

COLLABORATION AGREEMENT FOR THE DEVELOPMENT AND SUPPLY OF PARTS IN CO-DESIGN

BETWEEN

XXXX a company duly organized and validly existing under the laws of, having its registered office at (hereinafter referred to as "XXXX") represented by (hereinafter referred to as "PURCHASING")

AND

YYYY a company duly organized and validly existing under the laws of _____ having its registered office at _____, _____ (hereinafter referred to as "SUPPLIER")

WHEREAS:

- XXXX is developing the technical project for a segment VEHICLE as defined below;
- for completion of the VEHICLE technical project, XXXX requires the development of the technical and technological project of the PART described in the following article 1.5: such project shall be performed synchronously with the design of the VEHICLE;
- XXXX may also utilize the VEHICLE in the framework of its international activities, granting assembly/production licenses to its licensees operating in the various geographical areas;
- in accordance with the contents of the following articles 8.4, 8.5 and 8.6, XXXX may also need to guarantee to its licensees the opportunity to produce the components of the VEHICLE locally with the quality and reliability and technical and technological features envisaged by the project and, compatibly with the licensee local situation, at internationally competitive prices; for this purpose XXXX will need to assure itself of the willingness of SUPPLIER to supply directly or to produce or make third parties produce the PART in the countries in which the foregoing XXXX licensees are operational.

NOW THEREFORE, in consideration and application of the foregoing and of the mutual covenants hereinafter set forth, the Parties agree as follows (the following text hereinafter referred to as "Agreement").

ART. 1- DEFINITIONS

In this Agreement, unless the context requires otherwise, the following terms shall bear the meanings ascribed to them as set forth below:

- 1.1 XXXX MANAGER means the person in charge of the VEHICLE project acting for XXXX as indicated in article 4.3;
- 1.2 LICENSEE(S) means affiliations with XXXX, Joint Ventures and third party companies that will assemble and/or manufacture in their own plants, in any case under license to XXXX, the VEHICLE on which the PART is installed;
- 1.3 MATERIALS means models and/or simulacra and/or prototype tooling and/or prototypes and/or samples and/or pre-series specimens of the PART;
- 1.4 MILESTONE/S means the times/deadlines for development of the VEHICLE project that are considered to be essential and indispensable for XXXX;
- 1.5 PART means the _____ designed to equip the VEHICLE, and the relative spare part/kit for use by the service network;
- 1.6 PART SPECIFICATIONS means the technical/functional specifications, the quality/reliability targets and the technical-economic parameters of the PART as set forth in Annex A;
- 1.7 TECHNICAL DOCUMENTATION means the detailed construction technical documents (with indications of all dimensions, material cross sections, and reference to XXXX standards/technical regulation), which must be prepared by SUPPLIER in compliance with the procedures adopted by XXXX and any software applications developed by SUPPLIER specifically for the PART;
- 1.8 VEHICLE means the vehicle with the logo identified by means of internal code, for which XXXX is developing the relative technical project.

ART. 2 - SCOPE

2.1 The scope of the present Agreement is the SUPPLIER's commitment to execute, simultaneously with the design of the VEHICLE, the PART technical project, adopting solutions such as to guarantee the compliance with (i) the technical-functional standards/specifications and the quality/reliability targets of the PART, (ii) the technical-economic parameters, (iii) the development time schedules, each of them to be prepared by XXXX with the support of the SUPPLIER and which will form an integral part of the present Agreement.

It is understood and agreed that the aforesaid parameters, targets, specifications and time schedule shall be "frozen" at a time between - 24 and - 20 months from the initial date of production of the VEHICLE.

2.2 SUPPLIER will execute, within the agreed time schedule, the MATERIALS in the quantities required to perform the tests, trials, qualification, and type approval (homologation) of both the PART and the VEHICLE.

2.3 SUPPLIER shall provide XXXX with the definitive TECHNICAL DOCUMENTATION in the times agreed together with the supporting documentation processed (.....) in compliance with XXXX standards and regulations. When required by XXXX in the definition of

the reliability targets, the SUPPLIER undertakes to complete the TECHNICAL DOCUMENTATION with the application of suitable predictive methodologies aimed at performing a preliminary check of the attainability of said objectives.

