

of HBPO Group

for all supplies of goods and services provided by suppliers to HBPO GmbH headquartered in D-59557 Lippstadt, Rixbecker Straße 111, as well as its domestic and foreign subsidiaries and holding companies (referred to below in summary as "HBPO"). The legal relationship between HBPO and the supplier are governed exclusively by these purchasing conditions, unless individual arrangements have been fixed by the parties. The goods or services (referred to below as the "the goods which are the subject of the contract" or "goods" or "services") are to be used in HBPO products for application in vehicles worldwide.

## 1. Terms of supply

- 1.1 All HBPO orders are subject exclusively to these purchasing conditions, unless in an individual order express provision is made to the contrary. Any contrary purchasing conditions of the supplier will not become the basis of the contract, even if they are not expressly rejected by HBPO. Any changes or additions or supplementary agreements are only valid if made in writing.
- 1.2 The execution of the goods or services are subject to the specifications, drawings, descriptions and other documentation agreed between HBPO and the supplier. The supplier will carry out his services in accordance with a quality and environmental management system corresponding at least to the requirements of the ISO 9001, and undertakes to permanently improve this system in accordance with the latest technical developments, in order to meet the requirements of IATF 16949 (or VDA 6.4 at the delivery of operating equipment).

Over and above the supplier commits himself to fully comply with any piece of applicable local legislation relating to the treatment of employees, environment protection and occupational health and safety. Suppliers shall actively seek to keep any disadvantageous effects at a minimum and to investigate into opportunities to further improve any such impact. Depending on his operational possibilities, the supplier shall implement, sustain and develop management systems following the standard as laid out in DIN EN ISO 14001, DIN EN 50001 or EMAS as well as to DIN ISO 45001 or OHSAS 18001.

- 1.3 Furthermore, the supplier commits himself to comply with the requirements as specified in the HBPO Supplier Charter relating to sustainable and responsible entrepreneurship, the *"HBPO guidelines for cooperation on purchased parts"* as well as the *"Standard logistic requirement specification"* apply in their respectively current version at the time of contract conclusion. The mentioned guidelines are available at [www.hbpogroup.com](http://www.hbpogroup.com).

In this endeavor to ensure an integrative approach of ethical behavior, HBPO expects in addition from its supplier to comply strictly with the legal requirements for proper accounting and financial reporting. Moreover, they need to comply with all provisions and applicable legal requirements for importing and exporting goods, services and information and to conform with all applicable obligations and legislation with regard to taxes and customs. As part of sustainable entrepreneurship, the supplier undertakes to respect at any time the intellectual property of competitors, business partners and other third parties.

- 1.4 The supplier must use and protect all information in an appropriate manner, ensuring that sensitive data is properly collected, processed, saved and deleted. The supplier commits its employees to keep business secrets. Any processing of personal data from employees, customers and business partners (e.g. collection, storage, collection, use, provision) must be carried out in accordance with the applicable legal requirements on data protection.

Depending on his operational possibilities, the supplier shall implement, sustain and develop an information management system following the standards as laid out in TISAX® and/or ISO 27001.

- 1.5 Suppliers are requested to communicate these requirements to their employees as well as to their own supplier, and to ensure adherence thereof.

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## 2. Orders

- 2.1 Deliveries will be made on the basis of individual written or electronically transferred orders or rolling delivery schedules placed by HBPO.
- 2.2 Individual orders must be confirmed immediately on receipt by the supplier in written form. In case of orders per delivery schedule, no separate confirmation will be realized by the supplier. The delivery call-offs lying within the binding off-take period of delivery schedules are regarded as accepted, if the supplier does not disagree immediately or not later than 1 workday, in written form after receipt of the respective delivery.

## 3. Materials provided by HBPO

- 3.1 Any materials or equipment for production provided free of charge by HBPO to the supplier remain the property of HBPO. At the time of receipt, the supplier has to realize an immediate check on visible defects. In addition, a quantity as well as identity check is to be carried out. Differences are to be reported to HBPO within one workday.
- 3.2 The supplier is committed to handle these with care and store them carefully.
- 3.3 During production, the supplier will carry out further inspections, where these are separately agreed with HBPO or necessary in accordance with his quality management system. If the supplier recognizes quality or quantity defects, HBPO has to be informed immediately in order to agree on further measures. If these quality or quantity defects are attributable to the supplier's fault (e.g. during production), the supplier is committed to order a compensation delivery subject to a charge.
- 3.4 The processing of material provided by HBPO must always be exclusively for HBPO. If the value of the material provided by HBPO exceeds the value of the manufacture and where appropriate the remaining components of the newly produced products, such newly produced products become the property of HBPO; otherwise the part ownership of HBPO and the supplier increases in proportion to the value of the material provided by HBPO to the value of the manufacture and the remaining components. For avoidance of misunderstandings: This shall certainly not restrict the supplier's obligation to provide HBPO unrestricted and unencumbered property on the contractual products with their delivery.

