



International Motors, LLC\*  
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[www.navistarsupplier.com](http://www.navistarsupplier.com)

\*International Motors, LLC, is a Delaware entity d/b/a International Motors USA LLC in Illinois and Ohio. It will be referred to in these Standard Terms and Conditions as "International."

## **STANDARD TERMS AND CONDITIONS**

1. **CONTRACT.** For purposes of these Standard Terms and Conditions, the term "Contract" shall mean a Comprehensive Supply Agreement (if any), Warranty Agreement (if any), Standard Terms and Conditions, and Purchase Orders. In the event of a conflict among the documents which constitute the Contract, the documents shall govern in the order they are mentioned above unless otherwise expressly stated in a specific document. No terms or conditions submitted by Supplier apply to a Contract unless accepted in writing by International. Supplier shall be deemed to have accepted the Contract at the earlier of (i) Supplier notifying International of its acceptance or (ii) Supplier beginning performance pursuant to the Contract.

### **PRODUCT**

2. **PRODUCTS.** The term "Production Products" refers to products used only for production and the term "Service Parts" refers to products used only for service. The term "Products" includes Service Parts and Production Products, packaging, and containers, as well as any literature pertaining to such products.
3. **THIRD-PARTY DESIGNEE.** Supplier will also, at International's sole option, sell Products to International's subsidiaries, affiliates, third party contractors, or any other International-designated party ("Third Party Designee"), under the same terms and conditions as set forth in this Contract. All of Supplier's representations, warranties, and obligations under this Contract apply to sales to Third Party Designees.
4. **PAYMENT.** Standard payment terms are ninety (90) days from date of receipt of a correct invoice from Supplier, or the date of receipt of the Products by International, whichever is later, unless otherwise agreed to in writing. International neither guarantees nor is responsible for any liabilities incurred by any Third-Party Designees under this Contract. Payments are typically released every Monday for payments due on or before Friday of the prior week. All payments shall be made in U.S. dollars.
5. **SPECIFICATION CHANGES.** International reserves the right at any time to make changes or modifications to drawings and specifications as to any Products, materials, or work covered by this Contract. The parties will agree upon and equitably adjust any difference in price or time for performance resulting from such changes and modify the Contract in writing accordingly.
6. **SHIPMENT.** The terms of delivery for all Products sold pursuant to this Contract shall be FCA Supplier's dock, unless otherwise designated by International. (Incoterms 2020).  
Shipments of Products must equal the exact quantity ordered and meet the requested delivery date, unless otherwise agreed to in writing. In the event of an over-shipment, International, at its sole option, may return the over-shipment to Supplier at Supplier's expense, including International's administration fee for handling the over-shipment.

Supplier agrees to provide International a return material authorization for over-shipments, and Supplier will not charge any restocking fees. Supplier agrees to comply with all requirements detailed in: The D-13 Supplier Packing and Shipping Standard; International's Quick Receive Guidelines, which detail packing, packaging, labeling and shipping requirements; and International Supplier Guidelines, found at [www.navistarsupplier.com](http://www.navistarsupplier.com). If Supplier at any time has reason to believe that deliveries will not be made as scheduled, Supplier must immediately notify International in writing of the cause of the anticipated delay.

Supplier agrees to comply with all requirements listed in the PR-38 Customs Invoicing Instructions that details customs, import and export instructions and is found at [www.navistarsupplier.com](http://www.navistarsupplier.com). Supplier will provide International with such additional information that International reasonably may request, including, but not limited to, any information about the Products and/or Supplier that International may need to provide authorities for the import or export of the Products.

7. **LEAD-TIME.** Supplier will meet a lead-time of four weeks for Products unless otherwise agreed to in writing. Supplier will register at International's Supplier Portal found at [www.navistarsupplier.com](http://www.navistarsupplier.com) and agrees to meet the lead time requirements for Service Parts.
8. **VOLUMES.** Supplier and International agree that International's forecasted volumes are based on past usage, projected market forecasts, and market share growth strategies for production and service. The Parties agree that no minimum purchase quantities are implied by any term of this Agreement, and no penalties or liabilities shall be imposed on International for volumes of Products ordered by International below those quantities forecasted.

Supplier shall at least have sufficient capacity to deliver +15% of quoted volumes. The capacity must be available for Production Products without interruption to support International assembly operations for 48 weeks per year. The capacity requirement applies to all upstream, downstream, outsourced processes, and sub-suppliers. Supplier must also have additional capacity available for Service Parts and serviceable sub-components for all Products.

Supplier shall provide sufficient evidence that required capacity is available upon request by International. If, due to unforeseen circumstances, the required capacity cannot be ensured, Supplier shall immediately notify relevant International contact in writing.

9. **PRICING AND INVOICING.** The price for Products is stated in the Purchase Order and will be a fixed price. Duties, levies, fees, and taxes are according to the Incoterms set forth in Section 6 of these Terms and Conditions, unless otherwise agreed to in writing. All agreed upon price adjustments must also be reflected in the export invoices prepared for Customs purposes, if applicable.

Supplier will provide a cost breakdown of its Products (including, but not limited to, labor, material, and overhead).

Supplier will price Production Products and Service Parts similarly, considering possible additional costs for Service Parts packaging. The cost of the sub-assemblies, components, and child parts of Service Parts in a kit or individually shall not be higher than the cost of the Production Products.

Supplier and International will jointly pursue cost reduction opportunities for the duration of this Contract and will reflect the achievement of such opportunities in price reductions to International.

Without limiting International's other rights and remedies, International may deduct from any payments due to Supplier the amount of any claims which International may have against Supplier.

