

I. Written Form

Purchase orders are only deemed valid if submitted and confirmed by us in writing. This also applies to any changes, modifications, supplements or amendments.

II. Purchase Orders

- All supply contracts (purchase order and acceptance) and call-offs for shipments as well as any changes, modifications, supplements or amendments thereto, must be in writing. Call-offs for shipments may also be communicated via remote data transmission.
- The customer has the right to require the supplier to make changes to the supplied product regarding its design and workmanship to the extent that such changes can be reasonably expected of the supplier. The consequences of such changes, in particular with regard to higher or lower costs and lead times, are subject to reasonable mutual agreement.

III. Prices, Passing of Risk

- Prices are deemed to include value added tax (VAT), but to include packaging, free to loading ramp of the receiving location named by us.
- The risk of transport up to the receiving location named by us shall be borne by the supplier.

IV. Protection of Customer-Supplied Materials

- Any materials supplied by us will remain our property, requiring separate storage, marking and administration. Such materials are to be used exclusively for filling our orders. The supplier will be liable for damages in case of any degradation in value or loss of such materials.
- Any processing or conversion of such materials will be performed for us in our capacity as the manufacturer commensurate with § 950 BGB (German Civil Code), without any obligation thereof resulting to us. The supplier will keep the converted item(s) in its custody on our behalf, free of charge, exercising reasonable care in compliance with standard commercial practices.
- In the event that the material(s) should be processed, converted, combined or mixed with any other goods, we shall be entitled to co-proprietorship of the new goods, at a ratio commensurate with the market value of our material(s) at the time of their processing or conversion, plus the value of processing/converting the goods to the value represented by the new goods. The supplier will exercise the same reasonable care commensurate with standard commercial practices for the new goods as well.

V. Notification in Case of Defects/Deficiencies

The customer will notify the supplier immediately and in writing of any defects/deficiencies regarding the shipment as soon as the customer has noted these during the course of properly conducted operating procedures. To this extent, the supplier waives its right to raise an objection on account of a belated notification regarding defects.

VI. Lead Times, Delivery Dates

Agreed lead times and delivery dates are deemed to be binding. The date on which the shipment is received at the supplier's location shall be the date used for determining compliance with lead times and/or delivery dates [customer service levels]. Unless "free buyer's plant" has been agreed, the supplier will make the goods available, considering the usual time frames required for loading and shipment.

VII. Delivery Delays, Early Shipments

- In the event that the supplier realizes that the agreed lead time/delivery date for goods or services cannot be met, the supplier shall immediately inform the customer, including the reasons thereof.
- The supplier will be liable to the customer for any damages resulting from the delay. This shall not apply to lost profits or losses suffered as a result of disruptions to normal operations.
- In the event of minor negligence, liability for damages shall be limited to any additional freight costs, additional setup costs and, after the unsuccessful elapse of an additional period granted for corrective action, or cessation of the customer's interest in the delivery, to additional costs incurred to cover the customer's requirements.
- Early or advance shipments require our prior written permission.

VIII. Quality and Documentation

- The supplier shall comply with generally recognized standards and rules of technology, safety and security standards as well as agreed technical specifications regarding its shipments. Any changes to the product(s) supplied require the customer's prior written permission.
- In the event that the type or scope of inspections/tests as well as the tools and methods used to perform such inspections/tests have not been firmly agreed between the supplier and the customer, the customer, if requested to do so by the supplier, will discuss such inspections/tests with the supplier in order to determine the level of inspection/testing technology and methods required. In addition, the customer will inform the supplier about applicable safety and security regulations at the latter's request.
- Additionally, in case of any components highlighted in technical documentation or covered by separate agreements, in particular in case of automotive components marked "D", the supplier will be required to maintain separate documentation reflecting how and by whom the supplied products have been inspected/tested regarding the features for which documentation is required, as well as documenting the results of these quality inspections/tests. Inspection/testing documentation will be retained on file for the period of ten years and must be presented to the customer for review, if required. The supplier will impose the same obligations on any of its sub-contractors/pre-suppliers to the extent that this is legally permissible. Reference is made to VDA document, "Nachweisführung – Leitfaden zur Dokumentation und Archivierung von Qualitätsforderungen" ("Documentation – Guide to Documentation and Archiving of Quality Requirements), Frankfurt am Main, 1998, for guidance on how to proceed in such cases.

IX. Warranty

The supplier shall warrant its products for the period of 24 months as of the date stated on the delivery note, or as of the date of acceptance for absence of defects. In addition, the supplier shall warrant compliance with any legal or official safety/security regulations.

X. Liability for Defects

- In the event of any deliveries of defective goods, the customer, provided that the respective legal, as well as the following listed, prerequisites exist, and to the extent that no separate agreements providing otherwise have been concluded, the customer has the right to demand the following:
 - Prior to start of production, the customer will, at first, provide the supplier with an opportunity to sort out and perform corrective actions on defective items and/or ship additional (replacement) items, unless this should impose an unreasonable burden on the customer. Should the supplier be unable to meet these requirements or fail to meet them without delay, the customer shall have the right to cancel the contract, without giving any further notice, as well as returning the goods to the supplier at the supplier's risk. In urgent cases, and subject to coordination with the supplier, the customer shall have the right of correcting the defects itself or to commission a third party to

correct the defects. Any costs resulting thereof shall be borne by the supplier. Should deliveries of the same type of goods repeatedly show defects, the customer, after providing respective written notification to the supplier, shall have the right of canceling the contract in case of another defective shipment, including the cancellation of any supply volumes, which may still be pending shipment.

