

1. Conclusion of Agreement

- 1.1 These Conditions of Purchase shall apply to orders placed by us. Conditions of supply of the supplier shall only apply in lieu of our general terms and conditions of business if we expressly confirm this. Our Conditions of Purchase also apply if we, in the knowledge that the conditions of the supplier either contradict or derogate from our Conditions of Purchase, accept the delivery from the supplier without reservation.
- 1.2 We are only legally obliged with regard to the scope and subject of the order subject to our written order. The order shall not be binding on us unless it has been confirmed in writing within 14 days from the date of our order, stating price and delivery time.
- 1.3 Only the drawings attached to the orders shall be valid. The supplier shall examine these order documents with each order or release request.
- 1.4 For frame agreements only our individual release requests are binding orders.
- 1.5 Collateral agreements, additions and amendments are only binding subject to our written confirmation. A deviation from this written form requirement must also be in writing.
- 1.6 Our Conditions of Purchase also apply to all future orders.
- 1.7 In the event of force majeure, strike, natural disasters, riots, government measures, etc., transport disruptions, lock-outs and other operational disruptions at our suppliers which bring about an interruption to or restriction to our production or prevent us from accepting the goods ordered as agreed we shall be released from our obligations under the agreement for the duration and in the scope of the effect thereof to the extent that we cannot remedy such disruption using reasonable means.

2. Price

The price specified in the order shall be a fixed price for the entire duration of the order.

3. Delivery and Delivery Time

- 3.1 The goods supplied shall comply in particular with the released samples, particularly with regard to design, scope and the mode of delivery. The order shall be executed by the date specified. We are not obliged to accept part shipment or excess shipments to which we have not consented.
- 3.2 Delivery shall be made at the risk of the supplier, free domicile Schönaich, including packaging.
- 3.3 In the event of a delay in delivery, the supplier shall pay compensation for the losses incurred thereby. In any event, we are however entitled to demand 1 % of the value of the portion of the delivery which is in arrears for each full week of culpable delay, up to a maximum of 5 % of this value. Moreover, we are entitled to claim a higher default loss taking this sum into account. If a reasonable deadline has been set and expired without results, we are also entitled to withdraw from the agreement and demand compensation for non-performance. If we demand compensation the supplier has the right to prove to us that it was not responsible for the breach of duty.

4. Terms of Payment

- 4.1 Invoices and other receipts shall be submitted in duplicate, stating the delivery date, our order number and the drawing number with the reference number of the goods supplied. The duplicate must be clearly indicated as such.
- 4.2 Payment shall be made, at our discretion, either within 14 days less a discount of 3 %, or net within 30 days from receipt of invoice, however no earlier than date of receipt of the goods. Default shall commence at the earliest 45 days after receipt of invoice. Under no circumstances shall default commence less than 45 days after receipt of the goods at our premises.
- 4.3 The supplier is not entitled, without our prior written consent which may not be unreasonably refused, to assign its claims against us or have them collected by third parties. In the event of a valid extended retention of title such consent shall be deemed to have been granted.
- 4.4 We are entitled to withhold payment in whole or in part pending remedy of defects in the goods of a consignment; as a rule twice the amount required to remedy the defects can be retained.
- 4.5 Payments do not constitute acknowledgement that goods and services rendered comply with the terms of the contract.
- 4.6 The supplier is not entitled to set off our claims or assert a right of retention unless the supplier's claims are undisputed or have been declared final and absolute by a court.