In case of any dispute regarding this Contract, including, but not limited to, a dispute over pricing or a pricing discrepancy, Supplier agrees to continue to ship Products for a reasonable length of time, but no less than 180 days, following written notice of a dispute, to give Supplier and International the opportunity to resolve the dispute.

Supplier shall invoice for all Products shipped for service at the time of shipment, but no later than thirty (30) days after the date of shipment. Invoices submitted to International more than six (6) months after Product has been shipped will require additional approvals [Form 407A] and are subject to rejection if adequate data is not provided to International. Invoices older than twelve (12) months are subject to rejection, and International will not be liable for a payment.

Supplier must identify all disputes with International in writing within six (6) months of the date of International's receipt of Supplier's shipment involved with the dispute. If Supplier has not identified a dispute to International in writing within this time, International will not be liable for payment.

Service Parts where a price change and an effective date for such pricing is mutually agreed, invoices must be based on the price at the time a purchase order is issued and not the price in effect on the ship date, unless otherwise mutually agreed upon in writing. If the parties agree that the price to be paid will be the price in effect on the ship date, International will issue new purchase orders that include the new, agreed-upon price. Any Service Part that is on back order will be invoiced at the open purchase order price at the time the order was placed and not at the price at the time of shipment if there is a new price change subsequent to the placement of the order. International will automatically debit the invoice amount to match the purchase order price and pay only the purchase order price after the invoice due date.

Unless otherwise agreed to by the parties in writing, any development or Engineering Design and Development costs incurred by Supplier to provide Products to International is the responsibility of the Supplier. International will not make payment for such expenditures without an approved written agreement and corresponding purchase order.

10. **TOOLING.** In the absence of an executed Tooling and Bailment Agreement, the following terms apply: Tooling referred to in a Tooling Purchase Order issued by International is owned by International upon International's completion of payment for such tooling. In the event International-owned Tooling is transferred to Supplier's facility or control, such Tooling will remain the property of International.

Supplier may not issue an invoice to International for Tooling until the Product for which such Tooling is used has been through the Production Part Approval Process (PPAP) by International unless otherwise agreed to in writing.

Supplier agrees, upon receiving the Tooling, to promptly affix, and to continuously keep and maintain, plainly and distinctly, permanently and conspicuously upon the Tooling the following words: "Property of International" and to keep the Tooling free from other "Property of" markings or labeling which might be interpreted as a claim of ownership by a party other than International. In addition, within ninety (90) days of receiving any Tooling, Supplier shall affix to it the International Tooling Identification Number.

Supplier agrees to use the Tooling for the sole and exclusive benefit of International in the production of the Products for International and for no other purpose without International's prior written consent, which consent may be withheld at International's sole discretion. Supplier agrees to operate the Tooling within its rated capacity, restrict the use and operation to safe, careful personnel selected and employed or controlled by Supplier, and prohibit anyone other than duly authorized personnel of Supplier to make any repairs or adjustments to the Tooling otherwise permitted hereunder (unless otherwise previously authorized in writing by International).

After the initial PPAP for the Product or any similar process, Supplier agrees, at its expense, to service, maintain and repair the Tooling: (i) so as to keep it in good operating condition, normal tooling wear is expected, (ii) in accordance with the terms of any manufacturers' warranties, specifications, bulletins, or service descriptions, (iii) in a manner consistent with standard industry practice and International's practice and instructions, and (iv) in accordance with applicable laws, regulations, governmental approvals, and permits. Supplier will not be required to perform any Capital Improvements (as defined below) to the Tooling. "Capital Improvements" shall mean (a) the purchase of additional machinery, equipment and/or tooling which is required for a new product line, increasing capacity, a design change, or a cost reduction project, and (b) the cost to rebuild or overhaul the Tooling which materially increases its value or expected useful life. To the extent International wishes to perform Capital Improvements at International's expense, however, Supplier shall cooperate and work with International, or with any contractors used by International, so that International may make any such Capital Improvement that it deems necessary in its sole discretion.

Tooling will be free of all advertising or insignia placed thereon by Supplier, and free and clear of all mortgages, liens, security interests, charges, encumbrances, and claims and in the same operating order, repair, condition, and appearance as when received (except for ordinary and expected wear). Supplier will be solely responsible to International for any damage to or loss of the Tooling, except any damage or loss caused by International or its agents, until it has been returned to International.

Tooling may not be removed, destroyed, or scrapped without International's prior written consent, which can be withheld at International's sole discretion. Tooling that is the subject of intellectual property right(s) may not be copied without the consent of the owner of such intellectual property right(s). To the extent any intellectual property rights owned by Supplier or licensed to Supplier by a third party is embodied in or is otherwise necessary for the intended use of the Tooling, Supplier hereby grants to International a fully paid, irrevocable, non-exclusive, worldwide, perpetual to the extent permitted by law, royalty-free license, with the right to grant sublicenses as necessary for any use of Tooling, to use such intellectual property rights.

Upon International's request, Supplier will return all Tooling, drawings, and other related materials to International.

