work / RASIC | BG Specific |  |  |
| Appendix 11 | SRC Commitment | BG Specific | Signed on |  |
| Appendix 12 | Parts & Tools Cost Breakdowns | BG Specific |  |  |
| Appendix 13 | Drawings & Specifications | BG Specific |  |  |
| Appendix 14 | Time Schedule | BG Specific |  |  |
| Appendix 15 | Team Feasibility Commitment (TFC) | FAU-F-SPG-2408 | Signed on |  |
| Appendix 16 | Guaranteed Capacity Commitment (GCC) |  | Signed on |  |
| Appendix 17 | Quality Commitment (QC) | FAU-F-SPG-3100 | Signed on |  |
| Appendix 18 | Logistics Data Sheet (LDS) |  | Signed on |  |
| Appendix 19 | Long Term Agreement (LTA) (if any) |  | Signed on |  |
| Appendix 20 | Tools Loan Agreement (if any) |  | Signed on |  |
| Appendix 21 | PPAP PSW Checklist (if any) |  | Signed on |  |
| Appendix 22 | APQP\_Status+report (if any) |  | Signed on |  |
| Appendix 23 | Development Cost Participation and End of year rebate |  |  |  |
| Appendix A | Template of Declaration of Adherence |  |  |  |

In the event of discrepancies, the documents named in this article 2 shall apply in the order stated. The LON shall take precedence over all above-mentioned documents. In case of contradiction, specific provisions shall prevail over general provisions.

# Supplier’s delivery obligation

## Development Phase

### *Description of Development*

Description of Development to be inserted.

### *Deliverables*

Description of the Deliverables to be inserted.

### *Validation Process*

The Supplier is committed to fulfil the PPAP (as defined in Supplier Requirement Manual) and Program milestones on time according to the Program planning. Date for PPAP and Program milestones will be agreed in advanced product quality planning ("**APQP**") meetings, as described in Supplier Requirement Manual. In case of failure to fulfil the dates agreed in the latest APQP, Faurecia will charge to Supplier all associated costs with, minimum 5% of the associated Tools Price (as defined below). ASQ (Advanced Supplier Quality) Status Report (as described in Supplier Requirement Manual) must be updated at least on a monthly basis, and submitted to Faurecia the 20th of each month.

The Supplier shall propose a detailed Program timing including all design, test, and industrialisation milestones in accordance with Faurecia's and OEM's Program milestones that will have to be approved by Faurecia.

All timings follow-up (Tools, test, industrialization…) will be updated and sent to Faurecia's Program Buyer/ASQ every week.

The Supplier has to reserve and provide all the necessary means and personnel from the concerned departments in order to achieve the Program planning, by nominating a dedicated team including, at least, project leader, product engineer and quality engineer. The Supplier's Program team will have to be kept until SOP (as defined below) date+90 days or PPAP+90days.

During the regular follow up of the Development /manufacturing of the Part, it will be monitored if the Supplier is able to achieve the agreed Deliverables. Faurecia will be entitled to subcontract all or part of the Agreement if the Supplier is unable to achieve such agreed Deliverables after notice sent to the Supplier. All related costs will be charged to the Supplier.

The Supplier has to provide on-site support during all phases of prototype builds and Program launch as necessary and/or requested by Faurecia

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the carried out Development and the Development that should have been carried out in accordance with the LON.

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the Deliverables.

Should there be any reserves Faurecia may:

1. require that the Supplier remedies at its own expenses Faurecia’s reserves within the time limits stipulated in the written document; or
2. accept the Deliverables as such in exchange of an appropriate reduction of the Supplier remuneration

In case of non-satisfactory result of a validation test or of non-fulfilment of time limits by the Supplier, Faurecia reserves the right to:

1. decide to postpone validation and set new time limits; or
2. terminate the Agreement, without prejudice of damages that Faurecia might claim, and without payment of a termination charges and without a formal prior notice being necessary. As a consequence, the Supplier shall not be entitled to charge the rejected Deliverables.

### *Development Schedule*

The Supplier acknowledges that fulfilment of dates and Development time limits, as set forth in Appendix [●] (Time Schedule), are mandatory and represent an essential condition of the consent given by Faurecia to enter into this LON.

## Supply of Tools

### *Description of the Tools*

The Supplier shall supply our Company for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings free of charge unless a fee is specified below.

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Description of the Tool** | **Quantity** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

The Terms and Conditions for the Supply of Tools (Appendix 1) shall apply to the delivery of tools. To avoid misunderstandings, it is stated that any separate order for tools by our COMPANY shall be made solely for technical reasons, and no deviating or supplementary arrangements shall be agreed as the result of such orders for tools.

The Terms and Conditions for the Lending of Tools (Appendix 20) shall apply to the Supplier’s use of the tools.

### *Tools Delivery Schedule*

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Place of Delivery** | **Due Date** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

### *Acceptance and transfer of ownership*

Transfer of ownership of the Tools shall pass to Faurecia:

1. upon delivery of the Tools in the event of a sale (i.e., Tools are manufactured by Supplier's subcontractor and sold to Faurecia); or
2. upon acceptance of the Tools by Faurecia in the event of a services agreement (i.e., Tools are manufactured by Supplier itself).

The Supplier shall also, transfer ownership to Faurecia, together with the tools, gauges and drawings, and will mark them in accordance with Faurecia instructions.

No reservation of title clause proposed by the Supplier or its subcontractors shall be effective against Faurecia. The Supplier shall assure that no reservation of title clause shall be asserted by its sub-contractors for any element delivered by them and which is part of the Tools.

