



General Terms and Conditions of Purchase SMR Automotive

March 2016

1. Scope of Purchase Terms

- 1.1 These terms and conditions of purchase ("Purchase Terms") of SMR Automotive ("Buyer") shall exclusively apply to all of Buyer's purchases of parts, materials, assemblies ("Goods") by means of any purchase orders issued by Buyer; Buyer does not accept and shall not be bound by Supplier's terms and conditions unless their application has been agreed expressly in writing by Buyer in advance. The Purchase Terms shall also apply in all cases in which Buyer accepts Supplier's delivery without objecting to the conflicting or deviating terms and conditions of the Supplier (whether or not Buyer is aware of them). Supplier accepts the Purchase Terms by the delivery of its Goods to Buyer.
- 1.2 These Purchase Terms shall apply equally to the purchase of Goods as production material (for the purposes of Buyer's own serial production), as spare parts or as machines, tools and other products unless the applicability of any of the following provisions of these Purchase Terms is expressly limited to individual or specific kinds of Goods.
- 1.3 The provisions of these Purchase Terms shall prevail over any other agreements which the Parties may enter into in addition (e.g. Buyer's Quality Agreement).

2. Order

- 2.1 All enquiries of Buyer with Supplier about Supplier's Goods and terms of their supply or Buyer's requests for quotations by Seller do not legally bind Buyer in any way. The estimated quantities quoted in any price inquiry statement or requests for quotation are indicative only, and do not bind Buyer, until Buyer explicitly calls for fixed quantities in any purchase order or in calls for delivery (as applicable).
- 2.2 Buyer's purchase orders are only binding if they are made in writing. Orders made orally or by telephone are not binding and do not cause under any circumstances a contractual relationship to come into existence. Oral agreements must be confirmed in writing. Likewise, changes to the contract (subject to the detailed provisions in Clause 7 below) as well as side-agreements must be made in writing in order to be legally effective.
- 2.3 A valid and binding contract between Buyer and Supplier incorporating these Purchase Terms shall be formed by
 - (i) Buyer's written purchase order submitted to Supplier (constituting a purchase offer), and
 - (ii) Supplier's express written acceptance of the purchase order by means of a confirmation of order to be received by Buyer within seven days of the date of the purchase order, or
 - (iii) Supplier's commencement of performance of the purchase order

Any order confirmation by the Supplier which is received later or which differs from Buyer's purchase order represents a new purchase offer and must be accepted by Buyer in writing.

- 2.4 If the contract or the purchase order specify that the Goods to be delivered shall be designated by calls for delivery such calls for delivery shall become effective 2 days after submission to Supplier, unless the Supplier has objected to them in writing by then.

3. Prices – Terms of Payment

- 3.1 The price set out in the purchase order is a fixed price for delivery to the delivery address stated on the purchase order comprising packaging, freight, insurance and other such costs. The statutory value added tax is not included in the price and will be charged separately.
- 3.2 Unless credit entry procedures have been agreed with the Supplier, invoices can be processed by Buyer only if they state – in accordance with the requirements in its purchase order – the order number and the article number as quoted in the purchase order as well as in the case of tools or investment products the respective project number; the Supplier shall be responsible for all consequences resulting from the failure to comply with this obligation provided that it was at fault.
- 3.3 Unless otherwise agreed in writing payment for the Goods will be made on the last day of the second month following the date of invoice.
- 3.4 Buyer shall make payment by wire transfer. Other modes of payments as well as Credit entry procedures need to be agreed specifically between the Parties to be applicable.

4. Shipment, Packaging and Delivery

- 4.1 The Goods are to be delivered carriage paid to the address designated by Buyer (i.e. the agreed delivery address) during Buyer's normal working hours.
- 4.2 All Goods shall be suitably packed or otherwise prepared for shipment. No charge is allowed for wrapping, packing, transportation, cartons, boxing, crating, cartage or insurance unless designated on the purchase order.
- 4.3 Buyer will specify in each purchase order the means of delivery to it; it may do so specifically by the use of trade terms customary in the automotive industry. Insofar as the purchase order states the Incoterms to be applicable, the Incoterms valid and in force at the time of the purchase order shall apply.
- 4.4 Containers and packing must be supplied free of charge but will be returned, if required, at the Supplier's risk and expense.