**11. ENGINEERING SPECIFICATION AND PRODUCTS COMPLIANCE.** Supplier must assure that Products comply with the most current controlled revisions of International's Corporate Material Part and Process Specifications ("MPAPS"), Corporate Engineering Material Specifications ("CEMS"), Truck Material Specifications ("TMS"), Engine Material Specifications ("EMS"), or Engineering Standard Parts ("ESP") as defined in Statements of Work ("SOW"), specification transmittals, prints, models, and math data. Supplier must maintain designs throughout the fifteen-year service life of all Products. If Supplier is providing an assembly of components and those components are manufactured by another party, the Supplier needs to provide documentation showing that those components meet the specifications and requirements as called out on the 2D print or 3D math data. If Supplier provides engineered systems and components, Supplier must provide engineering data in the form of solid models in Unigraphics compatible format, on-site engineers during the Product Development Process if requested by International's engineering, prototype parts development capability, and the capability for and use of electronic data exchange for engineering and CAD data throughout the life of the development program and for production maintenance. If Supplier provides commodities, Supplier must provide engineering data as either CAD data or drawings. International will designate a third-party firm to be the sole source for controlled copies of the foregoing documents, and Supplier is responsible for ensuring that it obtains controlled copies for the duration of the term of this Contract in order to assure compliance with the most current documents. All specifications and drawings for Products for which

International has paid for development work must maintain International's name and corresponding part number.

Online sales continue to be an important channel for Service Parts and All Makes parts sales for International. To support International's online sales application, Supplier agrees to provide all pertinent digital product content for the Service Parts and All Makes Parts and services based on ACES and PIES format/requirements, or the template requirements provided by International. The information that must be provided by the Supplier includes, but is not limited to: Supplier part number, International part number, product description, including retail product description, weights, dimensions, hazardous material information, PROP65 indicator, VMRS Code, features and benefits, specific product descriptors, also known as product attributes, product images and image mapping to International part number and cross reference information. All content will be required to be uploaded to International's master data management supplier portal.

12. **REGULATORY COMPLIANCE.** For Products, components, or systems purchased from Supplier that have specific government regulatory performance requirements, Supplier must provide evidence of compliance, in the form of a test report, engineering analysis, or as otherwise requested by International, validating conformance to those specific regulatory requirements. Supplier must provide the same evidence of compliance whenever a change is made to a Product, component, or system that has specific government regulatory performance requirements. Supplier must have a quality control plan that ensures Product regulatory compliance on a continued basis. Upon request by International, Supplier must provide the quality control plan documentation and audit records.
13. **INSPECTION OF PRODUCTS.** All Products will be received subject to International's inspection or rejection. Defective Products or Products not in accordance with International's specifications will be held for Supplier's instructions and at Supplier's risk, and, such Products will be returned at Supplier's expense. Payment for Products prior to inspection will not constitute an acceptance thereof. Returned Products will be deducted from total shipments.

### **SUPPLIER PERFORMANCE**

14. **SUPPLY FAILURE.** In the event of a full or partial failure of Supplier's sources of supply or capacity constraints for the Products, Supplier will first meet all of International's and other Traton SE companies' (if any) requirements hereunder prior to any allocation among other customers under Section 2-615 of the Uniform Commercial Code.
15. **LATE DELIVERY CHARGES.** If International determines that Supplier's deliveries are behind a given schedule and International requires express shipments, vehicle repairs, vehicle pulls and/or onsite support to address such delay, then Supplier will pay the associated costs as documented in the International Supplier Guidelines found at [www.navistarsupplier.com](http://www.navistarsupplier.com). If Supplier's deliveries are so far behind a given schedule that International is compelled to use material not according to International's specification or at a higher cost, then Supplier will pay whatever additional costs, expenses, losses, or damages that International sustains. The provisions of this Section are not intended to limit any other rights and remedies that International may have against Supplier.
16. **WARRANTY.** Supplier understands and will comply with International's supplier warranty requirements for the Product, as detailed in the International Supplier Warranty Requirements (Document IW-001-SWR).

**17. ACCESS TO PREMISES.** International will have access, after reasonable notification, to inspect Supplier's production of a Product or Tooling, verify any charges subsequent to payment, perform tests, and make other necessary examinations at Supplier's premises, including evaluating any risks for interruption in the supply of Products. Supplier will use reasonable efforts to obtain the same rights for International at the premises of its suppliers.

**18. DUTY REDUCTION PROGRAM DOCUMENTATION.**

For Supplier's production that is North American based: Supplier will provide annually to International, as promptly as practicable after International's written request, an accurate and complete United States Mexico Canada Agreement ("USMCA") Certificate of Origin for those Products and parts that qualify for USMCA.

In the case of the USMCA, Supplier will complete the certificate template provided by International's Global Trade Management partner in accordance with its attached instructions. In addition to the USMCA certificate, the Supplier will provide functionality information reasonably requested by International, Labor Value Content certification, and steel and aluminum certification (when applicable).

If International has agreed to accept North American produced Products that do not fulfill the USMCA rule of origin requirements, Supplier agrees to provide the North American Accumulation Value for such Products per the USMCA. In addition to the Accumulation Value, Supplier will provide functionality information reasonably requested by International, Labor Value Content certification, and steel and aluminum certification (when applicable).

Supplier will provide, according to International's part number(s), an affidavit of origin or other documentation to support applicable free trade agreements or duty elimination programs such as the Generalized System of Preferences for each such Product. Supplier is responsible to provide all documentation required for the Country of Origin as per the export / import requirements for the United States and other countries as requested by International.

**19. MANUFACTURING LOCATION OR PROCESS CHANGE.** Supplier may not relocate the production of a Product or change the process to produce said Product, wholly or partly (including final or tiered components), without International's prior written consent, which consent may be withheld at International's sole discretion. Supplier must use the International Supplier Request for Engineering Approval (SREA) Form to request International's consent to a change in location and complete PPAP approval for all changes as identified in the AIAG PPAP manual. Products produced by Supplier must always be produced by a production process approved by a Part Submission Warrant (PSW) or Deviation. Supplier may not ship and will not be paid for Product shipped without an approved PSW or Deviation. Such consent, if given, is without prejudice to International's continued rights to require compliance by Supplier with the Contract. If the Contract will be fulfilled by another entity other than Supplier, Supplier shall ensure that such other entity agrees to be bound by all terms and conditions in the Contract and names International as a third-party beneficiary in writing. Supplier shall, however, also continue to be responsible for the fulfilment of the Contract.

