

The legal basis between the Supplier on the one part and **KOSTAL Automobil Elektrik GmbH & Co. KG** and/or its affiliated companies (go to [www.kostal.com](http://www.kostal.com)) on the other part, referred to hereinafter as the Buyer, shall be based on these conditions and on any other written agreements.

Alterations and supplements must be in writing. Alterations to individual conditions shall not affect the validity of the other conditions. The contract shall be governed exclusively by the Buyer's purchasing conditions. Other conditions shall not become part of the contract even if the Buyer has not expressly objected to them.

### **I SECRECY**

Unless otherwise agreed, the Supplier undertakes as follows to observe secrecy:

1. All technical and commercial information that come to his knowledge through the business relationship shall be treated as business secrets. These include among other things models, drawings, templates, samples, data sheets, software and factory standards. These may be made known to others only within the framework of the contractually agreed purposes. Duplication and disclosure to third parties is prohibited without the express written consent of the Buyer.
2. The Supplier may not derive any licence, authorization for reproduction, right of use or other rights from the disclosure of any kind of information by the Buyer. All rights, in particular to registering industrial property rights (e.g. patents), are reserved by the Buyer.
3. The Supplier shall oblige its employees and sub-suppliers to observe secrecy.
4. The Buyer and its representatives agree to observe secrecy in the same way with regard to the Supplier during visits or audits.

### **II FRAMEWORK AGREEMENTS, LONG-TERM SUPPLY AGREEMENTS**

1. A framework agreement between the Buyer and the Supplier shall come into effect automatically through the assumption of a business relationship, if a supply relationship is planned beyond a single order. These KOSTAL Terms and Conditions of Purchase shall be the framework agreements and the foundation for each planned business activity. The purpose of framework agreements is to regulate in advance provisions contained in future individual agreements (e.g. orders, delivery schedules or delivery schedule allocations).
2. The framework agreement by itself does not oblige the Buyer to place an order or to make any payments.
3. During the term of the framework agreement, the Supplier undertakes to conclude individual agreements with the Buyer in accordance with the conditions referred to therein.
4. The Supplier declares his willingness where necessary to maintain a consignment stock on the Buyer's premises or those of its logistics services provider for the delivery of full production materials. The details will be agreed in a separate consignment stock agreement.
5. Long-term supply agreements confirm the binding supply of a specially named article/material during the production period of the Buyer's customer's vehicle/appliance, including the period for supplying spare parts. The fundamental terms and conditions of the contract are regulated through the framework agreement.
6. With the acceptance of the first order, the Supplier expressly guarantees deliveries over the whole of the supply period, at least in accordance with the jointly stipulated conditions.

### **III ORDER**

1. Orders, delivery schedules, delivery schedule allocations and confirmations or approvals shall be binding only if issued in writing by either mail, fax or data transmission.
2. If the Supplier does not accept the order or the delivery schedule within two (2) weeks of receipt the Buyer shall be entitled to cancel.
3. The Supplier shall confirm the initial order preceding the delivery schedule allocations in writing. The Buyer's delivery schedule allocations shall be binding, if the Supplier does not explicitly object in writing within five (5) working days of receipt. Written confirmation is otherwise waived.
4. To a reasonable extent the Buyer may demand alterations to the design, construction, quantity and delivery date of the object of supply from the Supplier. The effects, in particular of extra or reduced costs, shall be suitably regulated by mutual agreement.

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5. The Buyer is entitled to adapt dates and quantities at any time to his actual requirements.
6. If a party to the contract discontinues payments or if a petition for insolvency proceedings with regard to its assets is issued, or if judicial or extra-judicial insolvency proceedings are applied for, the other party shall have the right to withdraw from the part of the contract that has not yet been fulfilled.

### **IV CERTIFICATES OF ORIGIN, EXPORT RESTRICTIONS**

1. At the Buyer's request the Supplier shall at all times specify the origin of goods it supplies, their manufacturer(s) or its own suppliers. If requested by the Buyer, the Supplier shall without delay provide signed certificates of origin in accordance with the statutory requirements.
2. The Supplier shall inform the Buyer on his own initiative if its deliveries are subject wholly or in part to import or export restrictions.