Transportation equipment (containers, racks etc.) shall be specified by its number on the transport documents / delivery notes failing which they shall pass into Buyer's ownership.
- 4.5 All shipments of Goods (or other materials) must be accompanied by a detailed delivery note stating Buyer's purchase order number, name and quantity and giving full particulars (including the part number) of the Goods (or other materials) supplied.

Supplier shall also provide Buyer with such other advice notes, statements and other reasonable documentation as Buyer may specify from time to time.

less a firm calendar date for delivery had been agreed).

4.6 In accordance with the applicable EC Directives Supplier is obligated to provide a supplier declaration. A certified annual supplier declaration must be submitted at the latest at the time of delivery. This declaration must be renewed without request prior to the expiration of this period. Any changes with respect to the origin must be notified to Buyer without undue delay. At Buyer's request, Supplier must submit an information paper duly certified and cleared through the customs for the delivered Goods. If and to the extent that additional official documents for the use of Goods in accordance with their specifications are required for the import or export of the Goods Supplier undertakes to make those documents available to Buyer or, as the case may be, to procure them without undue delay.

4.7 Supplier shall not deliver any Products in advance of the schedule set forth in the purchase order, without Buyer's written permission. Buyer reserves the right to store at Supplier's risk and expense all Products received at Buyer's plant in advance of the schedule shown on the purchase order until the due date for delivery.

If Buyer accepts early deliveries on this basis, Buyer shall nevertheless not be obliged to make payment earlier than on the due date pursuant to the scheduled delivery.

5. Property and Risk

5.1 The property in the Goods will pass to Buyer upon full payment of the purchase price. Any prolonged or extended retention of the Supplier's title to the Goods is excluded.

5.2 Risk of loss remains with Supplier until delivery of the Goods to Buyer is completed.

6. Late Delivery

6.1 The Goods must be supplied to the agreed delivery address at the agreed delivery dates or within the agreed delivery periods.

6.2 Supplier must immediately notify Buyer in writing of any and all circumstances which arise or of which Supplier becomes aware as a result of which the agreed delivery date or delivery periods cannot be kept. Such notification does not release the Supplier from its obligation of delivery on the agreed due date.

6.3 If the Supplier is late in delivering the Goods to Buyer's agreed delivery address,

(i) Buyer may cancel (rescind) the purchase order (contract) provided Buyer has set a reasonable grace period for Supplier to still effect delivery, which grace period has expired unsuccessfully and provided Buyer was not responsible for the event causing the delay; and

(ii) Buyer is entitled to full compensation of any damage incurred provided the Supplier was at fault in causing the delay in delivery and further provided it has issued a reminder demanding delivery from the Supplier following the commencement of delivery default (un-

7. Contractual / Technical Changes

7.1 Changes to any contract including changes to quantities, method of shipment, packing, time or place of delivery or changes in the drawings or specifications must be mutually agreed by the Parties and recorded in writing, taking into account and reflecting any resulting increases in costs of, or time required for, the performance of the contract (if any). With respect to technical modifications, in particular modifications of Buyer's drawings or specifications, the following provisions of this Clause 7 shall apply in addition.

7.2 Buyer may at all times – also during serial production – request technical modifications of the Goods. Immediately after receipt of Buyer's request for modification, Supplier shall submit a cost estimate on possible cost increases or reductions as well as information on deadline shifts, consequences on the weight, function and quality resulting from the modifications. The Supplier is obliged to keep the costs caused by the modifications requested by Buyer as low as possible.

7.3 The Supplier will fulfill the request for modification as soon as the Parties have reached an agreement on any increased or reduced costs, the deadline shifts, the consequences on weight, function and quality.

7.4 If in Supplier's opinion technical modifications or deviations are sensible – e.g. due to more efficient production methods or for the improvement and increase of the safety of its Goods or for an adjustment to the engineering progress – the Supplier will propose them to Buyer; simultaneously information must be given about the consequences on the price, the delivery dates, etc. Buyer shall examine these modification proposals without delay and shall not randomly refuse their acceptance.

7.5 The Supplier shall not perform any technical modifications until it has received Buyer's written approval. The procedure concerning the initial sample tests must be repeated with respect to all Goods which are subject to technical modifications after the original product release.

