



***GENERAL TERMS AND
CONDITIONS OF PURCHASE
DECEMBER 2019***

PURCHASING OPERATIONAL DIRECTION

Michelin Group
General Terms and Conditions of Purchase

1. Application

These General Terms and Conditions of Purchase, or “General Conditions,” apply to all purchases of goods, services and related deliverables (each individually and collectively referred to as “Deliverables” herein) by Manufacture Française des Pneumatiques Michelin and all Affiliates thereof (individually referred to herein as “Michelin” or the “Buyer”), from a supplier or seller of such Deliverables (the “Supplier”), completing any Supply Agreement, Service Agreement or other Agreement, Contract or Order for the purchase of any Deliverables (referred to herein collectively or individually as a “Contract”) between Buyer and Supplier (collectively, the “Parties”). (“Affiliates” include all companies controlling, controlled by or under common control with Manufacture Française des Pneumatiques Michelin.) Commencement of performance of a Contract by the Supplier implies acceptance of such Contract, including these General Conditions.

Any terms or conditions stated or referenced by Supplier, whether in any quotation, offer, acceptance or acknowledgement of an Order, shall not be binding unless expressly agreed to in writing by Buyer. In the event any provision hereof shall be held void or unenforceable, that provision shall be deemed deleted and the remainder of the provisions enforced as written.

2. Delivery

Supplier must provide all documents and information necessary for customs formalities such as complete custom codes, proof of origin and related certificates, and all required safety markings and materials. Where safety data sheets or labels are required for compliance with REACH (the EU regulation concerning the Registration, Evaluation, Authorisation and restriction of Chemicals), ADR (UN treaty governing transnational transport of hazardous materials), or other legal requirements, Supplier shall provide them in English, as well as the local language where the applicable product will be delivered and used.

Supplier must provide two delivery slips containing the Michelin reference (Order No.), the delivery details, the number of corresponding packages or bulk goods, and the weight and measurements. The first shall be placed on the outside of the package in an address label, the second indicates the actual dispatch date of the goods and shall be sent to Buyer’s receiving department.

Time is of the essence with respect to all Contracts. Timely delivery of conforming Deliverables is necessary for the business operations of Buyer and its Affiliates. Supplier shall inform Buyer immediately of all possible risks of delay and of measures that Supplier has taken or will take to minimize such risks. Supplier shall resort to any and all possible measures including air freight for the purpose of avoiding any delay or correcting any shortage in delivery.

Supplier shall be liable for any and all losses to Buyer or Buyer’s Affiliates, which have been caused by a delay or shortage in delivery of the Deliverables. Without limiting the foregoing, and without prior notice, Supplier shall pay, at Michelin’s sole option, service credits calculated on the price, inclusive of all taxes, without prejudice to additional remedies available under the Contract or at law. This calculation will be equal to 0.4% (zero-point four percent) of the Contract amount, per calendar day of delay, up to 10% (ten percent) of the Contract. If such delay is not corrected within 10 days of receipt of notice from Michelin, Michelin may unilaterally terminate the Contract, in whole or in part, in its sole discretion.

Except as otherwise expressly agreed, the delivery shall be “delivery at agreed place,” with all duties and customs fees paid by Michelin, and Supplier shall be responsible for the risk of loss or damage to the Deliverables until the point of delivery to Michelin (Incoterms 2010, DAP).

3. Price

The stipulated prices are fixed and not subject to review, and unless otherwise expressly agreed, they cover all charges generated by the Supplier, regardless of delivery location, including without limitation the packaging required for dispatch to the destination stated on the Contract, under the standard conditions relating to protection, safety and handling, as well as any travel, lodging, meals, document reproduction, shipping, telephone calls or other expenses incurred in the provision of the Deliverables.

In the event that transportation and delivery costs are paid by Supplier and passed onto Buyer, Supplier shall provide its best efforts to optimize such price. In such cases, Buyer will reimburse only for the actual and reasonable costs incurred and Supplier shall provide evidence of such costs, at Buyer’s request. Buyer reserves the right to benchmark the transportation costs and reduce the amount of reimbursement owed to align with the commercially reasonable costs evidenced by such benchmarking.

4. Transfer of Property Rights

MICHELIN EXPRESSLY DISCLAIMS ALL RESERVATION OF OWNERSHIP CLAUSES. Unless otherwise expressly agreed in writing by Buyer, upon the earlier of receipt of the Deliverables by Buyer or the payment by Buyer of the purchase price for the applicable Deliverable, or part thereof, all rights, title and interest in and to the Deliverables, or any part or component thereof, shall be transferred to Buyer without restriction or limitation.