## Supply of Parts

### *Description of Parts*

The Supplier shall manufacture the Parts listed in the following table in the Supplying Plant, and deliver them free from defects, in accordance with the Specifications listed in Appendix [●] (Drawings and Specifications) to the Receiving Plant.

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Index** | **Description** | **Part N°** |
|  |  |  | Part N°1 |
|  |  |  | Part N°2 |
|  |  |  | Part N°3 |
|  |  |  | Part N°4 |

### *Place and term of delivery*

The Supplying Plants and related Receiving Plants shall be as set forth in the following table. The delivery shall be made in accordance with the Incoterm (ICC Incoterms 2020) and place of delivery set out in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** |  | **Supplying Plant** | **Receiving Plant** | **Incoterm** |
| Part 1 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 2 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 3 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 4 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |

### *Supplier Guaranteed Capacity*

The Supplier guarantees that it can deliver 1/45th of 130 percent of the Estimated Annual Requirement (Section 3.3.4) every week (“**Guaranteed Capacity**”) as set forth in Appendix [●] (Guaranteed Capacity Commitment). For the year in which SOP (as described below) occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity shall be the Estimated Annual Requirement of the year following SOP (as described below). For the year in which EOP occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity for those years shall be the Estimated Annual Requirement of the year prior to EOP. This applies accordingly to any additional years of delivery of Parts if the OEM extends the duration of the Program.

### *Indicative volumes*

Without accepting liability, Faurecia hereby informs the Supplier that the OEM has indicated the annual demand for Parts in the form of a non-binding estimated production requirement (“**Estimated Annual Requirement**") as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Reference** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

For clarifying purposes only, it is stated that the Estimated Annual Requirement is for informational purposes only and does not represent a commitment for Faurecia, unless otherwise explicitly provided in this LON. It does not constitute a basis of this LON under any circumstances and cannot be construed, in any way, as a commitment from Faurecia to entrust to Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development. If the OEM changes the indicated annual demand for Parts, Faurecia shall be entitled, to amend the Estimated Annual Requirement accordingly.

### *Packing, Transportation and Logistics*

It is agreed that the Supplier shall comply with the logistic and packaging procedures set out in Appendices, including the relevant insurances based on the applicable incoterm.

### *Pre-series delivery Schedule*

The Supplier states that it agrees to the following pre-series due dates:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Place of Delivery,**  **Contact Person taking delivery** | **Quantity** | **Due Date** |
| Initial Sample |  |  |  |
| Prototypes |  |  |  |
| Run rate  (cost-neutral acceptance of one day’s production) |  |  |  |
| Release Sample, including ISTR |  |  |  |
| Off-Tool-Components (OTC) |  |  |  |
| Initial Serial Production Deliveries |  |  |  |

### *Quality requirements*

The Supplier undertakes in general to comply with the Faurecia’s zero-defect strategy. Moreover, the Supplier undertakes to achieve the following PPM numbers for the scope of its deliveries (“**Production Quality Targets**”):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SOP +0 | SOP +1 | SOP+2 | SOP+3 | SOP 3+n |
| All Parts\* |  |  |  |  | XX |

*\*For Parts relevant for safety and Parts that are subject to legal regulation, 0 PPM always applies.*

### *Spare Parts*

The Supplier undertakes to manufacture spare parts for the Parts in accordance with this LON and after-sales needs expressed by Faurecia. In any case, the Supplier undertakes to supply Faurecia with the said spare parts, at any time and upon first request of the latter and for a fifteen (15) year period as of the sale of the last vehicle of any model whatsoever on which the Parts concerned is fitted. To this effect, the Supplier undertakes to keep in good state of functioning the Tools and equipment necessary to produce spare parts as well as to keep the corresponding drawings and manufacturing ranges, until the date of expiry or termination by Faurecia of this LON.

Spare parts' price, during and after the serial production phase, shall be the same as the serial production price plus the specific packaging and transportation expenses.

### *Subcontracting*

The Supplier shall only be permitted to subcontract part of its obligations under this LON to a subcontractor with the prior written consent of Faurecia. The Supplier shall be required to contractually and organizationally ensure that its subcontractor is properly trained and comply with the provisions of this LON. Consent by Faurecia shall not limit the liability of the Supplier. The Supplier shall be liable on an unrestricted basis for the acts and omissions of its subcontractor.

# Price and Terms of Payment

The Contractual Parties agree that the competitiveness of the Supplier in regard to prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

The Part Prices and Tools Prices referred to below are agreed upon between the Contractual Parties according to the commercial proposal “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx negotiated between Mr. \_\_\_\_\_\_\_\_\_\_\_ for Faurecia acting as Program Buyer and \_\_\_\_\_\_\_\_\_\_\_\_ for the Supplier acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on xx/xx/20xx and updated through the formal commercial offer “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx .

The Prices are all-inclusive and includes all costs, expenses, charges, constraints and/or obligations of any kind related to the performance of the Program.

The breakdown of the Part Prices and Tools Prices, as set forth in Appendix [●] (Parts and Tools Cost Breakdowns) are an integral part of this LON. Any price modification resulting from a program timing or Parts or Tools definition modification shall require Faurecia previous written consent through the approval of an updated Cost Breakdown.

Without prejudice to the provisions of this article and save as otherwise provided in the LON the Part Price and the Tools Price are firm and final, with no indexation or escalation and therefore, no Part Price or Tools Price increase may be applied without the prior written agreement of Faurecia.

## Development Price and Payment Conditions

To be inserted.