7.6 Buyer's technical documents, drawings and plans must be examined by Supplier with regard to their completeness and correctness prior to commencement of processing or production. If Supplier considers them to be incomplete or to contain faults or defects the Supplier is obliged to notify Buyer accordingly in writing without delay (but in any case prior to commencement of the processing or production); any missing technical documents, drawings or plans must be requested in writing without delay.

8. Quality Management

The following provisions of this Clause 8 shall apply exclusively to the delivery of production material and/or spare parts.

8.1 Supplier shall presently and in the future maintain a quality management system in accordance with TS 16.949/ ISO 9001 or an alternative a quality management system which corresponds to and is consistent with the standards in the automobile industry according to TS 16.949/ ISO 9001 may be agreed by the Parties at the request of Sup-

plier.

If Supplier does not meet the quality levels required by any such quality management system, and Supplier does not correct such deficiencies within three months after notification by Buyer, in addition to any other rights of Buyer, Buyer may terminate the contract immediately without any further obligations to Supplier.

- 8.2 In accordance with the quality standard of the automobile industry the Supplier is always obliged to make an initial sample test according to TS 16.949/ ISO 9001 at the latest prior to the production release for serial production. This must, in principle, always be made at the Supplier's premises unless Buyer or its customers (in particular the manufacturer of automobiles) require an exception thereto.
- 8.3 Notwithstanding Clause 8.2 and at Buyer's request, Supplier will furnish Buyer test samples of such Products as may be reasonably required by Buyer to determine if Seller's manufacturing is being performed in accordance with the specifications furnished by Buyer. These test samples will be provided at no cost to Buyer.
- 8.4 Interruptions in the quality management process – also with regard to parts concerned which are purchased or processed by third Parties – must be notified to Buyer without undue delay.
- 8.5 For use in serial production a target value is determined for the quality ppm and reviewed on a monthly basis. The Supplier bears the responsibility not to exceed at any time the required quality failure rate (without prejudice to any of Buyer's possible warranty claims which are not affected thereby).
- 8.6 Buyer may, upon reasonable notice, during normal business hours, make reasonable inspections, at such intervals as Buyer deems necessary, of the facilities where Supplier manufactures Goods.
- Buyer may terminate this contract, effective after written notice to Supplier, if Supplier fails to maintain the agreed quality standards for a period of three months.
- 8.7 Inspection or testing as aforesaid shall not be deemed to constitute acceptance of the Goods or any part thereof nor shall it relieve Supplier from complying with any and all of the express or implied conditions in the purchase order (the contract).
- 8.8 The Supplier is obliged to supply Buyer for a period of 15 years after discontinuation of serial production with spare parts which correspond with the contractually agreed quality required for the respective serial delivery. This obligation shall also apply to materials, raw materials, vendor parts or components which the Supplier purchases from third Parties.
- 8.9 The Supplier agrees before delivery to furnish Buyer in writing with a list by name and description of any harmful or potentially harmful properties or ingredients in the Goods and thereafter information concerning any changes in such properties or ingredients. Buyer will rely on the supply of such information from the Supplier in order to satisfy its own obligations under relevant health and safety requirements.

9. Inspection of Goods

- 9.1 In view of the quality management system adopted by Supplier pursuant to Clause 8.1 the Parties agree that Buyer's inspection of incoming Goods shall be replaced by their examination by Supplier prior to the dispatch of the Goods to Buyer. For these purposes the Parties agree further:

Buyer will inspect the Goods on delivery only with regard to their identity (correspondence with the Goods listed in the relevant purchase order or call for delivery), completeness (additional or short delivery in relation to the amount of the requested Goods listed in the purchase order or call for delivery), transport damage or other extrinsically noticeable damage.

Buyer will notify to the Supplier in writing any possible wrong or poor delivery or any such damage without delay. Otherwise Buyer is not obliged to inspect the delivered Goods upon their delivery; the outgoing inspection of the Goods is effected by Supplier at its premises instead.

In so far as Buyer detects any defects later on, Buyer will notify the Supplier thereof in writing without delay.

9.2 Pre-delivery Inspection

Prior to delivery to Buyer the Supplier shall adequately inspect and test the Goods and if Buyer so requires the Supplier shall furnish Buyer with test certificates. The Supplier shall allow Buyer or its authorized representative on prior notice and during normal business hours unrestricted access to any area of any premises where the Goods or any part are being manufactured or stored or where any of Buyer's Goods are being kept in order that Buyer or its authorized representative may test or inspect the Goods or verify conformance of Goods with the specification requirements of Buyer. The Supplier shall afford Buyer or its authorized representative such use of the Supplier's equipment and employees as is reasonable in the circumstances in order to facilitate such inspection, testing or verification.