To the extent the Deliverables contain or rely on software owned or licensed by Supplier, which software was not developed specifically for Buyer ("Supplier's Software"), Supplier shall ensure that Buyer receives a non-exclusive, non-assignable license to access and use Supplier's Software, for the purpose of using, operating or maintaining the Deliverable(s). Unless otherwise expressly agreed, Buyer shall have the right to copy Supplier's Software as reasonably required for Buyer's back-up purposes, provided however, that Buyer agrees: (i) not to modify, change, translate, localize, reassemble, repack, make or create derivative works of the Software; (ii) not to decompile, disassemble or otherwise reverse engineer the Software or discover the source code of the Software; (iii) not to copy, reproduce, market or distribute Supplier's Software. Supplier further agrees to provide any updates to Supplier's Software, which updates impact the functioning of the Deliverables for the duration of their expected use.

Supplier further agrees that no third-party rights, be it ownership, intellectual property or other rights, will be incorporated in the Deliverables without prior notice and acceptance by Buyer.

5. Buyer Property in Supplier's Custody

Buyer shall remain the sole owner of all tooling, equipment, samples, documents or materials provided to Supplier by or on behalf of Buyer in connection with Supplier's provision of Deliverables. All such Buyer's property shall be protected from loss, damage, liens or encumbrances while in the custody of Supplier, shall be used solely for the benefit of Buyer in the provision of the Deliverables, shall not be copied, reproduced or communicated to third parties without Michelin's prior consent, and shall be returned upon first request of Buyer.

6. Quality

Supplier shall apply all necessary procedures to ensure, at its sole expense, that the Deliverables meet all quality standards, including full compliance with the functional or technical specifications or other requirements provided by Buyer.

In the event Supplier suspects any potential defect(s) in any of the Deliverables, Supplier shall immediately notify Buyer and commence appropriate actions to rectify such potential defects at Supplier's sole cost and expense.

In the event Buyer has a quality complaint about a Deliverable, such complaint shall be made in writing to Supplier. and Buyer may, at its option, commence a study group to probe such potential defect. Supplier shall participate in such study and, when requested by Buyer, provide relevant information for such study.

7. Payment

Except in case of mandatory laws and regulations providing otherwise, undisputed invoices shall be paid according to the terms and methods of payment stated on the Contract, and failing such clause, ninety (90) days end of month, meaning on or before the 90th day following the last day of the month in which the invoice was issued. In case of mandatory laws and regulations providing otherwise, the maximum payment term authorised by such laws and regulations shall apply. In case of late payment, interest is due to the supplier, calculated at the rate of the minimum interest authorized by the applicable law. Every invoice shall state Michelin's Order number and must be sent to the billing address stated on the Contract, and must reach Michelin by the 5th of the month after the delivery date. Michelin shall not be liable for the late payment of invoices that contain incomplete or incorrect information. Upon request, Supplier agrees to submit invoicing via PDF or other electronic means approved and/or notified by Michelin.

Supplier authorizes Michelin with respect to all undisputed debts due and payable to Michelin, to offset and withhold those amounts owed to Michelin from any compensation which would be due by Michelin to the Supplier.

8. Warranty

Supplier agrees and warrants that all Deliverables, and components thereof: (i) will conform to the Technical Specifications, drawings, samples, functional specifications or other requirements; (ii) will be of merchantable quality, of good material and workmanship, free from defects or contaminants, new and unused except for normal testing, and fit for their normal purposes and all specified purposes; (iii) will be free and clear of all liens and encumbrances; and (iv) will be adequately protected by Supplier during manufacture and all times when risk of damage, destruction or loss is in Supplier.

Supplier further warrants that the Deliverables, and the sale of use of them, will not infringe or contribute to the infringement of any patent, trademark, copyright or corresponding right; that Supplier has placed adequate labels pertaining to conformance or quality on the Deliverables or packages thereof.

In addition to any other remedies Buyer may have, Supplier, at its expense, shall immediately, at Buyer's option, correct, replace, or refund in full, all Deliverables or components thereof, which are defective, under specified quantities, or otherwise not in accordance with the Contract. Supplier shall bear the cost of storage, delivery, inspection, removal, return and replacement of rejected Deliverables; and rejected Deliverables, unless Buyer elects to retain all or part thereof, shall remain the property of Supplier and shall be at Supplier's sole risk. Buyer may, at its option, elect to accept the defective or non-conforming Deliverables with an adjustment to the purchase price. The forgoing warranties shall inure to the benefit of Buyer and its successors and assigns.