## Part Price and Payment Conditions

Faurecia pledges that it will pay the following remuneration (“**Part Price**”) plus the statutory VAT, if applicable, in consideration of the delivery of the Parts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference** | **Index** | **Prototypes Price (€) and Incoterm** | **Pre-Series Price (€)**  **and Incoterm** | **Serial Production Price (€) and Incoterm** | **End of Serial Production (EOP) Price (€) and Incoterm** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

For replacement part deliveries after the End of Serial Production (“**EOP**”), it is agreed that the Part Price will be the last serial Part Price plus an additional charge of x%.

The purchase price is due and payable \_\_\_\_\_\_\_\_\_ (xx) days after delivery and receipt of the Invoice, at the end of the month.

No claim concerning the payment for obsolete Parts may be made by the Supplier more than three (3) months after the date of issuance of the purchase order related to these obsolete Parts.

## Tools Price and Payment Conditions

The Supplier shall supply Faurecia for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings as specified below:

|  |  |  |
| --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Payment Conditions** |
|  |  |  |
|  |  |  |
|  |  |  |

The Tools Loan Agreement as referred to in Appendix 20 (Tools Loan Agreement) shall apply to the Supplier’s use of the tools.

## Other Financial Clauses

* [Material price clause, if applicable]
* [Currency clause, if applicable]
* [Indexation clause]

## Tools Amortization

Faurecia pledges that it will pay in addition to the Part Price a part price amortization (“**PPA**”) linked to the amortization of 100% of the Tools Price:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Amortized Quantity** | **PPA (€)** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Development Amortization / Packaging Amortization

The total Development / manufacturing remuneration and Packaging costs will be integrated in Part Price to be amortized on the total volume declared by Faurecia's customer mentioned in Faurecia's request for quotation. In case that 80% of the volume declared by Faurecia's customer at least are reached during the performance of the Program, the Supplier will not receive any additional compensation. When the delivered Parts will reach the total volume declared by Faurecia, the Development / manufacturing remuneration and Packaging costs shall be deducted from the Part Price.

## The Parties agree that ownership title to the packaging remains to the Supplier, except if requested by Faurecia.

## 

## Productivity

The Supplier recognizes that mass production leads to productivity gains both on the Parts and on the process level. The Supplier offers Faurecia, who accepts it, the opportunity to take advantage of productivity gains. Therefore, the Supplier undertakes to grant to Faurecia an annual serial Part Prices reduction, based on the Part Price \_\_\_ (Incoterms, 2020), excluding transport fees, Tools Price and Development.

The Contractual Parties agree therefore that the Part Price shall be reduced not less than:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **SOP +0** | **SOP +1** | **SOP +2** | **SOP+3** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The first adjustment (SPO+0) will take place \_\_\_\_ (x) months after the Start of Serial Production (“**SOP**”); all further price reductions will take place on January 1st of the respective subsequent year (SOP+x).

If serial production starts after June 30th of a year, the first adjustment (SOP+0) will take place on January 1st of the following year. All further price reductions will take place on January 1st of the respective following year (SOP+x).

The Contractual Parties agree also on a Faurecia Development Cost Participation of \_\_\_\_\_\_\_\_\_\_\_\_\_€ as stated in Appendix [●] (Development Cost Participation and End of year Rebate).

## End of the year rebate

The Supplier agrees and undertakes to take into account the cumulative annual turnover exclusive of tax invoiced by the Supplying Plants corresponding to the purchase orders issued by Faurecia or the Receiving Plants and, based on this turnover, to apply an end of year rebate according to the conditions set forth in Appendix [●] (Development Cost Participation and End of year Rebate).

In addition, the Supplier undertakes to propose regularly to Faurecia, improvement ideas and/or productivities meaning an up-date of the Program in order to improve the quality, Part Price, Tools Price or time delivery of the Program.

Faurecia shall decide if such up-date shall be implemented or not. If Faurecia decides to implement such up-date the Contractual Parties shall agree on the terms and conditions of the implementation of such up-date.

# Contract partner / Project Head

* **Faurecia**:

until SOP: [NAME AND CONTACT DETAILS]

as of SOP: [NAME AND CONTACT DETAILS]

* **Supplier**

[NAME AND CONTACT DETAILS]

# General Provisions

There shall be no oral side agreements. Modifications and supplementations of this LON must be in writing and must be signed by a legal representative or a person duly authorized by the legal representative or the purchasing manager) of the Contractual Parties. This also applies to cancellation of the written form clause.

**[**French**]** substantive law shall apply excluding the provisions on conflicts of law and with exclusion of the provisions of the United Nations Convention on the International Sale of Goods shall not apply to the LON.

The Contracting Parties shall endeavour to amicably resolve differences of opinion with respect notably to the interpretation, performance or termination of the LON prior to bringing a complaint or initiating an arbitration proceeding.

The Contracting Parties agree that disputes, even in case of warranty claim or multiple defendants, not resolved amicably within sixty (60) calendar days shall be exclusively filed before the **[**Commercial Court (Tribunal de Commerce) of Paris, France**]**.