2.4 If SUPPLIER fails to deliver the MATERIALS and/or the TECHNICAL DOCUMENTATION in the times and with the quality/conformity agreed upon and/or fails to perform the qualification tests in the specified times, XXXX shall charge the SUPPLIER the higher costs it is obliged to sustain to remedy such delay and/or nonconformity.

2.5 SUPPLIER declares its willingness, if so requested, to interface with XXXX platform for any requirements of a technical and technological nature that may emerge during the activities of development and pre-series of both the PART and the VEHICLE.

ART. 3 – TIME SCHEDULE

3.1 Annex B contains the general time schedule for development of the VEHICLE and the PART, which the SUPPLIER undertakes to observe.

3.2 The Parties agree that the following deadlines shall be construed as MILESTONES:

Activity	Deadlines
1. Body work Process Validation (VP)	_____
Assembly Process Validation (VP)	_____
2. Pre-series	_____
3. Start of production (S.O.P.)	_____

3.3 The PARTS supplied on the deadline date of each of the foregoing activities shall be produced using the definitive tooling.

3.4 In consideration of the serious damage that would be caused to XXXX, delays with respect to MILESTONES are not permitted in any circumstances and for any reason. In the event in which delay is caused by SUPPLIER, XXXX can decide on a case-by-case basis to undertake appropriate actions, including those of an economic nature, against the SUPPLIER in order to protect the observance of the undertakings assumed by this latter in execution of the provisions of the present Agreement, and also in order to restrict any greater damage that could be caused to XXXX. In any event, without prejudice to the above, XXXX reserves the right to review the overall supply relationship in force with the SUPPLIER.

ART. 4 – EXECUTION OF THE WORKS

4.1 SUPPLIER will execute the works regulated by the terms of the present Agreement in close collaboration with the technical personnel of XXXX assigned to the VEHICLE project. The SUPPLIER will provide details of the state of completion of the work by submitting written reports in relation to each phase of the work and including in the TECHNICAL DOCUMENTATION and/or technological documentation and/or MATERIALS the modifications that may derive from modifications made to the technical regulation/specifications of the VEHICLE, and all the

improvements which may become necessary to apply as a result of tests and/or trials of the PART and/or the VEHICLE in such a way as to update the TECHNICAL DOCUMENTATION to its definitive version in order to implement mass production.

For allocation of the relative responsibilities, reference should be made to Annex C.

4.2 If, during the execution of the works for which it is responsible, the SUPPLIER identifies any of the following situations:

- i) impossibility of attaining one or more of the technical objectives defined in the technical specifications;
- ii) possibility of applying innovative solutions in relation to the PART;
- iii) possibility of implementing actions of standardization for the restriction of weight in the design of the PART;

SUPPLIER shall promptly communicate such a situation to XXXX MANAGER, justifying the impossibility or proposed solution and reaching an agreement on the course of action to adopt.

4.3 XXXX MANAGER is

The Project Manager for the SUPPLIER is

4.4 During the project's execution the SUPPLIER undertakes to use methods and level of accuracy necessary to reach the best results in view of its technical/technological knowledge and of levels of reliability, with special reference to the offering of the top competitors in the automotive market.

4.5 If the MATERIALS fail to comply with the PART SPECIFICATIONS relative to the level of prototyping requested, the SUPPLIER will make the necessary modifications under its own responsibility and at its own expense; the associated conformity tests will be at SUPPLIER's expenses.

4.6 If the PART fail to comply with the PART SPECIFICATIONS due to reasons attributable to the SUPPLIER, the SUPPLIER shall modify the PART at its own expense, holding XXXX harmless from and against any damage that it may suffer as a cause of any such nonconformity.

4.7 The activities of

- i) approval of the "Process Control Plan Audit (PCPA)" regulated by XXXX standard no., and
 - ii) checking of the production capacity required in relation to the present Agreement under article 9.4 ("1 Day Production"),
- will be executed directly by PURCHASING (Supplier Quality Department) on the basis of the actions plan defined jointly with the SUPPLIER. If the result of the checks envisaged by the agreed plan is negative, PURCHASING will be obliged to carry out additional checks. In the event that said additional checks are due to SUPPLIER's failure to observe the agreed actions plan for any whatsoever reason attributable to the SUPPLIER, the relative out-of-office expenses sustained by PURCHASING (including, by way of example and without limitation: travel, accommodation, car hire, etc.) will be charged directly to the SUPPLIER.