## 4. Delivery dates, place of delivery, delivery note

- 4.1 All delivery dates stated according to No. 2 are binding. Delivery dates are dates of receipt at the place of delivery specified in the order.
- 4.2 HBPO must be informed immediately about any delays in delivery which can be foreseen.
- 4.3 Unless otherwise agreed in writing, all deliveries shall be made DDP (INCOTERMS 2010) by the supplier to the place of delivery specified in the order.
- 4.4 Every delivery must be accompanied by a consignment note in duplicate.

## 5. Delays in delivery

- 5.1 If agreed delivery dates, stated in single orders or rolling deliveries, are not met, the supplier will be obliged to compensate HBPO for any loss caused by the delay, unless he is demonstrably not responsible for it. If the delivery is a firm deal, the claim for performance on the side of HBPO expires not until HBPO asserts it within a period of 30 days after the expiration of the delivery date.
- 5.2 After an extension has been granted without success or if there is no further interest in the order, HBPO has furthermore the right to claim damages instead of performance on account on non-fulfilment or to cancel the order involved. Possible claims of HBPO for compensation due to delays remain unaffected thereof. In the event of repeated delays in delivery HBPO has the right, after a prior reminder, to cancel without notice any orders which have not been completed at the relevant date.

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## 6. Payments and terms of payment

- 6.1 Payment by HBPO will be made net on the 25<sup>th</sup> of the month which follows the receipt of the invoice, as far as HBPO has received the products, otherwise, on the 25<sup>th</sup> of the month which follows the receipt of the products. Payment will be a currency of HBPO's choice.
- 6.2 The weights and quantities which are established at the place of unloading are decisive for the invoicing and payment of deliveries. Irrespective of the regulations in Section 12, HBPO has the right, in the case of incorrect deliveries, to delay payment in proportion until the order has been correctly completed. Designs, drawings and samples will only be paid for, if this has been agreed in writing in advance.
- 6.3 Without the prior written agreement of HBPO, which should not be withheld without reason, the supplier is not allowed to assign his claims against HBPO to third parties or allow them to be collected by third parties.

In case the supplier receives deliveries under extended retention of lien such agreement is regarded as having been given, in terms of the aforesaid sentence to an assignment to these presuppliers. If the supplier assigns his claims on HBPO to a third party, contrary to sentence 1 of this Section 6.3 without their prior written agreement, such assignment is valid but HBPO can at its own discretion fulfil its obligations for purposes of discharging such obligations either to the supplier or to the third party.

## 7. Force majeure

Industrial disputes, but no strikes restricted to the supplier's company, disturbances, actions taken by the authorities and other unforeseeable, unavoidable and serious events relieve the contractual partners from the fulfilment of their contractual obligations for the duration of the interruption and to the extent of its effects. To a reasonable extent, the parties are committed to immediately share necessary information and adapt their respective obligations to the varied circumstances in good faith.

## 8. Transfer of information and materials

- 8.1 Unless disclosure or transfer is necessary for the execution of the contracted services, the supplier has the duty to treat in confidence and not to duplicate or to pass on to third parties any confidential information, in particular, drawings, stencils, models, tools, documents, software and other data media, which HBPO has made available to the supplier due to this contract or in relation to the contract. The supplier guarantees the same duty of non-disclosure on his own employees and subcontractors. HBPO reserves all property and copy rights to the information and products stated in Sentence 1, which have been made available to the supplier in connection to this contract.
- 8.2 The supplier may only use the business relationship for advertising purposes with the prior written agreement of HBPO.
- 8.3 Any of the goods which are the subject of the contract which have been produced on the basis of data, drawings, specifications or models provided by HBPO or by tools which have been paid for wholly or in part by HBPO, must not be offered or shown as samples or supplied to third parties, unless HBPO has given its prior written approval. The same appropriately applies to drawings, models, samples, etc, provided by HBPO.

## 9. Certificate of origin

Before the first delivery of a product, the supplier is committed to provide a legally-binding global supplier declaration according to the respectively valid EU Regulation, and, immediately communicate to HBPO every modification of origin of the delivered products. If necessary, the supplier has to certify his indications about the origin of the products by means of a document confirmed by an authorized customs office. The supplier is liable for all disadvantages which occur due to an invalid or delayed provision of the supplier declaration.

