

# GENERAL PURCHASE CONDITIONS



## Section 1: General – Scope of Application

- (1) Our Purchase Conditions apply exclusively; we do not recognise any conditions of the supplier which oppose or deviate from our Purchase Conditions, unless we have explicitly agreed to their application in writing. Our Purchase Conditions also apply if we accept without reservation the delivery of the supplier while aware of conditions of the supplier which oppose or deviate from our Purchase Conditions.
- (2) All agreements made between ourselves and the supplier for the purpose of executing this contract have been set down in writing in this contract.
- (3) Our Purchase Conditions only apply to companies pursuant to Section 310 (1) BGB (Civil Code).

## Section 2: Offer – Offer Documents

- (1) The supplier undertakes to accept our order in writing within a period of 5 working days. A limited-term order acceptance shall be deemed a new offer, the acceptance of which we explicitly reserve.
- (2) We reserve property rights and copyrights to figures, drawings, calculations and other documents; they may not be made accessible to third parties without our express written consent. They must only be used for the purpose of effecting our order; they must be returned to us without solicitation upon order execution. They are to be kept secret from third parties; in this respect, the regulation of Section 11 applies in addition.

## Section 3: Prices – Payment Conditions

- (1) The price indicated in the order is binding. The prices apply 'delivered at place' (DAP) (including customs duties) at the destination.
- (2) The statutory value added tax is indicated separately.
- (3) We can only process invoices if they indicate the order number displayed in our order, in accordance with the specifications therein; the supplier is responsible for all consequences as a result of non-compliance with this obligation, insofar as the supplier is unable to prove that it is not responsible for such consequences.
- (4) Unless otherwise agreed in writing, we shall pay the purchase price within 45 days, calculated from the day of delivery and invoice receipt with a 3-percent discount, or within 30 days with a 4-percent discount, or net within 60 days of invoice receipt.
- (5) We are entitled to rights of offsetting and retention in accordance with statutory provisions.

## Section 4: Delivery Periods – Deadlines

- (1) The delivery period indicated in the order is binding. Agreed dates, deadlines and times are binding. The receipt of delivery shall be decisive for compliance with the agreed delivery periods, dates and times.
- (2) The supplier is obligated to promptly inform us in writing if circumstances occur or it becomes evident to the supplier that the agreed delivery period cannot be observed.
- (3) In the case of default on delivery, we shall be entitled to statutory claims. Moreover, we are permitted to request compensation and withdrawal instead of delivery in the event a reasonable period expires fruitlessly. Should we request compensation, the supplier has the right to furnish evidence that it is not responsible for the breach of duty.
- (4) Partial deliveries are only permissible if they have been expressly agreed in writing.

## Section 5: Delivery – Transfer or Risk – Place of Fulfilment

- (1) Deliveries including packaging free of charge are to be made to the respectively stipulated destination. Unless otherwise agreed, this shall be Wörnitz (Germany). The INCOTERMS 2010 agreed with the supplier apply and, in the absence of a deviating agreement, the INCOTERMS 2010 DAP (destination) generally apply.

The costs of packaging and insurance, as well as in particular for the transport for all export, import and customs formalities, including all customs and similar duties, for official permits and for other documents shall be borne by the supplier. The same shall apply for the costs of test certificates and the necessary quality and test marks.

- (2) The place of fulfilment for all deliveries and services is our specified destination.

In the absence of any other agreement, our registered address in Wörnitz shall be the place of fulfilment.

## Section 6: Information – Documentation Obligation

- (1) The supplier is obligated to indicate our exact order number and all customs and export control information on all dispatch papers and delivery notes; should the supplier fail to do so, we shall not accept any responsibility for delays in processing.