ART. 5 - QUALIFICATION AND QUALITY

5.1 Any first qualification or additional tests performed by XXXX will be at XXXX costs; the costs of subsequent qualification and tests made necessary due to reason attributable to the SUPPLIER will be charged to the SUPPLIER.

Qualification/tests performed by XXXX will not affect the responsibility of the SUPPLIER concerning the quality and reliability of the PART.

Samples necessary for approval/qualification shall always be delivered complete with the conformity and quality certificate in the format requested by XXXX (XXXX standard).

5.2 The achievement of the quality/reliability targets agreed between XXXX and SUPPLIER and listed in the "Product Datasheet" (Annex A) shall be checked both at XXXX user plants and in the network, adopting the measurement systems in use at XXXX.

The checking processes described above and the relative results shall be documented and notified to the SUPPLIER.

5.3 SUPPLIER's failure to comply with the quality/reliability targets listed in the "Product Datasheet" (Annex A), or the surpassing of said targets, will result in the application by XXXX of corrective actions in relation to the SUPPLIER. Said corrective actions, in agreement with XXXX and PURCHASING, will provide PURCHASING with the entitlement to revise the supply assignment quota specified in article 8.1.

5.4 With regard to service interventions in the after sales warranty period or thereafter in the case of phenomena that can be classified as "epidemic" according to article 5.7 b) below, service campaigns, or recall campaigns, made necessary due to nonconformity of the PARTS and/or the non-compliance with functional specifications, the provisions of General Purchasing Terms and Conditions will be applied, subject to the provisions of the subsequent articles. Specifically, warranty targets and the relevant method of tracking shall be shared by XXXX and the SUPPLIER.

5.5 Moreover, if it deems necessary, XXXX reserves the right to request the SUPPLIER to propose and agree upon procedures for guided diagnostics for the interventions (replacement or repair) performed in the network and analysis of works rejects and returns from the network, which will constitute an integral part of the supply relationship.

Said procedures will be utilized for the correct assignment of costs sustained by XXXX service network for warranty interventions (replacement or repair) i) to SUPPLIER for defects caused by nonconformity of the PARTS and/or their malfunctioning if directly attributable to the SUPPLIER, or ii) to XXXX for defects directly attributable to this latter, or iii) to XXXX service networks for responsibilities attributable to the actions or omissions of these latter.

5.6 In order to establish the percentage of SUPPLIER's responsibility in relation to final warranty data in the XXXX networks and the indicators of plant's rejects relative to the PART, the following methods have been defined:

a) Analysis of returned PART:

c/o diagnostic service provider selected by XXXX.

a) Analysis of repairs:

the definition of the percentages of repairs respectively at XXXX's expense and at SUPPLIER's expense is determined by the overall application of the guided Diagnostic Procedures

with prescriptive value in compliance with the sample-based analysis criteria on the XXXX network.

In addition, the analysis of the percentage of repairs to be charged to SUPPLIER can be supported by specific audits conducted by XXXX and the SUPPLIER throughout the sample network identified for this purpose and at the XXXX plant.

5.7 As integration of the provisions as per XXXX General Purchasing Terms and Conditions, the reimbursement of costs sustained by XXXX in the after-sales phase will be managed by XXXX in accordance with the following conditions.

a) Standard warranty (replacement / repair interventions)

The frequency of the charges applied to the SUPPLIER of the costs sustained by XXXX will be monthly as from the starting date of sale of the VEHICLE and will be based on the total number of interventions performed under warranty, with periodic checks (approx. quarterly) of the level of responsibility to be attributed to the SUPPLIER. The charge will be determined by applying the following parameters:

- time frame (flat rate manual) = XXXX network
- labor costs rate = XXXX specifics
- handling = 20% material
- material = PART purchase price for spare parts.