No inspection or testing by Buyer pursuant to this Clause shall imply any acceptance of the Goods by Buyer or in any way relieve the Supplier of its obligations and duties under the Contract or otherwise.

10. Warranty

The following provisions of this Clause 10 shall apply exclusively to the delivery of production material and/or spare parts (to all other Goods relevant applicable statutory provisions shall apply):

10.1 Supplier warrants

- the compliance with the specifications in Buyer's documentation, drawings and plans
- the conformity of the Goods with the initial samples released by Buyer,
- the existence of the features as contained in the signed initial sample test report,
- that the used/chosen materials and/or vendor parts are free from defects and suitable,
- the absence of defects in the Goods with respect to design, materials and workmanship which nullify or reduce the value or the suitability of the Goods for the contractually presumed use,

- the compliance with the latest state-of-the-art of science and technique,
- that all work will be carried out with skill and care and be suitable for the purposes indicated or to be reasonably inferred from the specification and as may be made known by Buyer to the Supplier prior to the contract being entered into.

10.2 Any Goods supplied or installed under the contract shall be so formulated, designed, constructed, finished and packaged as to be safe and without risk to health.

Any Goods which are (or will be upon supply in the European Community) within the scope of the CE marking requirements of any relevant EC Directive or local laws implementing the same shall satisfy the relevant requirements and shall bear a properly affixed CE mark, have a certificate of conformity and all necessary technical specifications.

Goods must meet all relevant health and safety requirements applicable to Goods both in the state or form supplied to Buyer and when combined with other goods. It is the responsibility of the Supplier to acquaint itself with the purpose for which the Goods are to be supplied.

10.3 If defective Goods or parts thereof are discovered by Buyer prior to commencement of the production (processing, installation or fitting) the following shall apply:

The Supplier must, at Buyer's option, deliver without delay defect-free new products or remedy (repair) the defective Goods. Any possibly required sorting work or other reworking, will be carried out by Supplier in coordination with Buyer at Buyer's premises.

All costs incurred in connection with the delivery of the defective Goods (sorting, transportation, costs for remedying, investigating (including research and development efforts) the causes of defects etc.) shall be borne by the Supplier.

10.4 If a defect is discovered after the commencement of production, the provisions of Clause 10.3 shall initially apply; in addition thereto, the following shall apply:

- (i) If a defect is discovered before the end products are delivered to Buyer's customers, then the Supplier shall bear in addition to the costs for remedying or replacement also the costs for the disassembling and assembling as well as for any reworking (cost of labor, cost of materials, costs for further tools required).
- (ii) If a defect is discovered only after the end products have been delivered to Buyer's customers, then the Supplier shall bear in addition the proportion of the costs incurred for taking back and/or field measures which correspond to or reflect the causal or fault contribution of the Supplier. Buyer shall inform the Supplier upon occurrence of such defects and on the further procedure and measures to be taken.

10.5 Buyer is entitled to remedy any defects itself or to have this carried out by a third Party or may procure replacement from a third Party if

- (i) the Supplier is at default with the replacement or remedy,

- (ii) the defect was discovered before the commencement of production and this is required in cases of special urgency to prevent substantial disadvantages, e.g. shutdown of the conveyer.

The Supplier must be informed about this situation without delay. Costs incurred in connection therewith shall be borne by the Supplier.

10.6 Irrespective of and in addition to the remedies listed in Clauses 10.3 – 10.5 Buyer shall be entitled to the following further remedies:

- (i) Buyer may cancel/rescind the purchase order (contract) if it has notified Supplier of the defects setting a reasonable grace period to remedy the defects which grace periods has expired unsuccessfully. The setting of such grace period is not necessary
 - if Supplier refuses any of the remedies of Clause 10.3 (repair or replacement delivery),
 - if Supplier's attempt to repair the defect or to deliver replacement products without defects has failed, or
 - if it is unreasonable for Buyer considering all the circumstances to grant such grace period to Supplier;
- (ii) Buyer may reduce the agreed and invoiced purchase price by the amount by which the market value of the Goods without defect is decreased in proportion to the market value for the defective goods, provided the other requirements listed under (i) are fulfilled;
- (iii) Buyer is entitled to full compensation of any damage incurred by Buyer due to the defectiveness of the Goods delivered provided the Supplier was at fault in causing such defects.