### **V PAYMENT**

1. Agreed prices are fixed prices.
2. Payment is to be effected upon receipt of the goods in accordance with the contract, or upon clean acceptance of the service, and upon receipt of the correct and verifiable invoice. The date of receipt of delivery determines the payment and discounting periods for agreed crediting procedures; otherwise the later date of receipt of delivery and invoice. The date of acceptance shall apply to other services. After receipt of the invoice or acceptance of the service or when the goods are received payments shall be due on the 25<sup>th</sup> day of the month following delivery less 3% discount, or by special agreement.
3. In cases where premature delivery is accepted, payment becomes due in accordance with the agreed delivery date.
4. In the event of defective delivery the Buyer shall be entitled to withhold payment pro rata until correct performance is fulfilled.
5. The Buyer shall be entitled to deduct or set-off his counter-claims due for settlement from any payments.
6. The Supplier shall not enforce any retention rights for deliveries of goods or rendering of work or services or revoke any right of use.

### **VI ACCEPTANCE**

1. The issued delivery schedules, schedule breakdowns and orders shall oblige the Buyer only to accept the allocated quantities for a period of four (4) weeks. Deviations shall be binding on the Buyer only following a specific written agreement.
2. Allocations of materials which the Supplier carries out exceeding a period of constant eight (8) weeks shall be completely on his own responsibility unless otherwise agreed in writing.
3. The Buyer shall be entitled to refuse to accept goods that are delivered prior to the delivery date or to return goods delivered early at the expense and risk of the Supplier or to store them with a third party at the expense of the Supplier. This shall also apply in the case of excess deliveries.
4. Over-deliveries or short deliveries (including part shipments) shall be permissible only with the express approval of the Buyer.

### **VII READINESS TO DELIVER, SAFETY STOCK**

1. The Supplier undertakes to manufacture and deliver the agreed quantities in the required quality so that they can be used immediately in full production. He guarantees the fundamental reliability of deliveries based on the requirements made known to and agreed by the Supplier which also gives the Buyer the opportunity for flexible and short-term action, if necessary.
2. Unless otherwise agreed, the Supplier undertakes to maintain a safety stock of production material covering the requirements for one (1) week. The safety stock shall be maintained in compliance with the state of the art and a guarantee of suitability for further processing, i.e. rolling in accordance with the first-in, first-out (FIFO) principle. Verification of the safety stock shall be provided on demand.

**VIII PACKAGING, SHIPPING, LABELLING**

1. Unless otherwise agreed, the goods to be delivered shall be suitably packed as is customary in the trade. Packaging for electronic elements or components must be capable of electrostatic discharge (ESD). The Supplier shall be liable for damage resulting from unsuitable packaging.
2. The goods shall be delivered in disposable or returnable packaging. Returnable packaging shall be used if this is required by the Buyer and it is mutually agreed (see KOSTAL Packaging Guideline: [www.kostal.com](http://www.kostal.com)).
3. The place of performance is the reception point named by the Buyer. Deliveries shall be made including packaging and free of charge to the respective delivery point. The INCOTERMS 2020 agreed with the Supplier shall apply. If there is no agreement, INCOTERM DDP (free house) shall apply in principle.
4. Deliveries for which the Buyer must pay freight charges in full or in part shall be transported at the most favourable rates and methods of transport unless the Buyer has issued other instructions.
5. In case of deliveries ex-works (INCOTERM EXW) the goods are not to be insured in addition for the transport, unless the Buyer issues a contrary instruction.
6. The delivery documents must contain the Buyer's order and material numbers, the revision status, gross and net weight, delivery quantity, number of packages, packaging material number, number of packaging materials used and the packing slip number (KOSTAL Logistics Guideline: [www.kostal.com](http://www.kostal.com)).
7. All production materials supplied must be marked with bar-code labels in accordance with the KOSTAL Logistics Guideline.

**IX PROVISION OF MATERIALS**

1. Materials, sub-assemblies, tools and other means of production provided by the Buyer shall remain his property. If they are sold to the Supplier, the Buyer shall retain title until full and complete payment. Items provided by the Buyer also include tools and production devices which are paid for wholly or partly by the Buyer. In the case of partially paid items, including the necessary accessories, the Buyer's title shall exist pro rata to the price for the item agreed with the Supplier.
2. The Buyer's property may be used by the Supplier only in accordance with the purpose determined by the Buyer.
3. The Supplier is obliged to handle the tools and other means of production with care and to ensure their maintenance and where applicable their renewal at his own expense. He shall insure them at his own cost at least to their replacement value against the risks of fire, water, environmental effects, burglary, vandalism and business liability.
4. Tools and other means of production must be kept in a useable condition at all times. This also applies to arrangements for avoiding damaging influences during storage.