The costs sustained by XXXX for any additional analysis required by SUPPLIER's failure to share the responsibility will be charged, at the cost of each individual analysis, in proportion with the level of responsibility that emerges accruing to the SUPPLIER.

b) "Epidemic" (defects of the PART not affecting the safety of the VEHICLE, or its compliance with regulatory standard, that are anyway such – even if detected after expiry of the after-sales warranty - as to be unacceptable for XXXX's final customer, in accordance with client's measurement criteria and satisfaction standards in line with the criteria and standards adopted by the most qualified automobile makers).

In the case of serious and frequent defectiveness such as to give rise to phenomena of epidemic, all costs sustained by XXXX networks will be charged on a monthly basis to the SUPPLIER, even if the defects occur beyond the contractual warranty period, with application of the following parameters:

- time frame (flat rate manual)= XXXX network
- labor costs rate = XXXX specifics
- material = PART purchase price as spare parts
- internal handling = at specific XXXX cost (max. 20% of value of material)
- dealer handling = at specific XXXX cost

c) Recall and service campaigns

The charging to the SUPPLIER of costs sustained by XXXX network in accordance with the provisions of articles 37 ("Recall Campaign") and 38 ("Service Campaign") of the XXXX General Terms of Purchase, Standard, will be determined by applying the following parameters:

- time frame (flat rate manual)= XXXX network
- labor costs rate = XXXX specifics
- material = PART purchase price as spare parts
- internal handling = at specific XXXX cost (max. 20% of value of material)

- dealer handling = at specific XXXX cost
- administrative expenses = at cost

The charges will be applied monthly on the basis of the balanced cost of interventions sustained by XXXX.

d) Insurance policy stipulated by the SUPPLIER (Civil/Product Liability)

Upon written request of XXXX, SUPPLIER undertakes to notify XXXX of the presence of specific insurance coverage.

ART. 6 – PRICE

6.1 The PART's commercial conditions agreed upon with PURCHASING are specified in the break-down of Annex D1. Specifically, it is summarized as follows:

- [Description/Drawing]: _____
- Euro _____
- Price Validity: _____
- Delivery terms: _____
- Ship from location: _____
- Manufacturing location: _____

Year
Annual efficiency % (LTC)

6.2 SUPPLIER undertakes to implement all possible actions aimed at reducing costs, boosting productivity, analyzing value, reducing weight, etc. both during the development phase, in collaboration with the Design To Cost (DTC) team, and in the phases after the start of production, in collaboration with the Cost Reduction Team (CRT).

6.3 In relation to any process/product modifications proposed by SUPPLIER in accordance with the terms of article 4.2, both during the development phase and during the supply of the PART, having the effect of reducing the price, the Parties will agree, at the time of acceptance by XXXX, on the portion of such a price reduction that will benefit this latter party.

6.4 Any increase in the price and/or the specific investments relative to the PART arising from modifications of technical regulation/specifications introduced by XXXX and/or product/process variations, shall be justified by the SUPPLIER in writing and formally authorized by PURCHASING prior to implementation of the relative modification.

6.5 The matters illustrated in the foregoing article 6.4 are applicable also in the case of increases in the development costs of the PART further to modifications of technical regulation/specifications and contents introduced by XXXX.

6.6 On the basis of the contents of the previous articles 6.4. and 6.5, any request for approval of price changes that are not accompanied by authorization of PURCHASING will not be considered.

6.7 The SUPPLIER undertakes to submit to PURCHASING data relative to the cost factors contributing to the price of the PART at the time of "Freezing of the Project".

6.8 The price of the PART in force at the conclusion of the serial production of the PART shall be also applicable to the PART supplied as spare part during the first 3 (three) years following such conclusion, without prejudice to possible proved costs due to specific packaging and/or transportation terms both required by XXXX. For the succeeding period, the relevant price of the PART supplied as spare part shall be agreed upon between the Parties on the basis of the last price paid for the PART supplied for serial production, the expected supply volumes and the supply contingents requested by XXXX.

