

# CLIENT ALERTS

## Stellantis New Terms: Summary of Significant Changes

### Client Alert

1.18.2022

Stellantis has issued new Terms of Purchase and related documents. Butzel has prepared a Summary of Significant Changes from the prior FCA Terms [see Butzel analysis].

The new Terms are divided into two related documents: (1) "GLOBAL GENERAL TERMS AND CONDITIONS – DIRECT MATERIAL" ("Global Terms") and (2) "NORTH AMERICA EXHIBIT A TO GLOBAL GENERAL TERMS AND CONDITIONS" ("NA Terms"). Together they are the "New Terms." Regional terms also exist for other parts of the world, but are not addressed here. The NA Terms apply if they conflict with the Global Terms. Thus, both the Global and NA Terms must be considered to understand "Seller's" rights and obligation, although for most issues the North American Terms are likely to control.

The New Terms are significantly different from the prior terms, almost without exception, in ways less favorable to the Seller. To give but a few examples, the New Terms (i) require the Seller to pass on to FCA 100% of any cost savings the Seller realizes; (ii) allow FCA to extend the duration of a PO unilaterally; (iii) unilaterally use the parts in additional vehicle programs, and (iv) require the Seller to warrant the design, even if it is not design responsible.

The New Terms purport to be effective immediately upon issuance of a new PO or release and to be accepted by any Seller performance, including purchasing components for the Goods. **If you desire to object to the New Terms, we recommend promptly consulting with your legal advisor to mitigate the risk that you will be deemed to have accepted them by performance.**

A few notes on use of the Butzel analysis:

### Related People

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- It is a summary of what we judge to be significant changes in the New Terms, not a summary of the New Terms or of all changes. Changes which we judge to be not significant might be significant to your business or to a particular fact scenario. Likewise, it does not attempt to capture every nuance and detail of the changes that are covered. It is not and cannot be a substitute for reading the New Terms. Of course, this analysis is not intended to provide legal advice and should not be relied upon for that purpose. A Supplier should consult legal counsel about specific legal and factual issues.
- The Global Terms are issued by Stellantis, while the North American Terms are issued by FCA. The Summary follows this nomenclature, i.e., a summary of a provision of the Global Terms refers to Stellantis and of the NA Terms to FCA.
- The summary is in table form, as illustrated in the following excerpt:

### **New N. Amer. Terms §§**

### **New Global Terms §§**

### **Old FCA §§**

### **Overview of Changes**

19

N/A

22

### **TERMINATION AT FCA'S OPTION**

- Time for Seller to cease work and terminate all lower tier contracts is shortened from 15 days to immediately. {NA §19b}
- Time to submit a termination claim shortened from 60 days to 30. {NA §19b}
- FCA may direct Seller to terminate a lower tier Supplier {NA §19a}
- The New Terms incorporate "Policies" and various other documents, all of which should be accessible through the supplier portal. They are not summarized in the Change Analysis, but must be considered in understanding your obligations.
- FCA has also issued new Global Warranty Terms and related North American Implementation Guidelines. These are focused on procedures for allocation of ordinary warranty costs, when Stellantis agrees to such allocation. They are not summarized in the accompanying change analysis.

Please contact the authors of this Alert or your Butzel attorney for more information.

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