

## **General Terms and Conditions of Purchase Elektra GmbH**

### **1. General**

1.1. The following General Terms and Conditions of Purchase (AEB) apply for all purchasing transactions of ELEKTRA GmbH (Purchaser). They apply for procurement for the purpose of own series production, in particular of production materials, individual parts, spare parts, operating supplies, manufacturing equipment, packaging means, auxiliary materials, tools and machines as well as other products of every description provided the applicability of the AEB to special product groups is not specifically excluded. The Supplier accepts the AEB through the supply of the products to ELEKTRA

1.2. These AEB apply in relation to businesses.

### **2. Relevant regulations**

2.1. The ELEKTRA AEB apply exclusively; conditions of the Supplier opposing or deviating from these AEB are not recognised, unless their validity has been agreed specifically in writing.

2.2. The ELEKTRA AEB also apply even if the delivery of the Supplier is accepted without reservation with knowledge of contradictory or deviating conditions of the Supplier.

### **3. Quality management system, quality requirements, quality assurance agreement (QAA)**

3.1. If the Supplier delivers production material to ELEKTRA, the following provisions apply.

3.2. The Supplier undertakes to apply permanently a quality management (QM) system, which meets at least the requirements of the current BS EN ISO 9001. Further certifications in accordance with VDA 6.1 or IATF 16949 as well as BS EN ISO 14001 are to be sought.

3.3. The Supplier is committed to the zero-defects objective.

3.4. The Supplier shall verify the process capability for all function-relevant characteristics over the complete production period and on request present this to ELEKTRA. With non-attainment of the process capability, suitable measures are to be determined, which guarantee the quality-assured supply to ELEKTRA.

3.5. The Supplier must have a system of traceability established. In the case of a determined defect a traceability of such a type must be possible that a limitation of the number of defective parts / products can be carried out.

3.6. The Supplier must comply with the quality assurance agreement (QAA) and, if applicable, with the quality assurance additional agreement (QAAA) concluded with ELEKTRA for its deliveries.

3.7. The Supplier is to carry out, cost-neutral, an annual requalification within the scope of the initial sample inspection for the assurance of the quality of the products to be delivered to ELEKTRA, respectively guarantee the requalification in accordance with the quality assurance agreement (QAA) and, if applicable, quality assurance additional agreement made. Should the Supplier not have made any deliveries within a period of over one year the qualification is deemed to be expired. The component is to be requalified within the scope of an initial sample inspection according to the ELEKTRA sampling requirement.

### **4. Sampling, approval procedure**

4.1. Before employment of the series deliveries the Supplier shall ensure that there is a product and process approval in accordance with VDA Volume 2. For this ELEKTRA initial samples are to be handed over with a complete initial sample test report (dimensional and material) corresponding to the required scope in accordance with the sampling requirements form.

4.2. The Supplier is obliged to declare the use of safety-relevant substances and materials and to hand over associated safety data sheets and constantly carry out updates. All constituents of the sampled components are to be placed in the IMDS (International Material Data System). Modifications which occur are also to be communicated promptly via the IMDS.

4.3. In accordance with VDA Volume 2 there is an obligation for the Supplier to give notification of modification for components subject to initial sampling.

### **5. Orders, conformation of orders**

5.1. For its legal validity orders, agreements or modifications require to be in written form. The written form is also fulfilled when transmitted via electronic means. Deviations from agreements concluded and from orders are only permitted following previous written approval by ELEKTRA.

5.2. The Supplier is obliged to accept the order within a period of five working days following receipt. Receipt takes place if there is no written disagreement and thus counts as binding.

5.3. Within the bounds of reasonableness for the Supplier, ELEKTRA can require modifications in design and performance. With this, the impacts, in particular with regard to added or reduced costs as well as to the delivery dates are to be resolved appropriately by mutual agreement.

### **6. Confidentiality**

6.1. The Supplier undertakes to handle in strict confidence all confidential information which they receive directly or indirectly from ELEKTRA.

6.2. ELEKTRA reserves the property rights and copyrights on diagrams, models, drawings, calculations and other documents or software; they may not be made available to third parties without explicit written agreement. They are to be used exclusively for the production based on the order.

6.3. The Supplier may advertise its business relationship with ELEKTRA or the products to be received by ELEKTRA only with previous written approval.