9. Confidentiality

The Supplier shall remain bound by a general confidentiality obligation towards Michelin. By virtue of its relationship with Michelin and the provision of the Deliverables, Supplier may learn, receive or have access to Confidential Information, meaning any information identified as being confidential or which may reasonably be regarded as confidential together with all information of which the Supplier may learn, observe or become aware when proposing or providing the Deliverables to Michelin, whatever the means of communication, which relates to the business, affairs, products, services, developments, trade secrets, know-how, employees, customers and suppliers of Michelin. Subject to any

additional or different provisions contained in the Contract or a separate Confidentiality or Non-disclosure Agreement between the Parties, Supplier agrees not to disclose, and to prohibit its employees or representatives from disclosing, any Confidential Information to any third-party without the prior, express, written permission of Michelin, and all Confidential Information shall be used exclusively for the benefit of Michelin.

10. Indemnification and Liability

Supplier shall indemnify, defend and hold harmless Buyer, its affiliates, employees, successors and assigns for and against any claim (including third-party claims), cost, damage, liability or loss, including all reasonable legal fees and expenses, arising or resulting from (i) the expected use of the Deliverables provided by Supplier, (ii) the breach by Supplier of its contractual obligations, or (iii) the negligence or wilful misconduct of the Supplier, its employees, agents, representatives or subcontractors.

Acceptance of any goods or services or payment thereof shall not waive any breach or be construed as irrevocable acceptance by Buyer in case of defective or non-conforming Deliverables.

Supplier shall furnish, upon first request, all necessary lien waivers, affidavits or other documents required to keep Buyer's property and the Deliverables free from liens or claims for liens.

In the event Buyer brings suit to enforce Supplier's obligations under the Contract, Buyer shall be entitled to recover all of its costs, expenses and reasonable attorneys' fees in such action from Supplier. Buyer's remedies shall be cumulative, and any remedies specified herein do not exclude any other remedies available at law.

11. Insurance

Supplier shall purchase and maintain, at its own expense and with an internationally recognized insurance carrier acceptable by Buyer:

- a) During the period of the Agreement and for a period of five (5) years thereafter, a Product Liability insurance program (including Professional Liability/Errors and Omissions coverage) valid and effective worldwide and covering claims in any and all countries;
- b) During the period of the Agreement, a Commercial General Liability policy which shall include: Fire Legal Liability, Contractual Liability, Personal Injury Coverage, Environmental/Pollution (coverage can be provided by a separate policy), Information Technology/Internet/Cyber Crime (coverage can be provided by a separate policy);
- c) During the period of the Agreement, an "all risks" Property insurance policy covering loss or destruction of or damage to any property belonging to Michelin in the possession or under the effective care, custody or control of Supplier or any agent, employee, or affiliate of Supplier, in the amount of full replacement value thereof.

Policies required under a) and b) above shall be endorsed to include Buyer as an additional insured. All policies required shall be primary to and shall receive no contribution from any insurance afforded by or available to Buyer. Supplier's insurance policies shall also provide a waiver of subrogation in favor of Buyer and that the coverage will not be cancellable or materially changed without thirty (30) days prior written notice to Buyer. Upon each policy renewal date, Supplier shall provide Buyer with proof of such insurance coverage.

12. Compliance with Laws and Michelin Purchasing Principles

Supplier shall comply at all times with all applicable legal and regulatory requirements, in particular those in the Supplier and Buyer's home countries, and those locations where the Deliverables will be produced, delivered or reasonably anticipated to be used. Without limiting the foregoing, Supplier expressly agrees to comply with the following:

- a) **Prohibition of Illegal Payments:** Supplier forbids itself all initiatives which could expose Buyer, or any entity and/or person related thereto, to a risk of penalties by virtue of the legislation which forbids illegal payments, especially bribes and gifts of amounts unreasonable, gifts to civil servants from an administration or a public organization, gifts to political parties or their members, gifts to candidate for elections, or gifts to Buyer's employees.
- b) **Prohibition on Child and Forced Labor:** Supplier warrants and represents that it (1) does not engage in or condone the unlawful employment or exploitation of children in the workplace, as further defined in 3 below; (2) does not engage in or condone the use of forced labor, defined as any work or service extracted from any person under the menace of any penalty and for which said person has not offered himself voluntarily; and (3) does not employ persons below the age of 18, unless the local minimum age law is set below 18, in which case the lower age will apply. In addition, Supplier agrees to enforce these requirements with its subcontractors.
- c) **Environmental laws and regulations.** Specifically, and without limiting the foregoing, all Deliverables and packaging, shall not contain any asbestos or other prohibited substances;
- d) **Personal Data and Privacy Laws.** In case of use of personal data during the execution of the Contract, with all obligations under the law, including specifically, but without limitation, the EU Data Protection Laws and other comparable legal requirements. In all cases where, Supplier agrees to negotiate with Buyer the specific terms applicable to the treatment of any personal data at issue;
- e) **Trade Restrictions,** meaning all applicable laws and regulations with regard trade and economic sanctions (including embargoes and sanctioned parties lists) and export control regulations (military and dual use regulations) applicable to any Items and anti-boycott regulations. For the purpose of this provision, "Item(s)" means goods,

including raw materials, industrial purchases and energy, and/or services including software, technology. Supplier is also prohibited from proposing and/or supplying Michelin with any Item subject to export controls regulations (including, export licensing, prior authorization, reporting obligations or record-keeping requirements) administered and enforced by any government, administration, agency or international body. And for the avoidance of doubt, Supplier shall ensure that any third party involved in the provision of whole or part of any Items, including its own suppliers and/or subcontractors, are in full compliance with the general principle and the specific rule above;

- f) If and where applicable, the **SAFE Framework of Standards** issued by the World Customs Organisation, specifically representing that Supplier has the status of Authorized Economic Operator or equivalent and commits to justify at the Buyer's first request;
- g) **REACH:** Supplier expressly warrants that the Deliverables and its packaging comply with all requirements of the Regulation of the European Parliament and of the Council concerning the Registration, Evaluation Authorization, and Restriction of Chemicals, and if and when applicable, of the European Regulation (EC) n°1272/2008, concerning the Classification, Labeling and Packaging of substances and mixtures ("CLP"). Any substance contained in the Deliverables and its packaging shall be registered for the use(s) as identified by Buyer. Supplier shall provide relevant information in accordance with REACH and CLP for any chemical substance contained in the Deliverables, including but not limited to information provided in the relevant Safety Data Sheet and any similar material document. In addition, Supplier shall timely inform Buyer of any restriction set forth by REACH or otherwise undertaken by the relevant authorities in the implementation of REACH, including but not limited to any restriction on use or authorization, impacting or likely to impact the use, sale or otherwise disposal of any substance contained in the Deliverables and its packaging. Where the Deliverable is an article according to REACH, Supplier undertakes to inform Buyer of any presence in the Deliverable and its packaging of substances of very high concern (SVHC) as soon as they are included in the Candidate List within the meaning of REACH (List of Substances of Very High Concern Candidates for Authorization), above 0.1% by mass. As the Candidate List is subject to regular revisions, Supplier must ensure that it is followed up and that Buyer is immediately informed;

Supplier also expressly agrees to comply at all times with the Michelin Purchasing Principles, which highlight the specific ethical and legal commitments to which Michelin and Supplier shall adhere in their shared commitment to sustainable purchasing. The Michelin Purchasing Principles are available for review at <http://purchasing.michelin.com/en/document-area>.

13. Force Majeure

A "Force Majeure" event is considered any event that is unpredictable, beyond the control of and exterior to the will of the Parties, and which prevents the fulfillment, in whole or in part, of a Party's contractual obligations. More specifically, Force Majeure events may include (i) civil or foreign war, (ii) riots, (iii) fire, (iv) tremendous water damages, (v) governmental decisions, (vi) enactment or implementation of regulations or legislation or any other restriction that has not been foreseeable, (vii) explosion, and (viii) natural disasters.

The Party prevented from executing its obligations because the Force Majeure event occurred shall inform the other Party in writing (by email or fax) with a confirmation receipt within three (3) days from the occurring of said event. Such notice shall include the circumstances which prevent the Party from performing under this Contract, along with the steps that are being taken to mitigate the impact of such event, and if possible, the duration of the suspension of the execution of the contractual obligations. The performance under this Contract shall be suspended only to the extent and for so long as the Force Majeure event remains outside of the control of the affected Party and the effects of such event cannot be mitigated by commercially reasonable measures. Notwithstanding the foregoing, Supplier shall immediately execute the agreed Business Continuity Management Plan.

