



**TERMS AND CONDITIONS OF PURCHASE FOR PRODUCTION MATERIAL
OF GRAMMER AND AFFILIATED COMPANIES PURSUANT TO ARTICLE 15 OF THE GERMAN PUBLIC COMPANIES ACT [AKTG]
(hereinafter "GRAMMER")**

1 SCOPE OF VALIDITY / PROTECTIVE CLAUSE

These Terms and Conditions of Purchase apply exclusively to all orders placed by Grammer AG and affiliated companies pursuant to Article 15 of the German PUBLIC Companies Act ('GRAMMER'). Supplier General Terms and Conditions that deviate from these shall only apply if expressly accepted as valid by us in writing. Neither our silence nor acceptance of the goods or service or payment for these shall be deemed acceptance of validity.

2 CONCLUSION OF CONTRACT

- 2.1 Orders, amendments or supplements to these, ancillary agreements and other agreements made in connection with the conclusion of a contract shall only be binding if they have been made or confirmed by GRAMMER in writing. Orders may also be issued by SAP purchase orders, delivery schedules, remote data transmission or EDI and shall also constitute a valid written form, in each case valid without signature.
- 2.2 GRAMMER expects confirmations of order within 14 days of the respective order date otherwise the Supplier's consent to the respective order from GRAMMER shall be deemed given; GRAMMER may, however, if a confirmation of order is not received within the period specified above, also cancel the order at its discretion. In the event of delivery schedules according to the VDA Guidelines or comparable guidelines, in particular via remote data transmission or EDI, confirmations of order shall not be required. A new delivery schedule supersedes the previous one.
- 2.3 Quantities specified in delivery schedules shall essentially be non-binding, projected figures. GRAMMER shall only be bound by an acceptance obligation (from LAB date) in the context of 4 weeks for finished goods and 8 weeks for semi-finished goods. Semi-finished goods shall only be accepted by GRAMMER at the confirmed purchase price, however no more than the market price on the LAB date.
- 2.4 There is no general term agreement in relation to individual projects - the duration of projects shall be dependent upon customer specifications. Otherwise these must be expressly described as term agreements in writing. The Parties agree, if a term agreement exists, that changes by GRAMMER customers, in particular in relation to scope and duration, must impact directly on the supplier relationship.

3 DRAWINGS, PLANS, SCOPE OF DELIVERY, CHANGES, SPARE PARTS

- 3.1 Any drawings, plans, prototypes, tools, models or other documents handed over to the Supplier for the purpose of executing orders shall remain the property of GRAMMER and may only be passed on to a third party with express written permission from GRAMMER. Products manufactured in accordance with such material shall only be delivered to GRAMMER and not to third parties. This material must be returned to GRAMMER immediately and free of charge once the contract has been completed. The Supplier shall ensure that all the above-mentioned material is duly available for the purpose of fulfilling its obligations.
- 3.2 Deliveries by the Supplier to GRAMMER shall be state-of-the-art, in particular GRAMMER part drawings and CAD data in their respective last valid index version, in compliance with the specifications given by the GRAMMER customer and indicated in the order ('Specifications'). The Supplier shall also be responsible for ensuring that its deliveries are suitable for the use intended by GRAMMER or GRAMMER's customer.
- 3.3 GRAMMER may request that the Supplier makes changes to delivery items, in particular in terms of design and format insofar as these are within reason. The Supplier shall implement such changes within an appropriate period. Appropriate provisions shall be mutually agreed with regard to the impact particularly in terms of additional or reduced costs as well as delivery deadlines. If no agreement can be reached within an appropriate period, GRAMMER shall be entitled to cancel giving reasonable notice.
- 3.4 The Supplier shall guarantee that it is able to supply GRAMMER with spare parts for the respective delivery items for a period of 10 (ten) years following the end of the supplier relationship under appropriate terms and conditions (within such 10 (ten) years up to a maximum of plus 10% above the last applicable serial price).