### **7. Delivery period**

7.1. The delivery period given in the order is binding and is to be complied with 100%. Decisive for the adherence to the delivery period is the receipt in the ELEKTRA incoming goods area. If delivery ex works is agreed the Supplier is to ensure that the goods are available in good time taking into account the normal time for loading and dispatch.

7.2. The Supplier is obliged to inform ELEKTRA promptly in writing and verbally if circumstances arise or they become aware that from these it results that the agreed delivery period cannot be met.

7.3. In the case of a delay in delivery ELEKTRA is entitled to statutory claims. In particular ELEKTRA is entitled, after fruitless passage of reasonable time, to demand compensation in lieu of delivery. If compensation is demanded the Supplier has the right to prove that dereliction of duty has not occurred.

7.4. The acceptance of a delayed delivery contains no waiver of this claim for compensation.

7.5. Furthermore, ELEKTRA is not obliged to accept goods, which are delivered before the delivery period. ELEKTRA is entitled to return deliveries at cost to the Supplier.

## **8. Labelling, packaging, transport**

8.1. The deliveries are to be labelled clearly and easily legible in accordance with VDA 4902 using a MASTER label. It is imperative to carry this out easily visible on all packages carrying components (loading unit, container, lattice box or shipping carton / box). The loading units (coils, small load carriers (SLC), individual cartons etc.) are also to be labelled using VDA labels (SINGLE LABEL).

If, for example, with small released quantities, no sorted loading unit can be put together, then materials with different item numbers can be combined in one physical collective load unit, if the individual item numbers are packed in separate load carriers and are furnished with a single label.

Existing labelling areas or pockets are to be used for this. In the event these are not available the label is to be glued onto the cardboard packaging or secured using residue-free adhesive points on the load carrier. The labels are to be affixed without risk of loss and with weatherproof and residue-free removable adhesive points. Sticker information may not be concealed by the placing of adhesive points.

Labelling must be carried out clearly; old labelling is therefore to be removed. The affixing of self-adhesive labels of any type is basically not permitted on reusable shipment packaging.

With the employment of strapping for load security the straps may not run over a MASTER label or cover this in any way. With the use of stretch wrap film for load security MASTER labels are to be placed on the stretch wrap.

8.2. The packaging and means of transport are to be so configured that damage and reduction of quality are excluded. ELEKTRA reserves the right not to accept obviously damaged goods. Should ELEKTRA decide on acceptance this does not release the Supplier from its quality obligations. All rules and regulations pertinent for transport are to be complied with.

8.3. It is to be ensured by the Supplier that each consignment has an assignable delivery note with information on the complete order data attached. On the Supplier's part, in addition, information about the coming into force of modifications is to be given to ELEKTRA.

8.4. The Supplier procures promptly all completed and correctly signed documents and required information which are necessary according to current valid customs regulations or other rules and regulations (e.g. certificates of origin, movement certificates as well as all other information for the verification of the origin of the goods and materials in terms of commercial and preferential law). The Supplier shall inform ELEKTRA in good time about any approval obligations of its goods. The Supplier is liable for all detriments, which result through an incorrect or delayed delivery. The Supplier is obliged, before the first delivery of a product to ELEKTRA, to hand over a legally binding global supplier's declaration in accordance with current EU regulations and to notify ELEKTRA promptly and in writing, and if required verify, all changes of origin.

8.5. Insofar as nothing else is agreed, delivery DDP ELEKTRA GmbH including packaging applies as delivery condition. The risk with delivery to ELEKTRA in each case is borne by the Supplier. Insurance fees are not compensated by ELEKTRA.

8.6. Reusable packaging materials provided by ELEKTRA are the property of ELEKTRA or its customers and are to be handled correctly and with care by the Supplier. The correct labelling of the packaging (item code number, customer) is to be ensured. Both parties commit themselves to inventory management and at least once a year to reconciliation (e.g. stocktaking). ELEKTRA is to be informed promptly and timely by the Supplier of missing or damaged reusable packaging.

The storage of reusable packaging is to take place in such a manner that a contamination before, during and after the production process is excluded. Resultant costs (e.g. cleaning, procurement of replacements, initial procurement) due to the occurrence of contamination, damage or loss of the reusable packaging, for which the Supplier is responsible, are to be borne by the Supplier.

## **9. Manufacturing means, tools**

9.1. So far as the manufacturing means are employed for ELEKTRA products, which are used exclusively for such goods which are provided for ELEKTRA, the Supplier grants ELEKTRA the primary right to acquire the ownership of these manufacturing means by the payment of the respective fair value.