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- (2) The supplier undertakes to inform us of any permit obligations for the (re-)export of its goods in accordance with German, European and US export and customs provisions as well as the export and customs provisions of the country of origin of its goods in its business documentation. In this regard, the supplier shall provide at least the following information for the relevant goods in its offers, order confirmations and invoices:
  - the export list number pursuant to annex AL of the German Export Administration Regulation or similar list positions of common export lists,
  - for US goods, the ECCN (Export Control Classification Number) pursuant to the US Export Administration Regulations (EAR),
  - the trade-policy and preferential origin of its goods and the components, including technology and software,
  - whether the goods have been transported through the USA, manufactured or stored in the USA or produced using USA technology,
  - the statistical goods number (HS code) of its goods, and
  - a contact partner in its company for the purpose of answering any of our questions.

At our request, the supplier shall undertake to disclose to us in writing all further export data relating to its goods and their components, as well as promptly (before delivery of the goods concerned) inform us in writing of all changes to the above data.

- (3) All information and documentation are to be provided to us free of charge.

## Section 7: Quality

- (1) The supplier shall ensure that its deliveries meet the recognised rules of engineering, safety and other provisions, statutory regulations (such as the Act Governing the Sale, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment, Directive on the Restriction of Hazardous Substance 2005/95/EC), including DIN standards, the agreed technical details (including national and international standards) as well as the assured properties. Changes to the delivery item and the production process require our advance written consent.
- (2) For the initial sample inspection, we refer to the VDA document 'Securing the Quality of Deliveries; Supplier Selection – Quality Agreement – Production Process and Product Approval – Quality Assurance in the Series – Declaration of Contents' VDA volume 2, current version. Notwithstanding the above, the supplier undertakes to continuously check the quality of delivery items.
- (3) We reserve the right to conclude an additional quality assurance agreement (QAA) with suppliers. In this case, the QAA shall constitute a contractual component.

## Section 8: Investigation of Defects – Liability for Defects

- (1) We are only obligated to check incoming goods insofar as obvious damages (such as transport damages, quantity deviations, deviations from orders and accompanying documents) are identified and such come to light in connection with the sampling procedure used in our quality control. In addition, we shall promptly report defects as soon as they are identified depending on the circumstances of ordinary business. In this respect, the supplier shall waive its objection of delayed complaints of defects.
- (2) We shall be entitled to the statutory defect claims without limitation; in any case, we are permitted to require from the supplier the rectification of the defect or delivery of a replacement at our discretion. The right to compensation, in particular to compensation instead of fulfilment, is expressly reserved. The costs incurred for the purpose of investigation and rectification, including the costs for installation, removal, transport, work and materials, shall be borne by the supplier. We shall only accept liability for these costs, if we have recognised or have not recognised through gross negligence that no defect exists.
- (3) We are permitted to rectify the defect ourselves at the cost of the supplier, if there is imminent danger or special urgency.
- (4) The limitation period shall amount to 36 months, counted from the transfer or risk.

## Section 9: Product Liability – Indemnity – Liability Insurance Cover

- (1) Insofar as the supplier is responsible for a product damage, it is obligated to indemnify us from third-party compensation claims upon first request to the extent that the cause originated from its control and organisation and it is liable itself in external relations.
- (2) In connection with its liability for damage cases in the meaning of Section (1), the supplier also undertakes to reimburse any expenses pursuant to Sections 683 and 670 BGB as well as Sections 830, 840 and 426 BGB, which result from damage prevention measures conducted by ourselves or third parties (such as product recalls). To the extent that is possible and reasonable, we shall promptly inform the supplier about the nature and scope of the measures to be carried out and provide the latter the opportunity to submit a written statement. Other statutory claims remain unaffected hereby.
- (3) The supplier undertakes to take out a comprehensive product liability insurance with a coverage amount of €5 million per personal damage / property damage; should we be entitled to any further compensation claims, these shall remain unaffected.

## Section 10: Property Rights

- (1) The supplier shall ensure that no third-party rights are violated in connection with its delivery.
- (2) In the event a third-party claim is asserted against us for this reason, the supplier is obligated to indemnify us from these claims at first written request; we are not permitted to conclude any agreements with the third party, such as to enter a settlement, without the consent of the supplier.