Executed in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on \_\_\_\_\_\_ of \_\_\_\_\_\_\_ 20xx, in two (2) original counterparts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **On behalf of the Supplier:** | |  | **On behalf of Faurecia:** | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

Appendix A: Declaration of Participation

|  |
| --- |
| [Company Name]  [Address]  [Country]  [Company Register]  (in the following referred to as "**Plant**“) |

Preamble

1. With this declaration of adherence the Plant declares its participation as set forth in Article 1 of the Letter of Nomination entered into between FAURECIA INTERIORS PARDUBICE S.R.O. and COVESTRO DEUTSCHLAND A.G. on [date] (the "**LON**").
2. In the LON, the Contractual Parties have defined the basis of the serial delivery of Material in the frame of the Program. However, the Supplying Plant and the Receiving Plant shall execute the actual deliveries. Even though the Plant is no Contractual Party to the LON, the provisions of the LON shall be binding for the Plant, too. Therefore, the Plant shall join the respective Principal Party as Contractual Party of the LON. “**Principal Party”** shall be for the Supplying Plant, the Supplier and for the Receiving Plant, the Company.

Declaration

1. Herewith the Plant joins the Principal Party as Contractual Party of the LON. For the avoidance of doubt only, the individual delivery contracts which will be concluded by way of call of deliveries shall only be concluded between the Supplying Plant and the Receiving Plant.
2. The Plant represents that it has knowledge of the content of the LON and has been provided with a copy thereof.
3. The definitions set forth in the LON shall apply to the extent this declaration does not contain deviating definitions.
4. This declaration is subject to German substantive law. Application of the UN Convention on Contracts for the International Sale of Goods is excluded.
5. All disputes that arise in connection with this declaration or its validity shall be exclusively decided by the competent courts of Frankfurt am Main, Germany.

**If any of the defending Suppliers or the defending Supplying Plant has its legal seat in Brazil, Russia, India or China** (“**BRIC-Supplier**”),then in deviation from this, all disputes that arise in connection with this declaration or its validity shall be decided by an arbitration court without recourse to ordinary courts of law. The country where the legal seat of the BRIC-Supplier is located shall decide the applicable arbitration rules as follows:

**China**: Hong Kong Inter­national Arbitration Centre Administered Arbi­tration Rules applicable at the time of submission of the request for arbitration.

**India**: Arbitration Rules of the London Court of Arbitration (LCIA)

**Brazil**: Arbitration Rules of the International Chamber of Commerce (ICC).

**Russia**: Arbitration Rules of the Institute of Arbitration of the Chamber of Commerce Stockholm

By way of this reference, the respective arbitration rules shall be an integral part of this declaration.

The place of arbitration shall be Frankfurt am Main, Germany. In deviation from this, the place of arbitration for proceedings involving BRIC-Supplier with legal seat in China shall be Hong Kong, China.

There shall be three arbitrators. The arbitration proceedings shall be conducted in English. German substantive law shall apply.

The arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the submission of the request for arbitration.

Part I of the Indian Arbitration and Conciliation Act, 1996 (Nr. 26/1996) is excluded.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **For the Plant:** | | |  | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

**Letter of Nomination – [Program Name] – [Scope of Supplier]**

This Letter of Nomination (“**LON**”) is issued on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”),

|  |  |
| --- | --- |
| By | **FAURECIA [FULL LEGAL ENTITY NAME]**  A limited liability company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with a share capital of Euros \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,  duly represented by **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and **[**Mr./Mrs.**]** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and duly empowered to sign this LON  hereinafter referred to as “**Faurecia**” or “**Company**” |
| To | A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ company, organized and existing under the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with a share capital of \_\_\_\_\_\_\_\_\_\_\_\_\_, whose registered office is located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, registered under the number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the Commercial Registry of \_\_\_\_\_\_\_\_\_\_\_,  duly represented by \_\_\_\_\_\_\_\_\_\_\_\_\_ acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and duly empowered to sign this LON,  hereinafter referred to as the “**Supplier**” |

for the development (the “**Development**”), manufacture, and delivery of the following parts (the “**Parts**”) and related tools (the “**Tools**”) (together the "**Deliverables**") as part of the program \_\_\_\_\_\_\_\_\_\_\_ (“**Program**”) for the vehicles of \_\_\_\_\_\_\_\_\_\_ (“**OEM**”). Faurecia has decided to choose the Supplier based on its skills and ability to perform such development and manufacturing and the Supplier accepts this nomination based on the terms and conditions set out below.

Supplier and Company hereafter referred to collectively as the “**Contractual Parties**”or individually as the“**Contractual Party**”.

# purpose

With this LON, the Supplier and Faurecia jointly agree on the specific terms and conditions that shall govern the performance of the development, manufacture and the delivery of the following specified Parts and Tools in relation to the Program.

The Contractual Parties are aware that individual delivery contracts come about as the result of Purchase Orders and subsequentReleases, submitted to the Supplier plant that is to make the delivery ("**Supplying Plant** ") by the Faurecia plant that is to receive the delivery (“**Receiving Plant**”). If the Contractual Parties do not own the respective Supplying Plants or Receiving Plants, then the Contractual Party concerned shall make sure that a Declaration of Adherence in accordance with the sample in Appendix A (Template of Declaration of Adherence) is submitted by the legal entity that owns the plant in question.

The Supplier is familiar with the special characteristics of the supply business in the automobile industry and is aware that on-time delivery synchronized with production is of the essence for the OEM and that the corresponding dovetailing of the work processes in serial delivery requires a continual exchange of information and regular coordination between the Contractual Parties.

The Contractual Parties agree that the competitiveness of the Supplier regarding prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

It does not constitute nor can be construed, in any way, as a commitment from Faurecia, to entrust to the Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or manufacturing.

In the event that Faurecia would expressly retain the Supplier’s offer for the supplying of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development and/or Manufacturing, such supplying shall be subject to (i) a Faurecia purchase order and release, (ii) the provisions of the present LON which, by their nature, apply to the production and supply of the Parts and/or Tools, (iii) the Faurecia General Conditions of Purchase and (iiii) the other contractual documents (“OCD”), listed hereinafter in Article 2.