10.7 Except for Goods which are integrated into automobiles and which are thereafter exported to North America (USA, Canada, Puerto Rico) the warranty period for defects shall end upon the expiry of 36 months from the first registration date of the cars or from installation of spare parts or 42 months from the delivery to Buyer's customers, whichever period expires first.

For the Goods to be exported to North America (USA, Canada, Puerto Rico) after the integration into the automobiles the warranty period for defects shall end upon expiry of 60 months from the first registration date of the car or installation of the spare parts or 66 months from the delivery to Buyer's customers, whichever period expires first, at the latest, however, after 70,000 kilometers.

11. Product Liability, Recall Campaigns, Liability Insurance

11.1 To the extent that the Supplier is responsible (at fault) for any product defect Supplier is obliged to provide damages or to indemnify Buyer against any third Party claim upon first request provided the cause of the claim lies in the Supplier's sphere of control and organization and Supplier would be liable vis-à-vis third Parties itself. Insofar as Buyer has contributed any fault or causation Supplier may assert such contributory fault (negligence) or causation against Buyer. As between Buyer and Supplier their respective share of damages shall be subject to their respective pro rata contribution of causation and/or fault.

- 11.2 Within the scope of its liability for damages pursuant to Clause 11.1 the Supplier is also obliged to reimburse any expenses which result from or in connection with a recall campaign carried out by Buyer. Buyer shall inform the Supplier - to the extent possible and reasonable - about the contents and scope of the recall actions to be carried out and shall offer Supplier the chance to comment thereon. All other statutory claims remain unaffected.
- 11.3 In the event
- (i) Buyer, any of Buyer's customers, and/or any car manufacturer (OEM) determines that a recall campaign or owner notification program is necessary to comply with a law, regulation, order or other government requirement, or as a safety measure to avoid personal injury or death, or
- (ii) within Buyer's reasonable exercise of its business judgment, such recall campaign or owner notification program is necessary for business purposes,
- costs, including but not limited to labor, transportation and traceability costs, shall be apportioned on the basis of the causal or fault contribution respectively attributable to Buyer and Supplier.
- Buyer shall inform the Supplier - to the extent possible and reasonable - about the contents and scope of the recall actions to be carried out and shall provide to Supplier the possibility to comment thereon. All other statutory claims remain unaffected.
- 11.4 For the purposes of Clauses 11.2 and 11.3, a recall campaign is defined as a systematic effort to locate Goods that are in breach of Buyer's or Buyer's customers' and/or any automobile manufacturer's warranties or otherwise required to be recalled to inspect and correct or replace such Goods or parts of Goods as necessary.
- 11.5 The Supplier commits itself to take out and maintain sufficient product liability insurance. The Supplier shall provide Buyer at its request with evidence of the relevant insurance policies in writing. If the Supplier is not able to provide evidence of the insurance policies within two weeks, Buyer is entitled to take out such insurance at Supplier's expense.
- 12. Documents / Confidentiality**
- 12.1 Buyer retains all property rights to documents, product specifications, pictures, drawings, calculations and other documents provided for the performance of its order; these documents shall not be disclosed to any third Party without Buyer's express written approval. They shall be used exclusively for the performance of Buyer's orders and must, as they represent Buyer's confidential business information, be especially protected. On completion of the contract those documents shall be returned to Buyer without any specific request, unless otherwise agreed. Blueprints or models may also not be retained; the same shall apply if no contract materializes or the contract is dissolved retroactively.
- 12.2 The use of the drawings, reports, specifications, trade secrets, processes, and/or other data furnished is strictly limited to the purpose for which it is transmitted. Rights to all ideas, and features of novelty or invention described in the data supplied, to the extent originating with Buyer, and all design, manufacturing, reproduction use and sales rights regarding the same, are the property of and reserved to Buyer. Supplier shall not, without prior written consent of Buyer disclose, reproduce, or use such data for any purposes other than those for which the material is supplied. Supplier commits itself to demand the same guarantees of its own suppliers.
- 12.3 This confidentiality obligation shall also apply for a period of three years following termination of this contract.
- 13. Intellectual Property Rights**
- 13.1 The Supplier is responsible that in connection with its delivery no intellectual property rights of any third Party in its respective country of origin as well as within the Federal Republic of Germany, the European Union, America and Australia are breached.
- 13.2 If, contrary to Clause 13.1 a third Party shall assert claims against Buyer due to a breach of intellectual property rights, the Supplier is obliged to indemnify Buyer upon first written request from these claims. Without the prior approval of the Supplier Buyer shall not enter into any agreements with such third Party, in particular conclude a settlement agreement.
- 13.3 The Supplier's indemnity obligation refers to all expenses which Buyer might necessarily incur due to or in connection with any claims asserted against Buyer by third Parties.
- 13.4 The limitation period is ten years, calculated as of the conclusion of the contract.
- 14. Buyer's Proprietary Interests in Tools or Parts**
- 14.1 All design, tools, patterns, drawings, information or other equipment supplied by Buyer, or if acquired by Supplier at Buyer's cost and expense (and to be reimbursed by Buyer or to be included in the price to be paid for the Goods) and relating to, or for use in, or the manufacture of the Goods shall remain or become the sole property of Buyer ("Buyer's Property"). Supplier expressly agrees that the same will not be used in manufacture or design for the account of third Parties, without prior written consent of Buyer.
- 14.2 Supplier is obliged to carry out in time all possibly required service and inspection works of Buyer's Property as well as all maintenance and repair services at its own costs. Supplier must notify Buyer immediately of any breakdown; if Supplier culpably fails to do this, any claims for damages remain unaffected.
- 14.3 The Supplier shall keep Buyer's Property separate and apart from all property of other persons and shall clearly mark Buyer's Property "Property of Buyer". Buyer's Property shall not be removed from the Supplier's premises without the written instructions of Buyer except for the purpose of fulfilling the contract. All such Buyer's Property shall be returned to Buyer at termination, cancellation or completion of the purchase order or any contract, unless Buyer shall otherwise direct in writing.
- 14.4 Buyer is granted irrevocable authority to enter upon the Seller's premises or other premises where Buyer's Property are located by its employees or agents to take possession of Buyer's Property and (if necessary) to dismantle Buyer's Property from anything to which they are at-