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**10. Contract modifications**

- 10.1 HBPO shall be informed as immediately as possible about any by the supplier intended technical modifications at contractual products relieved for delivery, but at the latest 9 month before the implementation of the intended modifications.
- 10.2 Delivery of such modified contractual products requires, in each case, prior written approval of HBPO. This can be realized within the course of a re-initial sampling approval. Insofar as the contractual products will be produced according to HBPO specifications, this applies for the modification itself, as well. The costs for such a re-initial sample approval shall be borne by the supplier.
- 10.3 The aforesaid regulations in Sections 10.1 and 10.2 respectively apply for the change of purchasing sources for primary materials or components, as well as the change of the production location, or essential changes of the production process at the supplier.
- 10.4 HBPO has the right, within the reasonableness for the supplier, to request modifications at contractual products in construction and performance. In this context, the impacts shall be appropriately settled by common accord, especially with regard to additional and reduced charges, as well as delivery dates.

**11. Guaranteeing supplies**

- 11.1 Where the goods which are the subject of the contract are goods developed specially for HBPO, especially if HBPO has participated directly or indirectly in the cost of development and/or production equipment, the supplier undertakes to supply HBPO with the goods which are the subject of the contract according to its requirements and to accept orders from HBPO for as long as HBPO requires the goods which are the subject of the contract. The supplier will be informed in good time about the supply volume which will be required in accordance with HBPO's customer requirement forecasts. Unless there is express agreement to the contrary the supplier has no right to expect HBPO to purchase specific quantities, without prejudice to the provisions of Section 2.
- 11.2 To secure the production of spare parts at HBPO the supplier undertakes to guarantee the continuation of supply of the necessary goods which are the subject of the contract until the expiry of at least 15 years (unless other periods have been agreed in writing) after the series production of the HBPO products in which the goods which are the subject of the contract are fitted. If within this period the supplier becomes aware that this will not be possible for him, he will inform HBPO immediately about the end of the availability of supplies and, insofar as he is not able to offer HBPO any other reasonable possibilities, give HBPO the opportunity to obtain a permanent stock 12 months before stop of production.

**12. Report on defects**

HBPO will inform the supplier immediately and in writing about any defects in the goods supplied as soon as such defects are established in the course of normal business operations. The goods receipt inspection at HBPO is restricted to visual checks of the transport packaging on visible damages, such as transport damages, and quantity as well as identity checks by comparing delivery notes with ordering documents. Advanced especially measuring tests need not to be realized. HBPO will carry out production accompanying inspections according to the requirements of its QS-Management Systems. The supplier will accordingly waive any objection on the grounds of delays in making the claim.

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## 13. Liability for defects

- 13.1 The supplier guarantees that the goods which are the subject of the contract will be free from defects and conform to the agreed specifications and accepted technical standards.
- 13.2 If HBPO agrees with specifications, drawings, calculations or other documents of the supplier, this does not affect the supplier's sole responsibility for the subject of the contract. The same applies for proposals, recommendations or other cooperations to the performance delivery of the suppliers by HBPO.
- 13.3 Should the supplier, on the basis of his knowledge of the subject, recognize that the order delivered by HBPO is not complete or the purpose is not achieved, HBPO shall be informed about this issue immediately and comprehensively.
- 13.4 If defective goods are supplied, HBPO has the right to demand immediate supplementary performance either by a replacement supply of goods free from defects, or correction of the defects. After consultation with the supplier, HBPO will decide about the details for the realization of supplementary performance in equitable discretion.
- 13.5 If the defective delivery leads to increased costs at HBPO with regard to meeting delivery dates (such as sorting costs, increased inspection expenses in production, etc), such costs will be payable by the supplier, as well.
- 13.6 HBPO has the right to cancel the orders, as well as return the goods already delivered or reduce the purchase price at the risk and expense of the supplier, if the supplier does not meet HBPO's requirements with regard to supplementary performance within a reasonable period allotted by HBPO. Furthermore, HBPO has the right to compensation for damages. The appointment of time is disposable, if the supplementary performance is de facto or economically impossible.
- 13.7 After prior consultation with the supplier, HBPO has the right, at the expense of the supplier, to separate out defective goods which are subject of the contract and then either return them or have them scrapped.
- 13.8 In urgent cases, where possible with prior information to the supplier as far as he is available, HBPO can, for purposes of meeting its own supply commitments, carry out possible corrections to the products to the necessary extent itself or by third parties or, if appropriate, obtain the goods which are subject of the contract from third parties. Therefore required reasonable and proved costs shall be borne by the supplier.
- 13.9 If, in spite of observance of the provisions of Section 12 of this contract, a defect is discovered only after the goods which are the subject of the contract have been processed further, the following applies additionally: The supplier is responsible for payment of the expenses connected with the replacement supply or correction of defects, in particular the cost of testing, transport, tolls, labour and material, independent of whether they have accrued at him, at HBPO or at third parties. It also includes the costs of any necessary exchange of repair of products, into which HBPO has built defective goods which are subject of the contract.
- 13.10 If a series defect leads to the replacement of the entire series of the goods which are the subject of the contract or of HBPO products into which the goods which are the subject of the contract have been integrated because, for example, an error analysis in individual cases would not be economical, possible or reasonable, the supplier will also be responsible for the above costs in respect to the part of the affected series which does not show any technical defects.
- 13.11 Unless otherwise expressly agreed in writing between the parties, claims based on liability for defects become time-barred at the end of 54 months as of the delivery to HBPO. The time bar, however, abbreviates correspondingly, if the claims based on liability for defects of HBPO's customers already become time-barred at an earlier date.
- 13.12 At exhaust gas and security relevant parts, the period of liability for defects complies with the legal prescriptions of the single countries which are valid for HBPO and in which HBPO exports goods, insofar as the there applicable legal time bars exceed 54 months.
- 13.13 Where there is no contrary provision detailed above, the supplier's warranty will in other respects be in accordance with the applicable legal stipulations.