**20. QUALITY.** Unless specifically exempted by International Director of Supplier Quality, Supplier is required to be registered to IATF 16949 or VDA Quality Management System. Supplier must maintain certification with an accredited registrar and must furnish copies of its registration certificates to International. If Supplier is compliant to IATF/VDA, but not certified by a recognized third-party registrar, Supplier agrees to provide evidence of such compliance to International. International reserves the right to schedule and conduct a VDA 6.3 Assessment at any time. Supplier agrees to obtain, maintain, or work towards a green status on its VDA. Regardless of quality systems registration status, Supplier understands and agrees it is required to be capable of fulfilling International's supplier quality requirements, detailed in the International Supplier Quality Requirements ("NSQR"), which will be

replaced by the TRATON Commercial Vehicle Standard 10 (“CVS 10”) in addition to the VW Formel Q, published in the Supplier Quality tab on [www.navistarsupplier.com](http://www.navistarsupplier.com). Direct suppliers are required to cascade these requirements to lower tiered suppliers throughout the supply chain, a practice often referred to as “flowdown.” All documents that are created for review as part of PPAP approval must be submitted in the English language, or in the local language with English translation in parenthesis.

21. **ELECTRONIC DATA INTERCHANGE (EDI).** Supplier agrees to comply with all EDI requirements for Production and Service Parts of International as posted on [www.navistarsupplier.com](http://www.navistarsupplier.com). These basic requirements include release and receiving suite documents. These conditions are subject to change, and International will notify Supplier of new requirements. If Supplier is unable to meet all the implementation requirements, then the Contract is subject to either termination by International or a daily assessment of fifty dollars (US\$50), at International's sole option, until the requirements have been met. Supplier agrees that any EDI will be deemed sufficient for enforceability under any state's statute of frauds or similar law. Supplier compliance with International's ASN (EDI 856, Advance Shipment Notification) requirements are mandatory. Valid ASN's must be provided for use by International receiving personnel at the time of shipment and/or when Supplier shipments arrive at International production plants and service parts distribution centers.
22. **ASSURANCE OF PERFORMANCE.** If International reasonably deems itself insecure with respect to Supplier's ongoing performance, whether due to Supplier's financial capacity or otherwise, International may demand that Supplier provide assurance of future performance to International within five (5) days of the demand. This assurance may be in any security acceptable to International, including but not limited to, collateral consisting of cash, letter(s) of credit, surety bond, parent guaranty, or lender releases. This security shall be in an amount satisfactory to International and shall also be sufficient to offset costs and expenses incurred or reasonably expected to be incurred by International in securing for itself completion of the project or other performance due from Supplier. International reserves its right to any other remedies allowed in law or equity. Failure to provide the requested performance assurance within the stated period shall constitute a default of this Contract, and International shall be free to procure Product from an alternate source and/or cancel this Contract in its discretion immediately upon expiration of the time specified for delivery of the requested performance assurance.
23. **SUPPORT.** Supplier will provide at no additional cost to International such design and design qualification assistance, manufacturing assistance, technical, service parts, and field support as reasonably required by International.

#### LEGAL/REGULATORY

24. **SUPPLIER DIVERSITY PROGRAM.** Supplier agrees to utilize “Small Business Concerns, Small Disadvantaged-Owned Business Concerns, Minority-Owned Business Concerns, Women-Owned Business Concerns, Veteran-Owned Business Concerns, Service Disabled-Owned Veteran Business Concerns, and HUBzone-Located Business Concerns” as required by Federal Laws, 97-507, 99-661, 100-656, 103-355, 105-135 and 106-50.

International's policy states that all suppliers receiving contracts from International in excess of seven hundred fifty thousand dollars (US \$750,000), except small business concerns defined above, will set a twenty-three percent (23%) minimum spending goal to further subcontract with Small Business Concerns; will, in addition, set a five percent (5%) minimum spending goal to further subcontract with Small Disadvantaged-Owned Business Concerns; will, in addition, set a five percent (5%) minimum spending goal to further subcontract with Minority-Owned Business Concerns; will, in addition, set a five percent (5%) minimum spending goal to further subcontract with Women-Owned Business Concerns; and will, in addition, set a three percent (3%) minimum spending goal to further subcontract with Veteran-Owned Business Concerns, Service Disabled-Owned Veteran Business Concerns, and

HUBzone-Located Business Concerns commensurate with Supplier's sales to International. Supplier further agrees to submit an annual written plan to International by August 31 of each year outlining how the above stated goals will be achieved. Reference is hereby made to the Supplier Diversity section of International Supplier Network at [www.navistarsupplier.com](http://www.navistarsupplier.com).

Supplier also agrees to report its accomplishment toward the above goals on a quarterly basis in International's Reporting System as required by FAR Part 19.7. International acknowledges and agrees that, for purposes of satisfying the foregoing goals: (i) such goals apply only to those goods and services purchased by Supplier in the United States; and (ii) a purchases of goods and services may be entitled to credit toward more than one of the foregoing goals depending on the status of the subcontractor—e.g., a subcontract with a "Minority Owned Business Concern" may also qualify as a subcontract with a "Small Disadvantaged-Owned Business Concern" and/or a "Women-Owned Business Concern."