# CONTRACTUAL DOCUMENTATION

The following documents are an integral part of this LONand incorporated by reference:

The following documents, ranked by priority order, form an agreement (hereafter the "**Agreement**"):

* + 1. This LON, completed by possible amendments,
    2. the other contractual documents ("**OCD**"), listed hereinafter in the following chart, as amended in writing where applicable.

Any declaration, commitment, offer or any amendment to the Agreement shall only be binding if it is part of a subsequent agreement executed by the duly authorized representative of each Party having at least the same title that the signatory of the present LON.

| **N°** | **Name** | **Ref/** | **Comment** | **Incorporated by reference (Yes / No)** |
| --- | --- | --- | --- | --- |
| Appendix 1 | Special Terms and Conditions (if any) |  |  |  |
| Appendix 2 | Framework Agreement (FA)(if any) |  | Signed on |  |
| Appendix 3 | General Purchase Conditions | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 4 | NDA | Marc Pinart comment: File managed on the legal place for Purchasing but not manage by FCP. | Signed on |  |
| Appendix 5 | Quality Assurance Agreement (QAA) | FAU-S-SPG-3124 | Signed on |  |
| Appendix 6 | Supplier Logistics Manual (SLM) | FAU-S-SPG-2025 | Signed on |  |
| Appendix 7 | Supplier Logistics Agreement(SLA) | FAU-S-SPG-2026 | Signed on |  |
| Appendix 8 | Supplier Requirements Manual (SRM) | FAU-C-SPG-4030 | Signed on |  |
| Appendix 9 | RFQ Package | BG Specific |  |  |
| Appendix 10 | Statement of Work / RASIC | BG Specific |  |  |
| Appendix 11 | SRC Commitment | BG Specific | Signed on |  |
| Appendix 12 | Parts & Tools Cost Breakdowns | BG Specific |  |  |
| Appendix 13 | Drawings & Specifications | BG Specific |  |  |
| Appendix 14 | Time Schedule | BG Specific |  |  |
| Appendix 15 | Team Feasibility Commitment (TFC) | FAU-F-SPG-2408 | Signed on |  |
| Appendix 16 | Guaranteed Capacity Commitment (GCC) |  | Signed on |  |
| Appendix 17 | Quality Commitment (QC) | FAU-F-SPG-3100 | Signed on |  |
| Appendix 18 | Logistics Data Sheet (LDS) |  | Signed on |  |
| Appendix 19 | Long Term Agreement (LTA) (if any) |  | Signed on |  |
| Appendix 20 | Tools Loan Agreement (if any) |  | Signed on |  |
| Appendix 21 | PPAP PSW Checklist (if any) |  | Signed on |  |
| Appendix 22 | APQP\_Status+report (if any) |  | Signed on |  |
| Appendix 23 | Development Cost Participation and End of year rebate |  |  |  |
| Appendix A | Template of Declaration of Adherence |  |  |  |

In the event of discrepancies, the documents named in this article 2 shall apply in the order stated. The LON shall take precedence over all above-mentioned documents. In case of contradiction, specific provisions shall prevail over general provisions.

# Supplier’s delivery obligation

## Development Phase

### *Description of Development*

Description of Development to be inserted.

### *Deliverables*

Description of the Deliverables to be inserted.

### *Validation Process*

The Supplier is committed to fulfil the PPAP (as defined in Supplier Requirement Manual) and Program milestones on time according to the Program planning. Date for PPAP and Program milestones will be agreed in advanced product quality planning ("**APQP**") meetings, as described in Supplier Requirement Manual. In case of failure to fulfil the dates agreed in the latest APQP, Faurecia will charge to Supplier all associated costs with, minimum 5% of the associated Tools Price (as defined below). ASQ (Advanced Supplier Quality) Status Report (as described in Supplier Requirement Manual) must be updated at least on a monthly basis, and submitted to Faurecia the 20th of each month.

The Supplier shall propose a detailed Program timing including all design, test, and industrialisation milestones in accordance with Faurecia's and OEM's Program milestones that will have to be approved by Faurecia.

All timings follow-up (Tools, test, industrialization…) will be updated and sent to Faurecia's Program Buyer/ASQ every week.

The Supplier has to reserve and provide all the necessary means and personnel from the concerned departments in order to achieve the Program planning, by nominating a dedicated team including, at least, project leader, product engineer and quality engineer. The Supplier's Program team will have to be kept until SOP (as defined below) date+90 days or PPAP+90days.

During the regular follow up of the Development /manufacturing of the Part, it will be monitored if the Supplier is able to achieve the agreed Deliverables. Faurecia will be entitled to subcontract all or part of the Agreement if the Supplier is unable to achieve such agreed Deliverables after notice sent to the Supplier. All related costs will be charged to the Supplier.

The Supplier has to provide on-site support during all phases of prototype builds and Program launch as necessary and/or requested by Faurecia

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the carried out Development and the Development that should have been carried out in accordance with the LON.

The Supplier shall deliver promptly to Faurecia upon Faurecia’s request all documentation, samples, prototypes, Parts, Tools and any other elements materializing the Deliverables.