- In the event that the defect, despite compliance with the obligation established in Section V (Notification in Case of Defects/Deficiencies) has not been detected until after start of production, the customer shall have the right – under Section 439, paragraph 1, 3, and 4, BGB [German Civil Code] – to demand subsequent performance/corrective action [Nacherfüllung] and reimbursement of the transportation costs required for such subsequent performance/corrective action (excluding towing charges) as well as removal and installation costs (labor costs; material costs to the extent agreed) or to reduce the purchase price.
 - In the event of any culpable negligence of duties, which goes beyond the delivery of defective goods (e.g. negligence of obligations to provide and/or perform information, consultation or examinations), the customer shall have the right to demand compensation for any secondary damages resulting from defects [Mangelfolgeschaden] as well as the legal compensation for secondary damages resulting from defects to be paid by the supplier to its customer as provided for in Section XI. Secondary damages resulting from defects defines any damage, which the customer has suffered to any other legal assets than the goods themselves, but which has resulted from the delivery of damaged goods. Any further claims of the customer for compensation of costs or damages incurred as a result of the delivery of defective goods under Section 437, BGB [German Civil Code], or directly resulting from the provisions stated therein, shall be limited exclusively to those which may have been contractually agreed.
- At the supplier's request, the customer will immediately make available to the supplier, at the supplier's cost, any of the parts to be replaced by the supplier.
 - There shall be no claims for defects arising in the event that the defect should be attributable to any unsuitable or improper use, improper or negligent treatment or handling, nor if the defect should result from any interventions performed to the delivered goods by the customer or by any third parties.
 - In case of defective deliveries, the claims of the customer under the Product Liability Act [Produkthaftungsgesetz], unauthorized handling, and business transactions without authority [Geschäftsführung ohne Auftrag], shall be unaffected by this Section X. Warranties related to materials and workmanship as well as durability/service life must be individually specified as such in writing.

XI. Liability

To the extent that differing liability arrangements have not been specified in any other provisions of these standard terms and conditions, the supplier shall only be required to compensate the customer for any damage which the customer has suffered directly or indirectly as a result of a defective delivery, violation of official/government safety/security regulations or for any other legal reason, which may be attributable to the supplier.

- The obligation to provide compensation for damages, on principle, only exists if the supplier is culpably responsible for the damage it has caused.
- If the customer, with no regard to culpability but due to a liability vis-à-vis third parties, which cannot be waived, should be held accountable, the supplier shall compensate the customer to the extent that the supplier, itself, would be liable. The settlement of damages between the customer and the supplier shall be governed accordingly, commensurate with the principles of Section 254, BGB [German Civil Code]. The same shall apply in the event that the supplier should be held accountable directly.
- The liability for damages shall be excluded to the extent that the customer, on its part, has effectively limited its liability vis-à-vis its own customer. With regard to such liability, the customer will endeavor to agree limitations of liability for the benefit of the supplier to the extent that this is legally permissible.
- Claims of the customer shall be excluded to the extent to which any damage may be attributable to unsuitable or improper use, improper or negligent treatment or handling.
- The supplier shall be liable for any actions taken by the customer to ward off damage (e.g. product recalls) to the extent legally required.
- In the event that the customer will be holding the supplier accountable commensurate with any of the afore-stated provisions, the customer will immediately and comprehensively inform the supplier thereof and consult with the supplier. The customer shall provide the supplier with the opportunity of investigating the incident involving the damage. Both parties shall jointly coordinate any actions to be taken, particularly with regard to any negotiations for settlement.
- The principles set forth in Section VII, paragraph 2, are to be applied respectively to the extent that the supplier may not be covered by any, or only by insufficient, insurance.

XII. Payment

We will effect payment – provided that the delivery of goods or services has taken place – within 14 days, subject to a 3 % early payment discount, or within 30 days net, respectively after receipt of a properly submitted invoice.

XIII. Proprietary Rights

- The supplier warrants that the goods supplied are not encumbered by any third-party proprietary rights and that neither the resale of such goods, irrespective of their state of conversion, nor their usage will infringe on any patents, licenses or other proprietary rights held by any third parties.
- The supplier shall discharge us and our customers from any third-party claims arising out of the infringement on proprietary rights and shall bear any costs, which may arise to us thereof.

XIV. Confidentiality

- The supplier undertakes to treat any commercial or technical details, which are not obvious, and which may be divulged to the supplier in conjunction with performing the contract, as a business secret.
- Documents and other items of the customer, which are provided to the supplier for the purpose of performing the contract, may not be used for any other purposes nor passed on to any third parties. Any reproduction or copying of such items is only permissible within the scope of operational requirements and as permitted by stipulations governing the protection of intellectual property.
- Sub-suppliers shall be obliged to comply with the same stipulations.
- The contractual parties may only use their mutual business relationship for the purpose of advertising with prior written permission by the other party.

XV. Place of Performance, Legal Venue, Applicable Law

- The place of performance for deliveries and services will be the respective receiving location stated in the purchase order.
- Legal venue will be Munich. However, we retain the right of bringing legal action against the supplier at its generally applicable legal venue.
- Supplementary to these provisions, the laws of the Federal Republic of Germany shall apply.