**25. COMPLIANCE WITH LAWS AND REGULATIONS.** Supplier agrees that all Products, materials, supplies, articles, or equipment to be manufactured or furnished hereunder will be produced in compliance with the Fair Labor Standards Act. If this Contract exceeds ten thousand dollars (US\$10,000) and is otherwise subject to the Walsh-Healey Public Contracts Act, Supplier also agrees that all Products, materials, supplies, articles, or equipment to be manufactured or furnished hereunder will be produced in compliance with that Act.

**26. GOVERNMENTAL REQUIREMENTS.** Supplier agrees to comply with all applicable statutes, regulations, laws, and other Government requirements, including but not limited to those reflected in contract clauses set forth in 48 C.F.R. Sections 52.203-13 (Contractor Code of Business Ethics and Conduct), 52.219-8 (Utilization of Small Business Concerns), 52.222-26 (Equal Opportunity), 52.222-35 (Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans), 52.222-36 (Affirmative Action for Workers with Disabilities), 52.222-39 (Notification of Employee Rights Concerning Payment of Union Dues or Fees), 52.222-41 (Service Contract Act of 1965) and 52.247-64 (Preference for Privately Owned U.S.-Flag Commercial Vessels). The term "Contractor" and similar terms used in such FAR provisions shall be construed to mean Supplier for the purposes of this Contract.

Some Products are controlled by the International Traffic in Arms Regulations (ITAR). To ensure International's and Supplier's compliance with the ITAR and to avoid the imposition of export licensing requirements, Supplier will ensure that each person with access to Technical Data, as defined in 22 CFR Section 120.10, Defense Services as defined in 22 CFR Section 120.9, and Defense Articles as defined in 22 CFR Section 120.6 (collectively "ITAR Materials") is eligible to be granted access to such ITAR Materials pursuant to 22 CFR Section 120.1(c) or is a U.S. Person as defined in 22 CFR Section 120.15. In instances where Foreign Persons, as defined in 22 CFR Section 120.16, have access to ITAR Materials, Supplier shall immediately provide International with a copy of the license or approval at the time that Supplier provides such Foreign Person with access to the ITAR Materials. For those instances where Supplier employs, retains, or contracts with any Foreign Persons without a license or approval described above, Supplier shall immediately notify International and, if requested, provide International with a detailed explanation of the steps undertaken to ensure that these persons are not gaining access to the ITAR Materials.

Any assets and/or technical data controlled for export per other U.S. regulations, such as the Commerce Control List, may not be re-exported without International's prior written consent, which consent may be withheld at International's sole discretion.

**27. HUMAN TRAFFICKING AND FORCED LABOR.** By Supplier providing goods or services to International, including to any of International's Third-Party Designees, Supplier is affirmatively

representing and warranting that Supplier and its subcontractors and suppliers do not, directly or indirectly, engage in, utilize the labor or services of, or otherwise support Human Trafficking and or Forced Labor. "Human Trafficking" is defined as: the recruitment, transportation, transfer, harboring, or receipt of persons by means of the threat, use of force, or other forms of coercion, abduction, fraud, deception, abuse of power, of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation. "Forced Labor" is defined as: work or service which is extracted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer work or service voluntarily. Prohibited Forced Labor also includes slave labor, convict labor, indentured labor (work or service performed pursuant to a contract, the enforcement of which can be accomplished by process or penalties), and forced or indentured child labor.

28. **NORTH KOREAN LABOR.** By Supplier providing goods or services to International, including to any of International's Third-Party Designees, Supplier is affirmatively representing and warranting that Supplier and its subcontractors and suppliers do not directly, or indirectly, utilize the labor of North Korean nationals and/or North Korean citizens.
29. **SAFETY DATA COMPLIANCE.** Supplier will properly classify, describe, package, mark, label, and provide material safety data sheets (MSDS) or safety data sheets (SDS), as applicable, for approval by International prior to shipment of all Products. Supplier will prepare all such Products for transportation, accompanied by the approved MSDS or SDS, in accordance with all applicable local, state, and federal laws, ordinances, or regulations. Supplier will defend, indemnify, and hold harmless International from any claims, penalties, or damages incurred by International as a result of any Products received from Supplier not in accordance herewith.
30. **HUAWEI COMPLIANCE.** By Supplier providing goods or services to International, including to any of International's Third-Party Designees, Supplier is affirmatively representing and warranting that Huawei, ZTE, their affiliates and any other companies included in any of the U.S. government issued lists, including, but not limited to, the Consolidated List (<https://www.trade.gov/consolidated-screening-list>) and Section 889 of the National Defense Authorization Act of 2019 and the Federal Acquisition Regulations, are not directly or indirectly part of Supplier's supply chain or customer base for any product or service, including hardware, software, or technology.
31. **NON-DISCRIMINATION.** Unless exempt, Supplier shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60 300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identification, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identification, national origin, protected veteran status, or disability. If applicable, Supplier shall also abide by the requirements of 41 CFR § 61-300.10 regarding veterans' employment reports and 29 CFR Part 471, Appendix A to Subpart A regarding posting a notice of employee rights. Supplier agrees to (1) obtain an identical certification from proposed subcontractors prior to the award of subcontracts exceeding ten thousand dollars (US \$10,000) which are not exempt from the provisions of the Equal Opportunity clause, and (2) maintain such certifications in its files. The penalty for making a false representation is prescribed under 18 U.S.C. § 1001, and any such false representation shall be a material breach of this Contract.
32. **VETERANS' READJUSTMENT ASSISTANCE ACT.** Supplier agrees to comply with Section 505 of the Rehabilitation Act, the Vietnam Era Veterans' Readjustment Assistance Act (53 U.S.C. § 2012), and implementing regulations set forth by the Secretary of Labor as are applicable.