Should there be any reserves Faurecia may:

1. require that the Supplier remedies at its own expenses Faurecia’s reserves within the time limits stipulated in the written document; or
2. accept the Deliverables as such in exchange of an appropriate reduction of the Supplier remuneration

In case of non-satisfactory result of a validation test or of non-fulfilment of time limits by the Supplier, Faurecia reserves the right to:

1. decide to postpone validation and set new time limits; or
2. terminate the Agreement, without prejudice of damages that Faurecia might claim, and without payment of a termination charges and without a formal prior notice being necessary. As a consequence, the Supplier shall not be entitled to charge the rejected Deliverables.

### *Development Schedule*

The Supplier acknowledges that fulfilment of dates and Development time limits, as set forth in Appendix [●] (Time Schedule), are mandatory and represent an essential condition of the consent given by Faurecia to enter into this LON.

## Supply of Tools

### *Description of the Tools*

The Supplier shall supply our Company for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings free of charge unless a fee is specified below.

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Description of the Tool** | **Quantity** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

The Terms and Conditions for the Supply of Tools (Appendix 1) shall apply to the delivery of tools. To avoid misunderstandings, it is stated that any separate order for tools by our COMPANY shall be made solely for technical reasons, and no deviating or supplementary arrangements shall be agreed as the result of such orders for tools.

The Terms and Conditions for the Lending of Tools (Appendix 20) shall apply to the Supplier’s use of the tools.

### *Tools Delivery Schedule*

|  |  |  |
| --- | --- | --- |
| **Tool N°** | **Place of Delivery** | **Due Date** |
| Tool N°1 |  |  |
| Tool N°2 |  |  |
| Tool N°3 |  |  |

### *Acceptance and transfer of ownership*

Transfer of ownership of the Tools shall pass to Faurecia:

1. upon delivery of the Tools in the event of a sale (i.e., Tools are manufactured by Supplier's subcontractor and sold to Faurecia); or
2. upon acceptance of the Tools by Faurecia in the event of a services agreement (i.e., Tools are manufactured by Supplier itself).

The Supplier shall also, transfer ownership to Faurecia, together with the tools, gauges and drawings, and will mark them in accordance with Faurecia instructions.

No reservation of title clause proposed by the Supplier or its subcontractors shall be effective against Faurecia. The Supplier shall assure that no reservation of title clause shall be asserted by its sub-contractors for any element delivered by them and which is part of the Tools.

## Supply of Parts

### *Description of Parts*

The Supplier shall manufacture the Parts listed in the following table in the Supplying Plant, and deliver them free from defects, in accordance with the Specifications listed in Appendix [●] (Drawings and Specifications) to the Receiving Plant.

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Index** | **Description** | **Part N°** |
|  |  |  | Part N°1 |
|  |  |  | Part N°2 |
|  |  |  | Part N°3 |
|  |  |  | Part N°4 |

### *Place and term of delivery*

The Supplying Plants and related Receiving Plants shall be as set forth in the following table. The delivery shall be made in accordance with the Incoterm (ICC Incoterms 2020) and place of delivery set out in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **N°** |  | **Supplying Plant** | **Receiving Plant** | **Incoterm** |
| Part 1 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 2 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 3 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |
| Part 4 | Prototype |  |  |  |
| Pre-Series |  |  |  |
| Series |  |  |  |

### *Supplier Guaranteed Capacity*

The Supplier guarantees that it can deliver 1/45th of 130 percent of the Estimated Annual Requirement (Section 3.3.4) every week (“**Guaranteed Capacity**”) as set forth in Appendix [●] (Guaranteed Capacity Commitment). For the year in which SOP (as described below) occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity shall be the Estimated Annual Requirement of the year following SOP (as described below). For the year in which EOP occurs the Estimated Annual Requirement relevant for the calculation of the Guaranteed Capacity for those years shall be the Estimated Annual Requirement of the year prior to EOP. This applies accordingly to any additional years of delivery of Parts if the OEM extends the duration of the Program.

### *Indicative volumes*

Without accepting liability, Faurecia hereby informs the Supplier that the OEM has indicated the annual demand for Parts in the form of a non-binding estimated production requirement (“**Estimated Annual Requirement**") as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Reference** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** | **201x** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

For clarifying purposes only, it is stated that the Estimated Annual Requirement is for informational purposes only and does not represent a commitment for Faurecia, unless otherwise explicitly provided in this LON. It does not constitute a basis of this LON under any circumstances and cannot be construed, in any way, as a commitment from Faurecia to entrust to Supplier all or part of the supply of Tools and/or Parts for the serial production, or of any other product or application resulting from the Development. If the OEM changes the indicated annual demand for Parts, Faurecia shall be entitled, to amend the Estimated Annual Requirement accordingly.

### *Packing, Transportation and Logistics*

It is agreed that the Supplier shall comply with the logistic and packaging procedures set out in Appendices, including the relevant insurances based on the applicable incoterm.

### *Pre-series delivery Schedule*

The Supplier states that it agrees to the following pre-series due dates:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Place of Delivery,**  **Contact Person taking delivery** | **Quantity** | **Due Date** |
| Initial Sample |  |  |  |
| Prototypes |  |  |  |
| Run rate  (cost-neutral acceptance of one day’s production) |  |  |  |
| Release Sample, including ISTR |  |  |  |
| Off-Tool-Components (OTC) |  |  |  |
| Initial Serial Production Deliveries |  |  |  |

### *Quality requirements*

The Supplier undertakes in general to comply with the Faurecia’s zero-defect strategy. Moreover, the Supplier undertakes to achieve the following PPM numbers for the scope of its deliveries (“**Production Quality Targets**”):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SOP +0 | SOP +1 | SOP+2 | SOP+3 | SOP 3+n |
| All Parts\* |  |  |  |  | XX |

*\*For Parts relevant for safety and Parts that are subject to legal regulation, 0 PPM always applies.*

### *Spare Parts*

The Supplier undertakes to manufacture spare parts for the Parts in accordance with this LON and after-sales needs expressed by Faurecia. In any case, the Supplier undertakes to supply Faurecia with the said spare parts, at any time and upon first request of the latter and for a fifteen (15) year period as of the sale of the last vehicle of any model whatsoever on which the Parts concerned is fitted. To this effect, the Supplier undertakes to keep in good state of functioning the Tools and equipment necessary to produce spare parts as well as to keep the corresponding drawings and manufacturing ranges, until the date of expiry or termination by Faurecia of this LON.