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## 14. Liability

- 14.1 Insofar as HBPO or a third party incurs damage due to a defective contractual item or any other breach of contractual obligations by the supplier under this contract, the supplier is liable for providing compensation for the resulting damages to the extent provided for by law. If HBPO is committed to bear such damages towards third parties according to the respectively relevant legal regulations, due to, for example, product liability claims, then, the supplier is obliged to compensate HBPO for all expenses resulting thereof.
- 14.2 The supplier is also liable to the extent provided for by law for measures taken by HBPO or customers of HBPO to prevent damage (e.g. the recall of products).
- 14.3 The supplier undertakes to conclude, in respect of all the supplies and services provided by him, product liability insurance with coverage which will be appropriate to the risks of the automobile industry and will amount at least to € 10,000,000,-- (in words ten million euros) to cover damage to goods and persons, including the cost of recall operations. Such insurance cover should be maintained for the period of at least 15 years after implementation of the last delivery or service to which it applies. At the request of HBPO the supplier will provide in written form the relevant information about the type and extent of the insurance cover. This regulation shall not be seen as a limitation of liability on the side of the supplier.

## 15. Industrial property rights

- 15.1 The supplier is liable for ensuring that the contractual items, goods or services delivered by him, will not contravene the industrial property rights and copyrights of third parties. He hereby indemnifies HBPO and its customers against any claims, damages, requirements, liabilities and other costs (including all expenses for litigation which may arise from the application of such property or copy rights).
- 15.2 This liability will not apply where the supplier has produced the goods which are the subject of the contract to HBPO's strict specifications.
- 15.3 Where HBPO has paid part of the development costs of the goods which are the subject of the contract HBPO will, without prejudice to any further rights arising from separate agreements with the supplier, receive the rights of use to any inventions and copyrights relating to the goods which are the subject of the contract. Such rights will be free of charge and non-exclusive, unrestricted with regard to time and place, and will be for all purposes, including the granting of licences to third parties. Where the creation of software is part of the supplier's services, the supplier will, at HBPO's request, make available the source code and the software documentation.

## 16. General provisions

- 16.1 If a contractual party ceases to make due payments or if his assets are subject to the application of bankruptcy proceedings or rejected due to lack of mass, or, if the insolvency proceedings will be opened, the other party will have the right to withdraw from any orders placed to the extent of the supply volume which has not yet been filled at the relevant point in time.
- 16.2 If HBPO has sold production equipment to the supplier, obligatory needed for the manufacturing of HBPO products, the supplier grants pre-emption to HBPO, in case the supplier sees himself unable to continue production of HBPO products, due to insolvency, pending illiquidity or for other reasons.
- 16.3 The supplier agrees that the data which is required for processing orders and checking of invoices will be stored electronically by HBPO according to the requirements of the legal data protection.
- 16.4 HBPO is entitled to set-off and retention rights to the extent provided by law. The supplier is only allowed to set-off due to own claims, if his counter claims are determined to be legally valid, undisputed or acknowledged by HBPO. For performing retention rights, he is just insofar authorized, as his counter claim is based on the same contractual relationship.

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- 16.5 Where this contract requires the written form for any communications or declarations between the parties, such requirements will be satisfied by facsimile transmission.
- 16.6 If any provision of this contract is or proves to be invalid, it will not affect the validity of the contract. The parties to the contract have the duty to cooperate in replacing the invalid provision by a permissible provision which will achieve the commercial purpose for which the original provision was intended. This regulation also applies for possibly occurring lacks of the contract.
- 16.7 The place of fulfilment will be the registered office of HBPO or the supply location specified by HBPO. For the payment, another agreement can be made between the parties.
- 16.8 The law of the federal republic of Germany will apply, with the exception of conflict rules.
- 16.9 The place of jurisdiction for all disputes arising from this contract and deliveries which are subject to them will be the registered office of HBPO or other court responsible for legal actions brought by HBPO.

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