**X DELIVERY DATES, DEADLINES, DELIVERY DELAYS**

1. Agreed dates and deadlines are binding.
2. Delivery delays shall be notified to the Buyer promptly as soon as they are detected, together with the reasons and the probable duration.
3. In the event of non-compliance with agreed delivery dates the Buyer shall have the right to withdraw from the contract or to terminate it without notice. The Supplier is obliged to reimburse the Buyer for the extra costs arising from the replacement purchase.
4. The Supplier undertakes to compensate the Buyer for the damage caused by the delay. This shall include above all the extra costs for freight, production (additional setting-up costs, surcharges for extra work, etc.), covering purchases, etc., and redress for claims for damages from the Buyer's customers.

**XI DELIVERY SECURITY, SPARE PARTS OBLIGATION**

1. The Supplier undertakes to inform the Buyer in all cases promptly if materials or components are to be modified or discontinued. The lead time for such information shall be not less than one (1) year plus delivery time. The Buyer's technical purchasing department must confirm the receipt of such information.

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2. The Supplier undertakes to guarantee the supply of spare parts for fifteen (15) years after the cessation of full production (vehicle/final product). Deviations from this shall be valid only if they are expressly agreed.
3. Tools shall be kept ready for use. The Supplier bears the risk and costs for storage and readiness of the tools.
4. Tools, and equipment may be scrapped only with the Buyer's express consent on expiry of this period of 15 (years).

### **XII SUSTAINABILITY (ENVIRONMENTAL PROTECTION, ENERGY EFFICIENCY, OCCUPATIONAL SAFETY)**

1. The basis of any business relationship are the essential principles of conduct of the KOSTAL Group, also known as the "Code of Conduct" (go to [www.kostal.com](http://www.kostal.com)).
2. The Supplier shall comply with statutory environmental protection regulations and also DIN ISO EN 14001. Appropriate verification of certifications shall be provided on demand.
3. In the case of dangerous materials or materials hazardous to health as defined by statutory regulations or materials which are liable to registration according to Regulation (EG) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH-Regulation), the Supplier shall on its own initiative provide a safety data sheet before the first delivery and up-date this in good time (at least every three (3) years).
4. The Supplier guarantees that the products supplied do not contain any legally prohibited materials or exceed permissible concentrations of hazardous substances.
5. The Supplier undertakes to enter delivered products containing SVHC substances in a proportion of more than 0,1 % into the SCIP database provided for registered users from January 2021.
6. The Supplier undertakes to add on his own initiative to the INTERNATIONAL MATERIAL DATA SYSTEM (IMDS) the material data relating to products delivered and to up-date it. The IMDS number shall be notified to the Buyer without the need for a request.
7. The Supplier is responsible for the disposal of the components/materials he supplies in accordance with statutory regulations applicable to his scope of delivery. On demand by the Buyer it shall submit a conclusive concept for dismantling, recycling and the non-hazardous disposal of the products he supplies.
8. The Supplier undertakes to introduce and operate a certified occupational health and safety management system in accordance with DIN ISO 45001 or a recognised and certified occupational health and safety management system derived therefrom by the start of production (SOP) at the latest, and to prove this by presenting a corresponding certificate. Deviations from the requirements can be agreed in writing jointly and in coordination.
9. The Supplier undertakes to control its processes in an energy-efficient manner in accordance with the principles of DIN ISO 50001. A certification according to DIN ISO 50001 or a comparable recognized management system is to be striven for in terms of economic benefits and sustainable business relations.