**33. CONFLICT MINERALS.** Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten, and gold (the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries ("DRC Countries"). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations. In particular, Supplier commits to have in place a supply chain policy and process to undertake (1) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides International, (2) due diligence of its supply chain, as necessary, to determine if Conflict Minerals sourced from the DRC Countries directly or indirectly support unlawful conflict there, and (3) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier further agrees (1) to respond promptly to each inquiry by International with such information regarding the source and chain of custody of all Conflict Minerals that may be contained in Products supplied to International by Supplier; (2) if Supplier previously responded to an inquiry to notify International if there is a change in status in whether Supplier's Products supplied to International contain Conflict Minerals; and (3) to cooperate promptly as required by International with International efforts to comply with the Act. Supplier shall take all other measures as are necessary to comply with the Act and its implementing regulations, as they may be amended over time.

**34. INDEMNIFICATION.** Supplier agrees to protect, defend, hold harmless, and indemnify International against all claims, actions, liabilities, losses, costs, and expenses, including, without limitation, reasonable legal costs and fees, punitive damages, consequential damages, and penalties arising out of any actual or alleged death of, or injury to, any person and/or damage to any property, by whosoever suffered, resulting or claimed to result, in whole or in part, from any actual or alleged defect in the supplied Products, including actual or alleged improper design (unless solely International designed), manufacture, or assembly of such Products, or arising out of any actual or alleged violation by Supplier with regard to such Products, or their manufacture, possession, use or sale, of any law, statute, or ordinance, or any governmental administrative order, rule, or regulation.

**35. INTELLECTUAL PROPERTY INDEMNIFICATION.** Supplier is responsible for ensuring that the Product or its use does not infringe the Intellectual Property Rights of any third party. Supplier agrees to defend, at its expense, any claim or suit against International or International's customers, or any of their officers, directors, employees, agents, and affiliates based on an assertion or claim that the Products furnished by Supplier to International hereunder or the sale or the use by International or its customers in the manner contemplated by this Contract infringes any patent or copyright or other intellectual property right or is a wrongful use of a third party trade secret or proprietary information, and further agrees to indemnify and hold International, or its officers, directors, employees, agents, and affiliates harmless from any losses, including attorneys' fees, settlements associated with said claim, or any damages, including attorneys' fees or costs, finally awarded in any such claim. If the use or sale of the Products furnished pursuant to the Contract is enjoined as a result of such suit, Supplier, at its option and at no expense to International, shall obtain for International and its customers the right to use and sell the Product or shall substitute an equivalent Product acceptable to International and extend this indemnity thereto. Supplier shall, at International's request, assist International in disputes in which International could become involved by reason of such infringement and, if required by International, assume the defense of any dispute. This indemnity does not extend to any infringement or alleged infringement arising solely out of Supplier's compliance with International-required design specifications, designs, or instructions that (i) are created solely by International, and (ii) are thereafter furnished to Supplier in writing.

Supplier may use the Intellectual Property Rights of International and International affiliates and subsidiaries, whether such Intellectual Property Rights are in Products or in Tooling, for the production

and supply of Products to only International, International affiliates and subsidiaries, or Third-Party Designees (as agreed to by International) and may not use such Intellectual Property Rights for the production and/or supply of any goods or services to any other party. If International or an International affiliate or subsidiary pays, or otherwise compensates, Supplier for development or design work, initiated by International, for Products or Tooling, any Intellectual Property Rights arising from such work shall be owned by International. To the extent that any such development or design work includes Supplier owned Pre-existing Intellectual Property, then International, and International's customers shall have a paid-up royalty free license to use or have used such Pre-existing Intellectual Property. Supplier shall not use any corporate name or trademarks belonging to or licensed to International or its International affiliates or subsidiaries other than as instructed by International in writing.

**36. CONFIDENTIAL INFORMATION.** Supplier agrees not to disclose to any third party, or use, except as necessary in connection with the furnishing of the Products or service under this Contract, any confidential information relating to International's business, including business and marketing plans, processes, products, equipment, or trade secrets, as well as confidential information resulting from the performance of this Contract. Any information not available to the public shall be considered confidential for the purposes of this Contract for the duration of the Contract and for ten (10) years thereafter. The confidentiality undertaking outlined above shall not apply to information which is (i) known to the public other than by breach of this Contract, (ii) information which Supplier can show was in its possession before receiving it from International, and (iii) information which Supplier receives from a third party without restraints as to the disclosure thereof.

Information which Supplier is required to disclose by reason of law or order of a court of a competent jurisdiction may, however, be disclosed for such purpose. Supplier shall notify International of any such requirement and consult with International regarding the manner of such disclosure. Supplier, as far as is legally possible, shall require the receiver of the information to treat it confidential as required in this Section.

Supplier may not make public the business relationship of the Parties through advertising or in any other way without International's prior written consent, which consent may be withheld at International's sole discretion.

If there is a breach of International's confidential information on Supplier's data system, Supplier shall immediately notify International of the breach, provide the scope of the breach, and restore the reasonable integrity, security, and confidentiality of the data system that contains International's confidential information.

**37. OWNERSHIP OF MATERIALS.** All materials, including without limitation, documents, drawings, models, sketches, designs, software, computer tapes and disks, and lists furnished to Supplier by International shall remain the property of International and shall be returned promptly upon completion of the Contract or at any time upon written request of International. Supplier agrees not to make any copies of any such materials without International's permission and to return any copies authorized with the original materials.