9.2. Following full payment for the manufacturing means, ownership and the corresponding documents pass to ELEKTRA. The handover of the manufacturing means to ELEKTRA is thereby replaced in that the Supplier keeps them safe carefully and free of charge. So far as third parties acquire immediate ownership of the manufacturing means, the Supplier relinquishes the existing and future claim for ownership on ELEKTRA. ELEKTRA accepts this assignment. The manufacturing means are to be maintained by the Supplier for the duration of ownership in proper and serviceable condition, stored correctly and insured at its own cost, at replacement value and to the benefit of ELEKTRA, against common dangers and risks, but at least against fire, water, theft, which lead to damage, loss or destruction of the manufacturing means. The current valid insurance certificate is to be submitted to ELEKTRA on request.

9.3. The manufacturing means may not be modified, duplicated, disposed of, transferred as security, pledged or otherwise handed on without specific, written agreement from ELEKTRA (the buyer). In addition, the Supplier is obliged to employ the manufacturing means exclusively for the production of goods ordered by ELEKTRA.

9.4. ELEKTRA is entitled to demand, at any time, the surrender of the manufacturing means. In this respect a right of retention does not appertain to the Supplier.

9.5. The manufacturing means are to be designated clearly as the property of ELEKTRA in accordance with this instruction.

9.6. Any necessary maintenance and inspection tasks shall be carried out by the Supplier at its own costs.

9.7. Possible malfunctions shall be reported to ELEKTRA immediately. ELEKTRA is entitled to claim damages, should the Supplier culpably fail to do this.

9.8. Manufacturing means are to be stored for a period of 15 years following EOP, cost neutral and in serviceable condition. These may be scrapped only with written approval of ELEKTRA; the scrapping is in any case to be reported beforehand in writing.

9.9. Individual agreements for defined manufacturing means are concluded separately in the form of a tool, tool loan or tool surrender contract.

9.10. Necessary subsequent tools are to be announced and provided one year before reaching the guaranteed output quantity on the basis of the previous delivery quantity and current forecast planning of the existing tool set.

## **10. Force majeure**

10.1. Force majeure, operational disruptions beyond own control, unrest, official measures and other unavoidable events release ELEKTRA, for the duration of the event in question, of the obligation to timely acceptance. During such events, as well as within two weeks following their end, ELEKTRA - without prejudice to its other rights – is entitled, completely or in part, to cancel the contract, insofar as these events are not of inconsiderable duration and the requirement due to the therefore necessary alternative procurement reduces considerably. The regulations also apply in the case of industrial dispute.

## **11. Termination of the series delivery**

11.1. The Supplier must submit to ELEKTRA the written notification of discontinuation of a serial business production at least twelve months before such a discontinuation. A serial business production exists if the Supplier has agreed a regular delivery of certain products, also implicitly through a regular, minimum six-month delivery of certain products.

11.2. The Supplier, also with a notice of termination, is committed to continue further delivery to ELEKTRA up to the termination coming into effect. Furthermore, the Supplier is obliged, should it not be possible within the period of notice, to find one or more replacement suppliers, who take over the complete volume of business, to ensure the further deliveries of the last communicated conditions.

The price conditions are always dependent on the current material price situation and are bound at all times to the agreed annual graduated price range.

11.3. Should ELEKTRA give notice of a termination, they commit to the acceptance of all the orders placed up to then in writing and has claim to reimbursement for remunerated materials. The Supplier, however, only has claim for reimbursement for material quantities which do not exceed the release periods given in the orders. Furthermore, they may claim residual costs from tools which are not paid for or are amortised.

## **12. Spare parts supply**

The Supplier commits to ensuring the requirement for the customer's spare parts during and for fifteen (15) years after the end of the series delivery. Punctually, before the end of the minimum period of time, ELEKTRA obtains from the Supplier the possibility of a final order for the all-time demand.

## **13. Material defects, withdrawal**

13.1. In the event of a defective delivery, insofar as nothing other results from the following provisions (in particular for production material) or is further contractually agreed between the parties, the statutory regulations apply.