### **XIII QUALITY, DOCUMENTATION OBLIGATION**

1. The Supplier is completely responsible in every respect for the quality of the products he supplies. He shall maintain a batch traceability system and shall provide evidence of this on demand.
2. Unless otherwise agreed the Supplier shall satisfy the provisions of IATF 16949 and ISO 9000 on which these are based. In addition, the Buyer's quality assurance guidelines (KOSTAL Quality Guideline for Suppliers, [www.kostal.com](http://www.kostal.com)), with which the Supplier is familiar, or individually agreed quality agreements shall apply. It is pointed out in particular that the Supplier must notify the Buyer of all changes to processes (including transfers of production) before they are carried out. The Buyer has the right to object to the change, if an impairment of his interests is possible. In this case the change must not be carried out.
3. The Supplier grants the Buyer and/or the Buyer's customer the right to carry out its own audit within two (2) weeks after prior consultation.

4. The Supplier is obliged to meet a separate documentation requirement, e.g. if the Buyer requests it or if the need to document critical features arises from a statutory provision or because of considerable risks of personal injury, damage to property or financial loss. The Supplier shall mark the critical features with a "D" in drawings and documents and maintain these documents for at least fifteen (15) years after the processing of the final delivery. The Supplier shall permit the Buyer to inspect these records subject to the "D" obligation at any time on demand or send appropriate copies. In the event of litigation, the Supplier shall support the Buyer with his technical knowledge and where applicable make the originals of the records subject to the "D" obligation available for the purpose of evidence. The Supplier shall oblige his own suppliers accordingly.

#### **XIV DUTY TO INSPECT AND REPORT DEFECTS**

The Buyer shall inspect incoming goods only with regard to obvious defects such as transport damage, deviations from quantity or non-conformance between the order and accompanying paperwork. The Buyer shall notify defects to the Supplier without delay as soon as they are detected in the normal course of business. In this respect, the Supplier waives his objection due to late advice of defects.

#### **XV WARRANTY**

1. The Supplier expressly guarantees that the goods are free from defects in accordance with the agreed specifications (in accordance with drawing, data sheet, specifications or other prescribed data) and suitable for the known application. If the Supplier is unaware of the intended purpose he shall inform the Buyer of this and request this information. In addition, the Supplier guarantees the conformance of his delivery or service with statutory provisions and with the state of the art technology.
2. The warranty agreement concluded with the Supplier shall apply. Otherwise the following provisions shall take its place:
3. The Buyer shall be entitled without restriction to all statutory rights under warranty and including claims for damages.
4. The Buyer has the right to demand a replacement delivery of fault-free goods or remedying of the defect (reworking) by the Supplier within a reasonable period set by the Buyer. Before installing the goods the Buyer shall give the Supplier the opportunity to out-sort the defective goods and rework them or replace them with fault-free new goods, provided that this is reasonable for him. If this is not acceptable for the Buyer or if the Supplier refuses or does not remedy the defect within the set period or is unable to do so, the Buyer has the right to remedy the defect himself or to have this done by a third party or to purchase a replacement. In cases where immediate action is essential, the Buyer shall be entitled to do this without prior notice or setting a time limit.
5. The Supplier shall bear all costs arising from the remedying of defects including the consequential costs of claims by third parties or shall reimburse the Buyer for such costs. This shall apply in particular to the costs of removal and installation, transport, fault analysis, reimbursement of expenses, extra costs for covering purchases, material, scrapping, etc., and claims for damages by third parties.
6. If it is necessary in the course of a product recall campaign (including an unreported/confidential recall) to replace a complete series of products or components into which defective products from the Supplier were installed, the Supplier shall also reimburse the accruing costs for that part of the affected series which is free from defects.
7. After a request by Supplier the Buyer shall return those defective goods to which the Buyer has access. In this context it is stated that for cost reasons defective goods shall only be returned for analysis purposes by the Buyer's customers on the basis of random samples. To this extent the Supplier waives the complete return of all defective goods. The Supplier shall bear the costs of the return transport of defective goods including all related costs.
8. The warranty shall terminate on expiry of thirty-six (36) months after the first registration of the vehicle or the commissioning/official acceptance by the final customer, at the latest forty-two (42) months after delivery, provided that longer statutory or contractual warranty periods are not designated, which will then apply in this case.

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9. Warranty rights shall not arise if the defect is the result of a breach of operating and installation instructions, unsuitable or incorrect use, defective or negligent handling and normal wear and tear, as well as damage caused by intervention in the product by the Buyer or a third party.
10. If a complaint arises that cannot be resolved within the warranty period, the Supplier waives in so far his right to plead statute of limitations.