5. Defects in Goods

- 5.1 Goods delivered shall be inspected in our incoming goods inspection section according to the AQL system or another incoming goods inspection system. An initial sample / initial supply inspection report must accompany the goods for first-time shipments.
- 5.2 The supplier shall carry out an outgoing goods inspection. Upon receipt of the goods we will verify compliance with the amount ordered and whether there are any outwardly visible transport damage or obvious defects. If we discover any damage or defect in the course of the inspections specified above, we shall report this within 14 calendar days of receipt of goods. If such a defect arises later we shall also report this within 5 working days of discovery. We are not obliged to carry out a further-reaching incoming goods inspection.
- 5.3 The supplier shall be liable as prescribed by statute for material and legal defects in the goods supplied, for the absence of guaranteed quality, for fraudulent intent and for infringement of accessory obligations to apply due care and to provide information. The limitation period for claims for defects shall be 36 months from the date of receipt of the goods at our premises.
- 5.4 The statute of limitations for replaced or repaired parts shall be suspended for the period between occurrence of the defect and remedy thereof unless the replacement or repair is made without any recognition of an obligation. The limitation period shall not expire until six months after remedy of the defects.
- 5.5 The supplier shall bear the risk and freight costs for return shipments of defective goods. The supplier shall reimburse us for costs incurred for subsequent inspection and sorting out of faulty goods. This shall also apply if the defects are not ascertained until the goods have been put to use.
- 5.6 For products which are sold on without having undergone substantial modification the supplier shall release us from warranty claims under the law on sales, including law on sales of consumer goods and from product liability claims and manufacturer's liability claims.
- 5.7 If product liability claims or manufacturer's liability claims are filed against us the supplier shall release us from such claims at first request in as far as the damage was caused by the goods supplied by the supplier, unless fault of the supplier is required under statute and such fault is not present.
If claims are filed against us by third parties and if we pay compensation to such third parties for losses incurred the supplier shall reimburse our damages and expenses, including the actual costs incurred by such legal measures, if and in as far as we are entitled to demand exemption under sentence 1. If claims are filed against us by third parties on the grounds of liability without fault owing to mandatory foreign law, the supplier shall indemnify us and hold us harmless to the extent that it would be directly liable. The supplier shall only be liable if the supplier is at fault in as far as the goods supplied by the supplier caused the damage; the liability of the supplier also includes any costs of legal action. We can also take legal action against the supplier in the above mentioned cases before a foreign court at which we face legal action initiated by a third party on the grounds of product liability.
- 5.8 To the extent that we are obliged to recall products owing to a defect caused by the supplier's goods or where a product recall is in the interest of the supplier and in accordance with the supplier's wishes, the supplier shall assume the costs thereof. If the costs must be apportioned owing to the fact that there is more than one responsible party § 5 and § 6 German Product Liability Act shall apply accordingly.

- 5.9 We and our customers are entitled after prior announcement to inform ourselves during the normal operating hours on the manufacturing grounds and in the manufacturing site of the supplier with respect to the manufacturing procedures at the supplier and the observance of the contractual obligations of the supplier. At least three working days' notice shall be given. The confidentiality requirements of the supplier shall be taken into account in this context. The supplier shall ensure that we and our customers are able to implement the measures set out under § 5.9 upon request at subcontractors and at its own suppliers as well.

6. Production Means and Drawings

- 6.1 Means of production, such as models, samples, tooling, gauges, drawings and the like which we have provided or which have been produced by the supplier according to data provided by us shall not be sold, pledged or otherwise passed on to third parties or used by the supplier for its own purposes without our prior written consent. The same shall apply to any other items produced using such means of production.
- 6.2 Moulds, tooling and similar items which have been produced at our costs in whole or in part shall be insured and kept safely and carefully for us by the supplier – at no charge - in a manner that they may be used at any time. Should tooling, which has been produced partly at our expense, no longer assure the required quality this shall be repaired or re-manufactured by the supplier at the supplier's expense. If we notice supply problems we are entitled to demand that the above items be surrendered free of charge without the supplier being entitled to a right of retention irrespective of whether these parts are our property or not.
- 6.3 Once our order has been completed the means of production provided by us or manufactured for our account shall be returned or surrendered to us upon request. If we assume production costs the extent of our joint-ownership shall correspond to the proportion of our contribution to the costs.
- 6.4 Gauges shall only be provided for inspection purposes. The supplier is responsible for providing manufacturing gauges.
- 6.5 Material with which we have provided the supplier for the purpose of executing the order shall remain our property and shall be clearly marked as such and stored separately and free of charge; the processing or transformation of such material with other materials which are not our property shall be carried out for us. A new product which is produced using material provided by us shall be held in safe-keeping for us by the supplier free of charge. If such material is processed or transformed with other merchandise which is not the property of the supplier we shall have joint ownership in the resultant new product in the ratio of the value of the material provided by us and processed or transformed to the value of the other processed or transformed items at the time of processing or transformation. If the material provided is irreversibly mixed or combined using other items which do not belong to us, we shall acquire co-ownership of the new item in the ratio of the value of the material provided to the other mixed or combined items at the time of mixing or combining. If the mixing or combining process takes place in such a way that the supplier's item must be regarded as the main item, the parties shall be deemed to have agreed that the supplier shall transfer to us joint title in the new item in the ratio of the value of the material provided to the other mixed or combined items at the time of such combining or mixing. We accept such transfer of title. The supplier is not authorised to dispose of the material provided by us in legal transactions. The supplier shall inform us without undue delay of any pledge or other impairment by third parties affecting the material provided by us so that we can file a claim pursuant to § 771 German Code of Civil Procedure (ZPO). If the third party is unable to reimburse the costs incurred in or out of court of a claim pursuant to § 771 of the German Code of Civil Procedure (ZPO), the supplier is liable for our loss.
- 6.6 Our consent to drawings, calculations and other technical documents shall have no effect on the sole responsibility of the supplier for the agreed performance. This shall also apply to proposals and recommendations made by us. Amendments discussed between the supplier and ourselves with regard to the goods supplied must be confirmed in writing; any departure from this written form requirement must also be in writing. If this does not occur the supplier shall bear sole responsibility for the amendment. For amendments which do not pertain to the goods supplied § 6.6 sentence 1 shall apply.