13.2. Obvious defects of the deliveries are indicated to the Supplier by ELEKTRA within a time limit of 5 days. The acceptance of goods takes place subject to a quantity and quality control. Following receipt, the goods are inspected for

obvious defects, shortages, identity and transport damage. There is no further obligation for examination on the part of the orderer. ELEKTRA, insofar as required by the customer, will check the assemblies manufactured using the deliveries. If faults are determined with this or with the ELEKTRA customer, which can be traced back to a fault in the delivered goods, a complaint is made immediately. In this respect the Supplier waives his right to object to late complaint. No further responsibilities for inspection by ELEKTRA exist in accordance with § 377 HGB (German Commercial Code).

Payment represents no acceptance of faulty goods. Inspections by ELEKTRA or its customers do not release the Supplier from liability or warranty, and are no approval of the goods or a waiver of correct fulfilment of the contract.

13.3. Other defects of the delivery shall be indicated to the Supplier immediately following detection.

13.4. In accordance with the requirements according to BS EN ISO 9001 or IATF 16949 it is necessary to shorten and define precisely the reaction times with arising complaints. Thus, following the receipt of information through ELEKTRA to the Supplier, within 24 hours definite statements in written form are to be made on immediate measures to be taken. The handing over of meaningful correction and prevention measures (so-called 8D report) is due within 5 working days. Due to the increased expenditure with the handling of the complaint, including the thus associated organisational activities in our production departments, an appropriate amount corresponding with the actual processing expenditure is invoiced once this has been determined. Necessary sorting actions and production stoppages are invoiced separately.

13.5. As a general rule there is a warranty period of 48 months, however, depending on the customer contracts, from ELEKTRA a maximum of 72 months, following delivery of the products. Provisions deviating from this are agreed between both parties separately in writing (e.g. framework delivery contract). If customer complaints occur beyond this period, which are clearly to be traced back to faulty delivery by the Supplier, the party responsible for this must bear all resultant costs.

13.6. The delivery must comply by quantity and quality with the agreed conditions, the intended purpose, the national and international standards as well as customer standards valid on the day of delivery, the latest state-of-the-art technology, the accident prevention regulations of the trade associations, the relevant provisions of the authorities and specialist associations as well as the statutory regulations with regard to safety and the environment.

With defective deliveries, including the lack of assured characteristics, the Supplier is obliged to provide either prompt and free-of-charge rectification respectively including additional costs such as, for example, transport, road, labour and material costs, or warranty of an adequate discount. If the Supplier cannot carry this out or does not comply promptly, then ELEKTRA can withdraw from the contract or return the goods at Supplier's risk.

13.7. In exceptional cases ELEKTRA are themselves entitled to undertake the remedy of faults at cost to the Supplier, if production standstill or delay of delivery to the customer occurs. If the Supplier does not raise an objection within 24 hours after acquirement of the knowledge of the occurrence of the incident, agreement of this is assumed.

## **14. Product liability, indemnity, insurance**

14.1. Insofar as the Supplier is responsible for a product defect, it is obligated in this respect to release ELEKTRA at first request from claims for compensation by third parties, as the cause lies in its sphere of control and organization and itself is liable to third parties.

14.2. Within the scope of its liability for cases of damage within the meaning of Section 1 the Supplier is also obligated, to reimburse any expenditures in accordance with §§ 683, 670 BGB (German Civil Code) as well as in accordance with §§ 830, 840, 426 BGB, which result from or in connection with an implemented recall. The Supplier - as far as it is possible and reasonable – shall be informed about the content and scope of the implemented recall measures and is given the opportunity to comment. Other statutory claims remain unaffected.

14.3. The Supplier also undertakes to ensure an adequate insurance cover (primarily product liability and business liability insurance as well as insurance against recall) for its obligations from the purchase contract. The Supplier, on request, is to hand over an appropriate insurer's certificate to ELEKTRA.

## **15. Industrial property rights**

15.1. The Supplier guarantees that in connection with its delivery no third party rights are infringed.

15.2. If in this respect a third party claim is made against, ELEKTRA, the Supplier is obliged to release ELEKTRA from these claims upon first written request. ELEKTRA is not authorised – without agreement of the Supplier – to make any agreements with the third party, in particular to enter into any settlement.

15.3. The Supplier's duty to indemnity shall apply to all expenditures, which ELEKTRA necessarily incur in connection with the claims by a third party.

15.4. The limitation period is ten years calculated from conclusion of the contract.

## **16. Prices, invoices, payment terms**

16.1. The price given in the order is binding. All prices, unless otherwise agreed in writing, are understood to be ex works (DDP in accordance with Incoterms 2010) including packaging, exclusive of value added tax (VAT).