The Party prevented shall make its best efforts to make up for lost time as soon as the event of Force Majeure has ended. If Supplier's inability to perform its obligations due to a Force Majeure event unduly prejudices Michelin, in Michelin's sole discretion, the Parties shall negotiate the conditions for the continuation of the Contract and, if necessary, the conditions of termination.

14. Termination

Either Party may terminate the Contract, or an Order, immediately when the other Party: (a) becomes insolvent, files a petition for bankruptcy, insolvency or similar proceeding, or is declared bankrupt or insolvent (unless otherwise prohibited by applicable law); (b) ceases operations or substantially all of its assets are sold; or (c) violates the intellectual property rights of Buyer or any third party.

In addition Michelin may terminate the Contract, or an Order, when Supplier (a) commits a material breach of the Contract and such breach is not remedied within thirty (30) days after written notice thereof, or (b) undergoes a change of control resulting in control, in whole or in part by, a competitor of Buyer or a party or entity with whom Buyer or any of its Affiliates are prohibited from conducting business. A "change of control" is considered to occur when Supplier becomes controlled by or under common control with, or acquires or merges with, a third-party. For purposes of this definition, "control" means (a) the direct or indirect ownership or control of more than fifty percent (50%) of the voting equity of the party, (b) the ability to conduct the exercise of more than fifty percent (50%) of the votes cast at the General Meetings of the party concerned on all or substantially all matters, (c) the right or power to appoint or dismiss a majority of the officers of the party concerned, or (4) the power to give authority to the management.

15. Applicable Law and Dispute Resolution

Unless otherwise stipulated in an agreement signed by the parties, the purchase and sale at issue and these General Conditions of Purchase shall be construed under the law of the location of the ordering Buyer. The Parties expressly exclude application of the UN Convention on the International Sale of Goods. Any disputes concerning the interpretation, validity, performance or non-performance, or problems of the Contract, shall be resolved pursuant to the agreed dispute resolution provision of the Contract. If none is included, all such disputes which could not be resolved by

the Parties within sixty (60) days of notification of the subject matter of disputes by one Party to the other, may be submitted to a court of competent jurisdiction in the location of the applicable law.

16. Independent Contractor

Supplier is and shall be an independent contractor in all respects and nothing in the Contract is intended, or shall be deemed, to create any partnership or joint venture, or any relationship of principal and agent or employer and employee between Buyer and Supplier. Except as expressly provided in the Contract, Supplier and its employees shall not be subject to the control and supervision of Buyer as to the means and manner of performance. Supplier shall exercise direct supervision, control and direction of the work performed by its employees; shall be solely responsible for the provision and payment of any and all employment benefits for such employees, including determining the method and amount of all wage and benefit payments, insurance or workers compensation obligations.

17. Access to Client's Site

Notwithstanding the forgoing, in the event Supplier visits a Buyer facility or site in connection with its performance of the Contract and provision of Deliverables, Supplier is responsible for complying, and ensuring that its employees comply, with all safety and security requirements of such facility or site, which requirements are available on request. Supplier shall be responsible for establishing a plan for the prevention of accidents and safety of its employees in the provision of the Deliverables.

18. Assignment and Subcontracting

Supplier shall not assign, subcontract or transfer any obligation or right under the Contract without the prior written consent of Buyer, and any such assignment or transfer without such consent shall be null and void. Supplier shall in all events remain fully liable to Buyer for the full and complete performance of the Contract.

19. Right to Audit

Upon reasonable notification and request by Buyer, Supplier shall allow Buyer to have access to any and all documents, regardless of format, pertaining to the Deliverables and/or the Contract. In the course of such audit, Buyer's representative shall have the right to audit, examine and make copies of the necessary documents, or extracts thereof. Documents related to Supplier's performance of this Contract shall be retained by Supplier for at least the duration of the Contract and shall be made available to Buyer (or Buyer's representative) during normal business hours at Buyer or Supplier's place of business, per Buyer's request.

20. Business Continuity

Upon request by Buyer, Supplier shall work with Buyer to establish a plan by which Supplier ensures continuous supply of the Deliverables to Buyer in case of occurrences that may affect Supplier's regular business operations or capabilities, including events of Force Majeure (the "Business Continuity Management Plan"). If requested, Supplier shall undertake a risk assessment and/or production impact analysis in relation to its operations and shall provide Buyer the written results of such assessment, along with any recommendations thereof. If requested, Supplier shall also provide the conclusions, recommendations or reports provided by Supplier's insurance carrier(s) regarding security or disaster prevention measures.