### **XVI LIABILITY**

1. Unless a different liability stipulation is agreed elsewhere, the Buyer has the right to reimbursement of all costs (direct or indirect) for which the Supplier is responsible because of a defective delivery or other behaviour in breach of contract. This shall include among others the costs of safeguarding against damage, precautionary measures, recall actions, etc.
2. In case of damage or precautionary measures to safeguard against damage, the Buyer shall inform the Supplier to the best of his ability, advise him of the measures to be taken and co-ordinate these within the framework of the Buyer's abilities.
3. If others and not only the Supplier are jointly responsible for the damage, the Supplier shall be liable pro rata up the amount that he, his representatives or his sub-suppliers contributed pro rata to the damage.
4. Regarding claims by third parties, in particular in respect of product liability or infringements of industrial property rights, the Supplier shall indemnify the Buyer on first demand against all costs, including the necessary expenses for prosecution of an action as well.
5. On demand by the Buyer, the Supplier shall join the legal action with the third party at his own expense. In all legal disputes associated with his deliveries and relating to official regulations and inspections, the Supplier shall support the Buyer actively at his own expense and make available all the necessary documents, witness statements, etc.

### **XVII FORCE MAJEURE**

1. Labour disputes, riots, epidemic, pandemic, official measures and other unforeseeable and serious occurrences of force majeure shall exempt the parties to the contract from their obligations to perform for the duration of the disturbance to the extent of their effect. This also applies if these occurrences take place at a time in which the affected party is in default. The parties to the contract undertake to provide the necessary information without delay in the framework of what is reasonable and to adapt their obligations to the changed circumstances in accordance with good faith.
2. If it is foreseeable that the disruption caused by force majeure at the Supplier's sphere will last longer than four (4) weeks, the Buyer shall be entitled to withdraw from the contract in whole or in part. This shall also apply if it is unreasonable to expect the Buyer to wait.

### **XVIII INSURANCE**

1. The risks arising from the warranty or general liability by the installation and removal of the product, as well as recall actions, shall be covered by an insurance.
2. The Supplier undertakes to maintain both public liability insurance and product liability insurance with a cover of not less than EUR 5 million for each individual case and not less than EUR 10 million for all cases of damage in a year. This shall not affect claims for damages by the Buyer against the Supplier.

### **XIX TRANSFER OF RIGHTS**

1. Liabilities of any one of the individual companies in the KOSTAL Group or of sub-suppliers shall be borne to the Supplier exclusively by the company which entered into the obligation.
2. The Buyer has the right to transfer existing orders and agreements at unchanged conditions to companies in the KOSTAL Group or to sub-suppliers.
3. The Supplier is not authorized to have the order carried out by third parties or to relocate the production location unless it has received a written approval from the Buyer. Preconditions for an approval are a suitable period of time before the relocation and the assumption by the Supplier of all costs associated with this.

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4. Without the prior written approval of the Buyer, which may not be refused unreasonably, the Supplier is not entitled to assign its claims against the Buyer or to have them collected by third parties. In the case of extended retention of title into binding commitments which are governed by German Law, this agreement is regarded as having been issued.
5. Without prior written approval, the Supplier may not advertise that he is a party to a contract with the Buyer or his customers. In particular, the Supplier may not use names, trademarks, logos, product designations, product representations, etc., without the permission of the Buyer.
6. The Supplier is prohibited from selling to other customers any products that were specially established by the Buyer at the Supplier's without the Buyer's permission.

### **XX SUPPLIER MANAGEMENT**

1. The Supplier acknowledges the KOSTAL Supplier Code of Conduct (go to [www.kostal.com](http://www.kostal.com)), complies with all the principles described therein and makes every effort to implement these standards within their supply chain.
2. The Supplier is independently responsible for his sub-suppliers and for compliance with all requirements arising from the contractual relationship with the Buyer.
3. He shall enable the Buyer or a third party authorized by the Buyer to check compliance with all contractual requirements on site during normal hours of business following prior notice.

### **XXI COURT OF JURISDICTION, APPLICABLE LAW**

1. The exclusive court of jurisdiction for all disputes arising from the contractual relationship shall be the Buyer's business address.
2. Unless otherwise agreed the laws of the Federal Republic of Germany shall apply.

*Contents accepted*

.....  
(Place) (Date)

.....  
(Company / Name / Position)

(Company stamp)

.....  
(Signature/s)