16.2. Invoices are to be issued in duplicate including all the order data. They must at least include the date, order number and the Supplier's number.

16.3. The payment is made, unless otherwise agreed, at ELEKTRA's choice with 3 % discount in each case on the 25<sup>th</sup> of the month following receipt of goods or 60 days after receipt of goods net without deduction. With the acceptance of early deliveries the due date is based on the agreed delivery date.

16.4. Payment is by bank transfer or cheque.

16.5. With defective delivery ELEKTRA is entitled to withhold payment until proper fulfilment. Without the previous written agreement from ELEKTRA, the Supplier is not entitled to assign its claims against ELEKTRA or have these collected by a third party.

## **17. Value and cost analyses**

The Supplier undertakes to carry out value and cost analyses in jointly implemented workshops with regard to all goods. There is agreement that all relevant costs are made known in a detailed breakdown of expenses and on request

made available to ELEKTRA. Following agreement with ELEKTRA the Supplier shall make available qualified personnel for value and cost analyses.

## **18. Retention of title**

Clauses in the general terms and condition of the Supplier, which provide for an augmented or extended retention of title of the Supplier are not recognised. The agreement of such retention of title requires the separate written agreement of ELEKTRA.

## **19. Compliance**

19.1. The Supplier affirms that with production, the goods manufactured by it meet completely the respectively valid statutory regulations of the country of production and of the federal states in which ELEKTRA has its main office and the customer works are located. Sub-suppliers shall be obligated in the same way. The Supplier, in particular, undertakes that with the production of goods or the provision of services, no persons are employed in such a way that a corresponding activity is qualified as child labour. In this respect the customer is obligated to a reasonable extent to make efforts in order to find out whether its suppliers in turn use or harness child labour.

19.2. The Supplier affirms that it exercises no illegal practices, such as, for example, financial benefits or other benefits to obtain orders. ELEKTRA is entitled, with the discovery of relevant violations notwithstanding an imputation on the Supplier's business, to make an extraordinary termination of all contracts. Furthermore, the Supplier is obligated to compensate ELEKTRA for any damages resulting therefrom.

19.3. The Supplier affirms that all environmental regulations of the countries/federal states in which the goods are produced, as well as of the countries/federal states in which ELEKTRA has its main office and in which the customer works is located, are complied with. With the determination of a non-compliance, ELEKTRA shall be entitled to extraordinary termination of all contracts.

19.4. The Customer undertakes to comply with the requirements of the EU Chemical Regulation for the registration, evaluation, authorisation and restriction of chemicals in accordance with the current valid regulations (Regulation (EC) No. 1907/2006; "REACH" Directive), with the EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (Directive 2011/65/EU; "RoHS" Directive), with the EU Directive on end-of-life vehicles (Directive 2000/53/EC) and with the German chemical prohibition ordinance. Goods which do not meet these requirements completely may not be delivered to ELEKTRA.

19.5. The Supplier shall assure ELEKTRA, that the supplied materials and products contain no conflict minerals (i.e. minerals originating from so-called conflict regions such as the DRC or neighbouring countries respectively minerals from non-CFSI smelting works). This takes place on the basis of the Global Compact of the United Nations and the assembled principles of the US Congress (Dodd-Frank Wall Street Reform and Consumer Protection Act, 2010 (section 1502)) as well as the statutory provisions and regulations within the EU for the fulfilment of the diligence and indication obligations within the supply chain. On request the Supplier shall make available to ELEKTRA completely and promptly all necessary documents for verification.

19.6. The Supplier shall exempt ELEKTRA fully from all impacts, in particular damage from ELEKTRA and claims of third parties against ELEKTRA, from which it results that the Supplier culpably has not met, not met completely or not met in time the above provisions (19.1. to 19.5.).

## **20. Place of fulfilment, jurisdiction, choice of law**

20.1. Place of fulfilment for deliveries and payments is the address given in the purchase order.

20.2. Exclusive jurisdiction for all commitments arising from this contract is the ELEKTRA main office.

20.3. The contractual relationship shall be subject to German law with the exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).

## **21. Final clause**

Should one provision of these AEB be or become ineffective or impracticable then this does not affect the remaining provisions.

In such a case the parties in fact commit themselves to put an effective and practicable provision in the place of the ineffective and impracticable one, which as far as possible meets the spirit and the purpose of the provision to be replaced.