7. Other obligations of supplier

- 7.1 The supplier is obliged to observe the Act Governing a General Minimum Wage (Gesetz zur Regelung eines allgemeinen Mindestlohns, MiLoG) and the Act on Mandatory Working Conditions for Employees Posted Abroad and for Employees Usually Employed in Germany (Gesetz über zwingende Arbeitsbedingungen für grenzüberschreitend entsandte und regelmäßig im Inland beschäftigte Arbeitnehmer und Arbeitnehmerinnen, AEntG) each as amended from time to time, and in particular to pay its employees the statutory minimum wage.
- 7.2 If claims are filed against us based on the provisions of § 13 MiLoG, § 14 AEntG from employees of the supplier or a subcontractor instructed by it or a temporary work agency, then the supplier shall indemnify us from liability pursuant to § 13 MiLoG, § 14 AEntG and reimburse us for any costs we incur from such claims asserted by these employees unless the supplier is not responsible therefor. We may offset any payments which we have made pursuant to § 13 MiLoG, § 14 AEntG against all the supplier's claims and set the claims off against each other.
- 7.3 If with our prior consent the supplier passes on the contractual performance or parts thereof to a subcontractor or temporary work agency, the supplier undertakes to ensure by contract that the subcontractor or temporary-work agency used complies with the obligations set out under § 7.
- 7.4 The supplier undertakes to provide monthly evidence of payment of minimum wage by supplier and any subcontractors or temporary work agency instructed by it. We are entitled to inspect anonymised wage and payroll lists of the supplier at any time.
- 7.5 To secure our claims we reserve the right to demand at any time that the supplier provide security, e.g. in the form of a bank surety.
- 7.6 We have the right to termination without notice and the right of rescission with regard to the contractual relationships with the supplier if the supplier or a subcontractor or temporary work agency instructed by the supplier does not pay its employees the minimum wage pursuant to § 1 MiLoG or violates the provisions of the AEntG.

8. Partial Invalidity

If any provision of these Conditions of Purchase is or should become invalid, this shall not affect the validity of the remaining provisions.

9. Place of Performance, Place of Jurisdiction, Applicable Law

- 9.1 Place of performance for the obligations of both parties shall be Schönaich, Germany.
- 9.2 The contractual relationship shall be subject to German law excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 9.3 Exclusive place of jurisdiction for all disputes arising from the contractual relationship with businessmen shall be the domicile of our principal place of business; in the event of litigation initiated by ourselves it may — at our discretion — also be the place of jurisdiction of the supplier, if this is not prescribed by law. In the event of disputes during contractual negotiations this only applies in cases in which an agreement is concluded later or in negotiations on the basis of our conditions of purchase.
10. In the event of self-contradictory provisions, the contracts concluded with the supplier shall apply to supplies in connection with this agreement in the following order: 1. Supply agreement; 2. Order; 3. Quality assurance agreement; 4. Confidentiality agreement; 5. Tooling loan agreement; 6. these conditions of purchase