ART. 7 - INDUSTRIAL PROPERTY RIGHTS

7.1 The technical information (this term being construed as applying to all information or documentation as well as models and/or samples) that XXXX communicates or makes available to SUPPLIER for the execution of the present Agreement, shall remain the sole property of XXXX and therefore can be utilized by SUPPLIER solely for the execution of the project subject of the present Agreement and the subsequent order.

7.2 The intellectual and/or industrial property rights of the PART bearing a shape, configuration and/or characteristics that are specifically designed in relation to the VEHICLE will be the exclusive property of XXXX to the extent that said exclusive ownership only relate to said specificity of shape, configuration and/or characteristics; XXXX can therefore request, in order to protect said ownership, the industrial ownership titles it considers to be most appropriate (patent, ornamental designs and models, utility model).

7.3 In consideration of the fact that XXXX remunerates, according to the following article 9.1, the development and design activities of the PART, the PART project results specifically developed for XXXX shall be the exclusive property of XXXX; XXXX shall therefore be entitled to use and sell the PART without limitation in and abroad for uses i) as original equipment on vehicles produced by XXXX and/or by other Companies of the XXXX, ii) as and series supplied by XXXX to the LICENSEES and iii) as spare parts; XXXX shall also have the right of sublicense to LICENSEES to produce and/or have the PART produced for their own requirements or for the requirements of other LICENSEES.

7.4 XXXX shall therefore have the right to freely use the TECHNICAL DOCUMENTATION submitted by SUPPLIER to perform its own market competitiveness surveys in relation to the PARTS, protecting in all cases the SUPPLIER's rights if said rights predate the present Agreement.

ART. 8 - PRODUCTION OF THE PART

8.1 PURCHASING undertakes to reserve for SUPPLIER an assignment quota no lower than ____% of XXXX requirements of the PART, generated by its plant in At the opportune time PURCHASING will issue the relative purchase order.

8.2 The foregoing commitment is binding on XXXX provided that SUPPLIER produces the PART with the quality/reliability specified by the project, in the quantities, and in accordance with the scheduling that XXXX will communicate, at internationally competitive prices, and complies with all prescriptions of XXXX General Purchasing Terms and Conditions.

8.3 SUPPLIER undertakes to guarantee the progressive evolution of the PART SPECIFICATIONS in accordance with the development of the PART project and in compliance with the best international references, and to supply XXXX with continuous monitoring, with the aim of prevention and continuous improvement, which shall be the subject of specific plans for intervention on the project/process.

8.4 SUPPLIER undertakes, if so requested by XXXX, to ensure that the PART, irrespective of the country of production, presents the quality and reliability, technical/technological characteristics envisaged by the project and, taking account of the country local situation, the same production costs.

For this purpose, whenever XXXX intends to enforce said undertaking of SUPPLIER, XXXX shall inform the SUPPLIER which, at its discretion, can decide to:

- i) manufacture the PART through a company in which it has a shareholding, in the country of the LICENSEE(S) of the VEHICLE, or
- ii) stipulate with the local supplier of the VEHICLE's LICENSEE, at fair conditions, an appropriate agreement whereby it will provide said local supplier with the technical assistance and know-how needed to place this latter in a position to manufacture the PART with the quality and reliability required by the project and, in accordance with the country local situation, at internationally competitive costs; XXXX and the LICENSEE undertake to support SUPPLIER in the stipulation of the foregoing agreement, or
- iii) supply the PART directly from one of its own plants at internationally competitive costs.

8.5 If, for any whatsoever reason, SUPPLIER is unable or does not intend to pursue one of the solutions outlined under the previous article 8.4, XXXX, in accordance with the contents of the previous article 7.3, shall be entitled to issue a sublicense, without charge, to its LICENSEES to manufacture and/or have manufactured, on the basis of the PART technical project, the PART for the requirements both of said LICENSEES and those of other LICENSEES.

8.6 In consideration of the undertakings as per the previous article 8.4, XXXX will oblige the LICENSEE to purchase no less than 70% of its requirements of the PART from the company in which the SUPPLIER has a shareholding, or from the local supplier with which the SUPPLIER has signed the agreement as at point ii) of the previous article 8.4, or, finally, directly from the SUPPLIER on condition and as long as this latter is capable of supplying and effectively supplies the PART with the quality and reliability and technical/technological level required by the project and at competitive prices.