**38. TERMINATION.** International shall have the right at any time, and for any reason, without any penalty, to terminate, in whole or in part, this Contract or the deliveries specified and the authorizations contained in any shipping schedule given to Supplier by International, provided International shall provide Supplier thirty (30) days' notice of such termination, whereupon this Contract shall automatically terminate immediately after the 30th day. Upon such termination by International, International shall be under no liability or responsibility to Supplier for Products completed or partially completed, or raw materials acquired by Supplier for the purpose of performing this Contract, unless the delivery or

fabrication of such Products or the acquisition of such raw materials were authorized in purchase orders or shipping schedules delivered to Supplier by International.

39. **RIGHTS AND REMEDIES.** The remedies provided in the Contract will be cumulative and, except as expressly limited in the Contract, will not preclude the assertion or exercise of any other rights or remedies available under law, in equity, or otherwise. No modifications of, or additions to, the provisions or conditions of this Contract will become a part of it until accepted in writing by International.
40. **CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM.** Supplier will participate in the Customs-Trade Partnership Against Terrorism program ("C-TPAT") or have adequate security controls which meet or exceed the requirements of C-TPAT. Supplier also agrees to complete any required supply chain security surveys requested by International.

#### **MISCELLANEOUS**

41. **FORCE MAJEURE.** Neither International nor Supplier shall be responsible for delays or defaults due to causes beyond their respective control and without fault or negligence. Strikes and labor disputes shall not be considered Force Majeure events.
42. **SUPPLIER FINANCIALS.** Supplier shall provide International with Supplier's financial information as requested.
43. **OBSOLESCENCE POLICY.** If International cancels, wholly or partly, or fails to purchase a quantity of a Product for which International's order is firm, International shall compensate Supplier for reasonable costs in accordance with International's obsolescence policy.
44. **INVENTORY LEVELS.** Supplier will maintain an adequate amount of inventory of the Product(s) on hand to support the forecasted demand for Production and Service Parts. For Products originating from outside the North American region, Supplier will maintain at least a sixty (60) days' supply of such Products within the North American region and a thirty (30) days' supply in transit, unless otherwise agreed to in writing by International. These inventory levels apply to all Products (including any tier 1 or tier 2 components or parts therein) not originating in the North American region.
45. **SERVICE PARTS AND UNIT DOWN / CRITICAL PURCHASE ORDER SUPPORT.** International's critical purchase order is a requirement for a Service Part that is needed immediately to support International's distressed Dealer or end-user customer in a vehicle down situation. Upon receipt of a critical purchase order, Supplier agrees to provide a "promise to ship date" response within four (4) hours and agrees to target Service Parts shipment within twenty-four (24) hours. Supplier will obtain an excess freight premium charge number from International and prior approval for air freight charges except in cases of prepay and add freight terms. Supplier further agrees that non-conformance to unit down / critical order requirements will be subject to a minimum charge to be determined on a case-by-case basis. In the event that a Service Part is on short supply and/or allocation, vehicle down critical orders must be prioritized over all other orders. Supplier must discuss any such prioritization with the Service and Production operations teams if necessary to reach an alignment on shipment priority.

If Supplier is unable to ship an order for Service Parts before the latter of purchase order date plus stated lead time or mutually agreed upon promise date, Supplier will cover any expedited shipping charges, with prior written approval from International of the type / cost of shipment used. Material lead times shall not be changed without mutual agreement. Independent of promise date, Supplier shall provide revised ship dates on past due POs on a weekly basis. POs which are more than seven (7) days past the promise date are subject to cancellation by International. Similarly, shipments that arrive at an International location seven (7) days or more before the promise date are subject to return to Supplier at Supplier's expense.

In the event of a dispute over pricing or a pricing discrepancy, Supplier agrees to continue shipping under existing pricing for a period of at least 180 days while the parties negotiate a resolution of the dispute.

International further requires that Service Parts be available for at least fifteen (15) years after cessation of production, and Supplier agrees to provide Service Parts to International for such period of time. Unless otherwise agreed in writing, Supplier shall furnish at its own expense, keep in good condition, and replace when necessary, all dies, tools, gauges, fixtures, and patterns necessary to produce the Service Parts ordered. Supplier agrees not to scrap Service Part specific production equipment supporting International's post-production Service Parts replacement requirements of at least fifteen (15) years after cessation of production unless it has received the written consent of International, regardless of ownership. Supplier will provide one (1) year written notice of its intention to discontinue supply of Service Parts. Following such notification, International will have the option: (i) to acquire from Supplier some or all of the Service Part-specific production equipment, tooling, drawings and documents, and a release of any intellectual property to allow International to continue production of Service Parts; and / or (ii) to engage in a one-time buy of designated Service Parts.

Pricing for Service Parts shall be based upon the price in effect on the issue date of the Purchase Order unless otherwise agreed to by International and Supplier prior to shipment. The price for Service Parts in current model production will be calculated based upon the most recent applicable production price plus the price actually incurred by Supplier for any service-specific packaging. The Service Part price shall be fixed for a period of at least one year from the end of the model series production. After the first year, the most recent production price shall continue to apply until a new Service Part price is mutually agreed upon by International and Supplier. Supplier agrees to fully document any request for a price adjustment to International's satisfaction.