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- (3) The indemnity obligation of the supplier refers to all expenses that necessarily arise as a result of or in connection with the assertion of a third-party claim.
- (4) The limitation period shall amount to ten years, beginning upon conclusion of the respective contract.

## Section 11: Retention of Title – Provision – Tools

- (1) Insofar as we provide parts to the supplier, we reserve title to the same. Any processing or modification by the supplier shall be conducted on our behalf. In the event that our goods subject to reservation of title are processed with other items that do not belong to us, we shall acquire co-ownership in the new item in the ratio of the value of our goods (purchase price plus VAT) to the other processed items at the time of processing.
- (2) In the event the goods provided by us are inseparably mixed with other items that do not belong to us, we shall acquire co-ownership in the new item in the ratio of the value of our goods subject to reservation of title (purchase price plus VAT) to the other mixed items at the time of mixing. Should the mixing occur in such a manner that the item of the supplier is deemed the main component, the parties agree that the supplier assigns us co-ownership on a proportional basis; the supplier keeps the solely owned or co-owned item in safe custody for us.
- (3) We reserve title to tools; the supplier is obligated to only use the tools for the production of our ordered goods. The supplier undertakes to insure our tools at their original value at its own costs against fire, water and theft damages. At the same time, the supplier hereby assigns to us all compensation claims from this insurance; we hereby accept the assignment. The supplier is obligated to regularly conduct any necessary maintenance and inspection work on our tools, as well as all service and repair work, at its own cost. The supplier must promptly notify us of any malfunctions; should the supplier culpably fail to do so, compensation claims shall remain unaffected.
- (4) Insofar as our due security rights pursuant to Section (1) and/or Section (2) exceed the purchase price of all our not yet paid goods subject to reservation of title by more than 10 percent, we shall be obligated to release the security rights at our choice at the request of the supplier.

## Section 12: Secrecy

- (1) The contractual partners commit to treat as business secrets all non-evident and technical details of which they become aware in the course of the business relationship.  
This includes figures, calculations, drawings, models, templates, samples, data sheets, software and similar items; they may only be shared in connection with the contractually stipulated purposes. The duplication of such items is only permissible in connection with operating requirements and copyright terms.
- (2) Employees and sub-suppliers must be committed to secrecy accordingly.
- (3) The contractual partners may only advertise with their business relationship with advance written consent.

## Section 13: Social Responsibility – Environmental Protection

The supplier undertakes to observe the respective statutory regulations on the treatment of employees, environmental protection and occupational safety and to endeavour to reduce any harmful effects on people and the environment in its work and production. To this end, the supplier shall set up and develop a management system according to ISO 14001 within its range of possibilities. Moreover, the supplier shall observe the Principles of the UN Global Compact Initiative. These principles primarily concern the protection of international human rights, the right to collective wage negotiations, the abolition of forced labour and child labour, the elimination of discrimination in hiring and employment, responsibility for the environment and prevention of corruption.

## Section 14: General Conditions

- (1) Should a contractual partner suspend its payments or should insolvency proceedings be filed for its assets or an extrajudicial settlement procedure be opened, the other contractual partner shall be permitted to withdraw from the unfulfilled part of the contract.
- (2) The jurisdiction for all direct or indirect disputes arising from this contractual relationship shall be the court competent for the registered address of our company, unless otherwise agreed or unless this term is opposed by mandatory statutory provisions. However, we also have the right to institute legal proceedings against a supplier at its general statutory jurisdiction.
- (3) The contractual relationship between the contractual partners is subject to the law of the Federal Republic of Germany. The application of the Convention on the International Sale of Goods dated 11th April 1980 (CISG) and the application of German conflict law are excluded.
- (4) Should individual provisions of these Purchase Conditions be or become invalid or unenforceable, this shall not thereby affect the validity of the contract as a whole or the remaining provisions of these conditions. The contractual partners undertake to replace the invalid and/or unenforceable provision at the beginning of the invalidity/unenforceability with a provision that comes closest to the original economic intention of both parties. The same applies for contractual omissions.

Wörnitz, July 1<sup>st</sup>, 2017