Spare parts' price, during and after the serial production phase, shall be the same as the serial production price plus the specific packaging and transportation expenses.

### *Subcontracting*

The Supplier shall only be permitted to subcontract part of its obligations under this LON to a subcontractor with the prior written consent of Faurecia. The Supplier shall be required to contractually and organizationally ensure that its subcontractor is properly trained and comply with the provisions of this LON. Consent by Faurecia shall not limit the liability of the Supplier. The Supplier shall be liable on an unrestricted basis for the acts and omissions of its subcontractor.

# Price and Terms of Payment

The Contractual Parties agree that the competitiveness of the Supplier in regard to prices, the quality of the components, and the reliability of the supply are basic prerequisites of this nomination.

The Part Prices and Tools Prices referred to below are agreed upon between the Contractual Parties according to the commercial proposal “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx negotiated between Mr. \_\_\_\_\_\_\_\_\_\_\_ for Faurecia acting as Program Buyer and \_\_\_\_\_\_\_\_\_\_\_\_ for the Supplier acting as \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on xx/xx/20xx and updated through the formal commercial offer “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_” dated xx/xx/20xx .

The Prices are all-inclusive and includes all costs, expenses, charges, constraints and/or obligations of any kind related to the performance of the Program.

The breakdown of the Part Prices and Tools Prices, as set forth in Appendix [●] (Parts and Tools Cost Breakdowns) are an integral part of this LON. Any price modification resulting from a program timing or Parts or Tools definition modification shall require Faurecia previous written consent through the approval of an updated Cost Breakdown.

Without prejudice to the provisions of this article and save as otherwise provided in the LON the Part Price and the Tools Price are firm and final, with no indexation or escalation and therefore, no Part Price or Tools Price increase may be applied without the prior written agreement of Faurecia.

## Development Price and Payment Conditions

To be inserted.

## Part Price and Payment Conditions

Faurecia pledges that it will pay the following remuneration (“**Part Price**”) plus the statutory VAT, if applicable, in consideration of the delivery of the Parts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reference** | **Index** | **Prototypes Price (€) and Incoterm** | **Pre-Series Price (€)**  **and Incoterm** | **Serial Production Price (€) and Incoterm** | **End of Serial Production (EOP) Price (€) and Incoterm** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

For replacement part deliveries after the End of Serial Production (“**EOP**”), it is agreed that the Part Price will be the last serial Part Price plus an additional charge of x%.

The purchase price is due and payable \_\_\_\_\_\_\_\_\_ (xx) days after delivery and receipt of the Invoice, at the end of the month.

No claim concerning the payment for obsolete Parts may be made by the Supplier more than three (3) months after the date of issuance of the purchase order related to these obsolete Parts.

## Tools Price and Payment Conditions

The Supplier shall supply Faurecia for every Supplying Plant with the Tools necessary for production of the Parts, including the respective equipment (in duplicate), gauges, and related drawings as specified below:

|  |  |  |
| --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Payment Conditions** |
|  |  |  |
|  |  |  |
|  |  |  |

The Tools Loan Agreement as referred to in Appendix 20 (Tools Loan Agreement) shall apply to the Supplier’s use of the tools.

## Other Financial Clauses

* [Material price clause, if applicable]
* [Currency clause, if applicable]
* [Indexation clause]

## Tools Amortization

Faurecia pledges that it will pay in addition to the Part Price a part price amortization (“**PPA**”) linked to the amortization of 100% of the Tools Price:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **Tools Price (€)** | **Amortized Quantity** | **PPA (€)** |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Development Amortization / Packaging Amortization

The total Development / manufacturing remuneration and Packaging costs will be integrated in Part Price to be amortized on the total volume declared by Faurecia's customer mentioned in Faurecia's request for quotation. In case that 80% of the volume declared by Faurecia's customer at least are reached during the performance of the Program, the Supplier will not receive any additional compensation. When the delivered Parts will reach the total volume declared by Faurecia, the Development / manufacturing remuneration and Packaging costs shall be deducted from the Part Price.

## The Parties agree that ownership title to the packaging remains to the Supplier, except if requested by Faurecia.

## 

## Productivity

The Supplier recognizes that mass production leads to productivity gains both on the Parts and on the process level. The Supplier offers Faurecia, who accepts it, the opportunity to take advantage of productivity gains. Therefore, the Supplier undertakes to grant to Faurecia an annual serial Part Prices reduction, based on the Part Price \_\_\_ (Incoterms, 2020), excluding transport fees, Tools Price and Development.

The Contractual Parties agree therefore that the Part Price shall be reduced not less than:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reference** | **SOP +0** | **SOP +1** | **SOP +2** | **SOP+3** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

The first adjustment (SPO+0) will take place \_\_\_\_ (x) months after the Start of Serial Production (“**SOP**”); all further price reductions will take place on January 1st of the respective subsequent year (SOP+x).