Supplier hereby agrees to provide International's service and aftermarket requirements for Products solely through International Third Party Designees specifically identified by International, and Supplier hereby agrees it will not provide such Products to International or IC Bus dealers, Third Party Designees, or International's customers, directly or through any alternate aftermarket distribution channel, unless Supplier has obtained prior written authorization from International.

**46. INSURANCE.** Supplier will purchase and maintain commercial general liability insurance in the amount of at least five million dollars (US \$5,000,000) and provide International with a Certificate of Insurance identifying International as an additional insured. Failure to provide such Certificate of Insurance shall void this Contract, at International's sole option. Supplier shall cause insurer or insurance broker to provide thirty (30) days written notice to International prior to cancellation or material changes to the policies. Any such change, modification, or cancellation shall not affect Supplier's obligation to maintain the insurance coverage set forth herein.

**47. CODE OF CONDUCT.** Supplier agrees to comply with International's Code of Conduct for Suppliers & Business Partners, which is set forth at [www.navistarsupplier.com](http://www.navistarsupplier.com), when conducting business with International. Supplier agrees not to engage in any activity that could cause International or any of International's employees to violate the International's Code of Conduct for Suppliers & Business Partners.

**48. INTERNATIONAL IDENTITY REMOVAL.** At its own expense, Supplier agrees to destroy or remove to International's complete satisfaction, International's corporate name, addresses, trademarks, patent numbers, and all other reference to International from all Products rejected or canceled by International, or purchased or produced by Supplier in excess of quantities specified by International, whether such Products are completed or partially completed, delivered, tendered for delivery, or undelivered, prior to disposition of such Products to parties other than International; or to destroy such Products. Supplier

acknowledges that any sale of Products bearing International's trade name and/or trademarks to any person or entity other than International or as authorized by International in writing is an infringement of International's proprietary rights in its trade name and/or trademarks and is an attempt by Supplier to "pass off" Products as the Products of International. Supplier agrees that it shall not in any manner make known the fact that Supplier has furnished, or contracted to furnish, to International the Products covered by this Contract, or use the name of International or any of its trademarks or trade names in Supplier's advertising or other promotional material without International's prior written consent, which consent may be withheld at International's sole discretion.

49. **ASSIGNMENT OF RIGHTS AND DUTIES.** Either Party may assign the rights and duties under this Contract, either in whole or in part, only with the prior written consent of the other Party. No permitted assignment hereunder shall be deemed effective until the assignee shall have executed and delivered an instrument in writing reasonably satisfactory in form and substance to the other Party pursuant to which the assignee assumes all the obligations of the assigning Party hereunder. Any purported assignment of this Contract in violation of this Section 49 – ASSIGNMENT OF RIGHTS AND DUTIES, shall be void.
50. **CYBERSECURITY.** Supplier is responsible for implementing reasonable and appropriate information security controls with respect to any International-related information, systems, and facilities (collectively, "International Information Assets") that Supplier may use, collect, store, process, transmit or have disclosed to it in connection with the supply of Products pursuant to this Contract. Supplier shall implement appropriate information security policies and use commercially reasonable efforts to safeguard the confidentiality, integrity, and availability of International Information Assets. Supplier shall notify International in writing within twenty-four (24) hours of Supplier's knowledge of an incident or breach of data (i.e., an activity that can be characterized as access to, or misuse, disclosure, modification, or destruction of, International Information Assets) occurring with respect to any International Information Asset or that affects Supplier's shipment of Products to International, Third Party Designees, or International's customers. Supplier shall respond to information requests from International regarding Supplier's information security policies and compliance with this Section.
51. **AUDIT RIGHTS.** In order to assess Supplier's compliance with the (a) terms and conditions of this Contract, and (b) International's Code of Conduct for Suppliers & Business Partners [or applicable international standards concerning labor, environmental, health and safety, and other related standards,] with regard to Supplier and its supply chain, Supplier shall permit International and its designees (including its accountants and attorneys), and use commercial reasonable efforts to facilitate with respect to its supply chain, access to conduct an inspection of the books, records and documentation of Supplier, its supply chain, and any and all facilities and/or systems pertaining to Supplier's performance of this Contract and its supply chain involvement in such performance. The scope of the audit may include, but is not limited to, inspecting, reviewing, ensuring and/or verifying (i) the quality and accuracy of the services being performed under this Contract to produce and deliver Products and (ii) compliance with this Contract. Such access by International and/or its designees shall include the right to discuss such books, records and/or documentation with Supplier's personnel having knowledge of the facilities, systems, and document contents and the right to copy such documentation, subject to confidentiality restrictions pursuant to this Contract.
52. **ARTIFICIAL INTELLIGENCE.** Supplier represents and warrants that with respect to any artificial intelligence technologies and the resulting algorithms that are part of the supply of Products and services provided in connection with such supply under this Contract ("AI"): (a) the collection and use of all data and information used to train the AI or that was otherwise input in the AI (the "Input Data") and any outputs generated by the AI ("Output Data") (i) comply with applicable laws, (ii) does

not infringe the intellectual property rights of a third party, (iii) does not violate any contract with a third party (including without limitation any website terms of use or terms of services), (iv) was and is not biased or discriminatory data, and (v) does not contain Personal Data; (b) Supplier has implemented controls and performed testing to ensure the foregoing statements in (a) are true and accurate; (c) Supplier has complied with, and will continue to comply with, generally accepted ethical principles pertaining to the development and use of AI; and (d) International data is not and will not be used to train, modify or enhance AI used in the provision of services, except for such services that are available to and accessible solely by International (i.e., no third party will have access to services that have been trained, modified, or enhanced in any way by International data or data derived from International's data or International's receipt of Products and concurrent services under this Contract).