tached.

- 14.5 The Supplier hereby agrees to indemnify Buyer against loss of or damage to Buyer's Property during the time they are in the Supplier's possession, custody or control. During such time the Supplier shall adequately insure Buyer's Property in the name of and for the benefit of Buyer at the Supplier's expense with a reputable insurance company against loss or damage arising from any cause whatsoever at replacement value and shall produce to Buyer on demand the policies of such insurance and the receipts for premiums paid thereon.
- 14.6 The Supplier shall keep Buyer's Property free of all mortgages, charges, liens or other encumbrances and will procure that any such security over Buyer's Property is discharged forthwith.
- 14.7 To the extent Buyer provides parts or materials ("Parts") to the Supplier, Buyer hereby reserves its title in respect of such Parts. Processing or transforming of such Parts by the Supplier are carried out on Buyer's behalf. If Buyer's retained Parts are processed together with other items which are not owned by Buyer, Buyer shall acquire the co-ownership in the new product in proportion of the value of Buyer's Parts (purchase price plus value added tax) to the other processed items at the time of processing.
- 14.8 If the Parts provided by Buyer are inseparably mixed with other items that are not owned by Buyer, Buyer shall acquire co-ownership in the new product in proportion of the value of its retained Parts (purchase price plus value added tax) to the other mixed items at the time of mixing. If the mixing takes place in such a way that the items of the Supplier are to be considered to be the main items then it is agreed that the Supplier transfers co-ownership to Buyer on a pro-rata basis; the Supplier shall store and keep Buyer's sole ownership or co-ownership on Buyer's behalf.
- 14.9 All Parts furnished by Buyer under a contract (except that which becomes normal industrial waste) shall be returned in the form of parts or unused material and Supplier shall exercise reasonable care in the safeguarding of all such materials until so returned. Supplier's spoiled or surplus material manufactured to Buyer's design must be so defaced or destroyed that it cannot be used for the purpose for which it was designed.