If serial production starts after June 30th of a year, the first adjustment (SOP+0) will take place on January 1st of the following year. All further price reductions will take place on January 1st of the respective following year (SOP+x).

The Contractual Parties agree also on a Faurecia Development Cost Participation of \_\_\_\_\_\_\_\_\_\_\_\_\_€ as stated in Appendix [●] (Development Cost Participation and End of year Rebate).

## End of the year rebate

The Supplier agrees and undertakes to take into account the cumulative annual turnover exclusive of tax invoiced by the Supplying Plants corresponding to the purchase orders issued by Faurecia or the Receiving Plants and, based on this turnover, to apply an end of year rebate according to the conditions set forth in Appendix [●] (Development Cost Participation and End of year Rebate).

In addition, the Supplier undertakes to propose regularly to Faurecia, improvement ideas and/or productivities meaning an up-date of the Program in order to improve the quality, Part Price, Tools Price or time delivery of the Program.

Faurecia shall decide if such up-date shall be implemented or not. If Faurecia decides to implement such up-date the Contractual Parties shall agree on the terms and conditions of the implementation of such up-date.

# Contract partner / Project Head

* **Faurecia**:

until SOP: [NAME AND CONTACT DETAILS]

as of SOP: [NAME AND CONTACT DETAILS]

* **Supplier**

[NAME AND CONTACT DETAILS]

# General Provisions

There shall be no oral side agreements. Modifications and supplementations of this LON must be in writing and must be signed by a legal representative or a person duly authorized by the legal representative or the purchasing manager) of the Contractual Parties. This also applies to cancellation of the written form clause.

**[**French**]** substantive law shall apply excluding the provisions on conflicts of law and with exclusion of the provisions of the United Nations Convention on the International Sale of Goods shall not apply to the LON.

The Contracting Parties shall endeavour to amicably resolve differences of opinion with respect notably to the interpretation, performance or termination of the LON prior to bringing a complaint or initiating an arbitration proceeding.

The Contracting Parties agree that disputes, even in case of warranty claim or multiple defendants, not resolved amicably within sixty (60) calendar days shall be exclusively filed before the **[**Commercial Court (Tribunal de Commerce) of Paris, France**]**.

Executed in \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on \_\_\_\_\_\_ of \_\_\_\_\_\_\_ 20xx, in two (2) original counterparts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **On behalf of the Supplier:** | |  | **On behalf of Faurecia:** | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |

Appendix A: Declaration of Participation

|  |
| --- |
| [Company Name]  [Address]  [Country]  [Company Register]  (in the following referred to as "**Plant**“) |

Preamble

1. With this declaration of adherence the Plant declares its participation as set forth in Article 1 of the Letter of Nomination entered into between FAURECIA INTERIORS PARDUBICE S.R.O. and COVESTRO DEUTSCHLAND A.G. on [date] (the "**LON**").
2. In the LON, the Contractual Parties have defined the basis of the serial delivery of Material in the frame of the Program. However, the Supplying Plant and the Receiving Plant shall execute the actual deliveries. Even though the Plant is no Contractual Party to the LON, the provisions of the LON shall be binding for the Plant, too. Therefore, the Plant shall join the respective Principal Party as Contractual Party of the LON. “**Principal Party”** shall be for the Supplying Plant, the Supplier and for the Receiving Plant, the Company.

Declaration

1. Herewith the Plant joins the Principal Party as Contractual Party of the LON. For the avoidance of doubt only, the individual delivery contracts which will be concluded by way of call of deliveries shall only be concluded between the Supplying Plant and the Receiving Plant.
2. The Plant represents that it has knowledge of the content of the LON and has been provided with a copy thereof.
3. The definitions set forth in the LON shall apply to the extent this declaration does not contain deviating definitions.
4. This declaration is subject to German substantive law. Application of the UN Convention on Contracts for the International Sale of Goods is excluded.
5. All disputes that arise in connection with this declaration or its validity shall be exclusively decided by the competent courts of Frankfurt am Main, Germany.

**If any of the defending Suppliers or the defending Supplying Plant has its legal seat in Brazil, Russia, India or China** (“**BRIC-Supplier**”),then in deviation from this, all disputes that arise in connection with this declaration or its validity shall be decided by an arbitration court without recourse to ordinary courts of law. The country where the legal seat of the BRIC-Supplier is located shall decide the applicable arbitration rules as follows:

**China**: Hong Kong Inter­national Arbitration Centre Administered Arbi­tration Rules applicable at the time of submission of the request for arbitration.

**India**: Arbitration Rules of the London Court of Arbitration (LCIA)

**Brazil**: Arbitration Rules of the International Chamber of Commerce (ICC).

**Russia**: Arbitration Rules of the Institute of Arbitration of the Chamber of Commerce Stockholm

By way of this reference, the respective arbitration rules shall be an integral part of this declaration.

The place of arbitration shall be Frankfurt am Main, Germany. In deviation from this, the place of arbitration for proceedings involving BRIC-Supplier with legal seat in China shall be Hong Kong, China.

There shall be three arbitrators. The arbitration proceedings shall be conducted in English. German substantive law shall apply.

The arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the submission of the request for arbitration.

Part I of the Indian Arbitration and Conciliation Act, 1996 (Nr. 26/1996) is excluded.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **For the Plant:** | | |  | |  |
|  |  |  |  |  |  |
| **Date:** |  |  | **Date:** |  |  |
| **Name:** |  |  | **Name:** |  |  |
|  |  |  |  |  |  |
|  | **Signature** |  |  | **Signature** |  |