ART. 9 – DEVELOPMENT, INVESTMENTS AND PRODUCTION CAPACITY

9.1 The SUPPLIER plans to sustain, for the project and testing activities required to bring the PART to a suitable state for mass production, a cost of _____ Euro which will be sustained in accordance with the expense curve included in Annex D2.

It is understood and agreed that the foregoing cost, further to analytical checking by XXXX, will be refunded by XXXX to the SUPPLIER in accordance with the methods and conditions indicated below:

- 30% of the total at the “Tooling Release” of XXXX
- 70% of the total at the “Mass Production Release” of XXXX

The payment will be made at 120 days invoice date end of month.

9.2 The costs for construction of the prototypes required and utilized by XXXX, in compliance with the contents of Annex D3, will be invoiced to the same in accordance with the following methods:

120 days invoice date end of month.

9.3 The SUPPLIER shall install the definitive specific tooling, including the control gauges and checking equipment, required for the series production of the PART for a global amount of _____ Euro.

Said tooling will be constructed in compliance with the expenses planning as specified in Annex D4.

XXXX, further to an analytical audit, will refund to the SUPPLIER the costs sustained for installing the specific tooling with the methods indicated below:

- 60% of the price and the total VAT amount 90 days from the end of month of the invoice date from the Mass Production Release;
- 40% of the price 270 days from the end of month of the invoice date from the Mass Production Release.

The above tooling will be XXXX property and shall not be used by SUPPLIER for purposes other than the execution of XXXX orders.

9.4 The SUPPLIER undertakes to guarantee to XXXX a maximum production capacity of no. _____ PARTS/day - spare parts quota included – for n. _____ shift and n. _____ days/week.

ART. 10 - GUARANTEE

10.1 The SUPPLIER guarantees that the TECHNICAL DOCUMENTATION and/or MATERIALS executed in fulfillment of the present Agreement shall be free of defects, inaccuracies or omissions, and shall comply with the specifications, standards, and technical specifications of XXXX.

10.2 The SUPPLIER also guarantees that the production, use and sale in and abroad of the PARTS shall not involve the infringement of third parties' industrial property rights.

ART. 11 - GENERAL CLAUSES

11.1 During the development phase of the PART technical project, each Party shall be free to terminate the present Agreement by means of a simple written notice to the other Party; if this eventuality should occur the ownership of the technical results already obtained at the time of termination will be regulated in compliance with the contents of the previous article 7, since it is understood and agreed that if termination is imposed by XXXX and unless it is caused by inadequacy of the SUPPLIER to achieve the targets set out in article 2 above, XXXX will refund to the SUPPLIER the costs of development/investments effectively sustained, and anyway within the maximum limit of the costs set out in the previous articles 9.1 and 9.3. If termination is imposed by the SUPPLIER for reasons not attributable to XXXX, the SUPPLIER will compensate XXXX for the damages it has effectively suffered as an effect of said termination.

11.2 All the Annexes, Documents, Standards and Conditions expressly referred to and specifically signed constitute an integral and substantial part of the present Agreement to all effects and purposes.

11.3 If any conflict should emerge between the clauses of the present Agreement and the Annexes, Standards, specifications and documents referred to in the terms of the Agreement and specifically signed, the provisions contained in the text of the Agreement shall prevail.

11.4 Any disputes deriving from or even merely connected with the present Agreement, such that the Parties are unable to settle by amicable means, shall be submitted to the exclusive jurisdiction of the Law Court of Turin. The only applicable code of Law shall be Law.

...../.....

YYYY (SUPPLIER)

XXXX (PURCHASING)

ANNEXES	DESCRIPTION	RESPONSIBILITY
A	Part Product Datasheet or Technical Specifications	MR (Platform)
B	- Vehicle Time Schedule - Part Time Schedule	MR (Platform) MR (Platform)
C	RASI Chart	PR (Platform)
D	D1. Part Price Breakdown D2. Engineering Cost Breakdown D3. Prototypes Cost Breakdown D4. Tooling Investment Breakdown	PURCHASING