15. Cancellation of Orders / Contracts

In case of long term contracts concerning the delivery of Goods the following provisions on term and termination shall apply:

- 15.1 Both Parties are entitled to terminate such contracts with six months' written notice.
- 15.2 In those cases in which Buyer's customer cancels its orders without cause or exceptionally, Buyer is entitled, without prejudice to its right of termination pursuant to Clause 15.1, to mutually enter into any other arrangement with the Supplier to reflect such circumstances.

Quantities which are manufactured by the Supplier prior to such arrangement shall be accepted and paid for by Buyer up to a maximum of three months' need (30 days finished product plus 30 days raw material). Quantities manufactured in excess thereof will be exclusively for Supplier's risk and account.

- 15.3 Each Party is entitled to terminate a contract for good cause at any time without observing any notice periods. Good cause shall exist, in particular, in the following cases:

- (i) Suspension of payments by one Party, initiation of insolvency proceedings over the assets of one Party or its dismissal for lack of assets or liquidation of one of the Parties, one Party has had a bankruptcy order made against it or has made an arrangement or composition with its creditors or otherwise taken the benefit of any statute for the time being in force for the relief of insolvent debtors or has suffered or allowed any execution whether legal or equitable to be levied on his property or obtained against it or (being a body corporate) has had convened a meeting of creditors (whether formal or informal) or has entered into liquidation (whether voluntary or compulsory) except a solvent voluntary liquidation for the purpose only of reconstruction or amalgamation or has a receiver manager administrative receiver or administrator appointed of its undertaking or any part thereof or a resolution has been passed or a petition presented to any Court for the winding-up of such Party or any proceedings have been commenced relating to the insolvency or possible insolvency of a Party;
- (ii) Breach of substantial contractual obligations; in case of any breach which may be remedied, however, only after the innocent Party has requested the other Party to remedy the breach in writing, warning the other Party of an imminent termination for good cause and setting a reasonable grace period of at least four weeks which period has expired without success;
- (iii) One Party due to a change of its shareholders or stockholders comes under the dominating control of a competitor of the other Party.

- 15.4 In case of a cancellation or other termination of the contract, the Supplier must return all items provided by Buyer, including all drawings and other documents, appliances and tools.

16. Force Majeure

Events which are unforeseeable, unavoidable and lie beyond the sphere of influence of Supplier and for which Supplier is not at fault, such as Acts of God, war, natural disasters or labor disputes (e.g. strike or lockout), shall release Supplier for the duration of such event from its obligation to make timely delivery or perform timely. Periods agreed upon shall be extended by the length of such disturbance; Buyer shall be informed of the occurrence of such disturbance in a reasonable manner. If the end of such disturbance is not foreseeable, or should it continue for more than one month each Party is entitled to rescind / cancel the contract.

17. Miscellaneous Provisions

- 17.1 In the event any provision of these Purchase Terms is found to be invalid, illegal or unenforceable, such provision shall be deemed to be modified or restricted to the extent necessary to make such provision valid, legal and enforceable. If such modification or restriction is not possible, the nullity of one or more of the present clauses will not affect the validity of the others or the validity of the contract.

- 17.2 Supplier may not assign any purchase order or contract, or any part thereof, without the prior written consent of Buyer.
 - 17.3 Supplier must not retain one or more subcontractors for the discharge of all or part of any purchase order without the Buyer's prior written consent.
 - 17.4 In performing its contractual obligations Supplier must comply with the statutory and official regulations concerning environmental protection.
 - 17.5 The ingredients (heavy metals) which are relevant in accordance with the EC End of Life Vehicles Directive (ELV) shall be entered in the IMDS-Database by Supplier at its own costs and are, thus declared.
 - 17.6 If Supplier moves its production facilities or manufacturing premises it shall give Buyer reasonable advance notice thereof, consult with Buyer on any consequences regarding the manufacturing and delivery of the Goods and, in particular, arrange for new initial sample presentation of the Goods on the completion of such move.
- 18. Governing Law, Jurisdiction, Place of Performance**
- 18.1 The contractual relations between Buyer and Supplier shall be governed by the laws of Germany.
 - 18.2 Exclusive place of jurisdiction is Stuttgart . Buyer is entitled to sue the Supplier before any other court or to claim otherwise against him judicially.
 - 18.3 Place of performance for all obligations under any contract is the place of Buyer to which the Goods shall be delivered as indicated in the purchase order.