4 SUBCONTRACTORS

The Supplier shall be liable for vicarious agents or other parties employed. Irrespective of this, the Supplier shall notify GRAMMER in writing in advance of any large-scale subcontracting to a third party and only allow this to go ahead with prior approval from GRAMMER. GRAMMER may only refuse to give its approval for good cause and shall not release the Supplier from its liability.

5 DEADLINES, LATE DELIVERIES

- 5.1 The delivery deadlines and quantities specified in the orders or delivery schedules are essential for the smooth running of production processes. The Supplier shall notify GRAMMER immediately in the event of a non-compliance and take any action required in order to ensure prompt delivery. The Supplier shall compensate GRAMMER for damage and expenses incurred as a result of such non-compliance.
- 5.2 Relevant in terms of compliance with delivery deadlines shall be the receipt of defect-free goods at GRAMMER or the recipient specified by GRAMMER in the quantity to be delivered.
- 5.3 Part deliveries or part services must be approved by GRAMMER in writing in advance.

6 FORCE MAJEURE

Industrial disputes, civil disturbances, official actions and other unforeseeable and unavoidable events shall release the Supplier and GRAMMER from their service obligations for the duration of the respective disruption and to the extent of their respective impact. The party affected shall notify the other contracting party immediately providing comprehensive information and shall take any reasonable action to limit the impact of such events. The party affected shall notify the other contracting party immediately of the end of the respective disruption.

7 PRICES, PAYMENT, PRICE ADJUSTMENT

- 7.1 Unless expressly agreed otherwise in writing, the prices agreed shall be fixed prices. The validity of these prices shall be automatically extended by a non-recurring period of 12 months unless a subsequent price agreement between the Parties sets out new fixed prices. Unless otherwise agreed, payment shall be made within 30 days net. Periods shall commence on receipt of services as per contract and an invoice in proper and verifiable form. In the event that deliveries are accepted early, however, the period shall commence on the agreed delivery date at the earliest. The Supplier declares that it is willing to participate in a credit note procedure at GRAMMER's request.
- 7.2 The Supplier shall not be entitled to assign claims against GRAMMER or allow their collection by a third party. If the Supplier assigns a claim against GRAMMER to a third party nevertheless, such assignment shall still be valid. GRAMMER may, however, at its discretion, pay the Supplier or the third party with discharging effect.
- 7.3 In the event that the Supplier is instructed by the GRAMMER customer, and in particular has agreed prices, specifications or other terms and conditions directly with the latter, the following shall apply: In the event of a change to the terms and conditions agreed between the Supplier and the respective GRAMMER customer, the Supplier shall notify the latter immediately in writing. Any changes of this nature shall not be binding for GRAMMER until GRAMMER confirms this in writing. Such confirmation can only be refused for good cause.

8 DISPATCH, PACKAGING; LOGISTICS

- 8.1 The Supplier shall carry out a comprehensive outgoing goods inspection prior to delivery to ensure that goods are suitable for their intended use and meet the quality standards, in particular the GRAMMER and GRAMMER customer 0 error target. Unless specified otherwise, in writing, deliveries shall be made DAP (Incoterms from time to time in force) to the location designated by the respective GRAMMER entity, including packaging.
- 8.2 Delivery items shall be packaged properly and in accordance with trade standards. GRAMMER shall be entitled to stipulate the nature of the packaging to the Supplier. If recyclable packaging is sent back to the Supplier, GRAMMER shall be entitled to claim reimbursement to the value of the packaging.
- 8.3 The GRAMMER logistics guidelines shall apply. These can be viewed at <http://www.grammer.com/en/supplier-support/purchasing.html>

9 TRANSFER OF RISK, QUALITY, NOTICE OF DEFECT

- 9.1 The Supplier shall bear the risk of accidental loss, destruction or deterioration and the price variation risk unless indicated otherwise in the agreed INCOTERM from time to time in force, until the goods are delivered to GRAMMER or the third party commissioned by GRAMMER to receive the goods.
- 9.2 The Supplier shall monitor the quality of its deliveries and services on a continual basis. It shall undertake to comply with the 0 error strategy and a quality system in accordance with ISO/TS 16949, ISO 9001 as well as the VDA standard or other comparable standards. Moreover, the Supplier shall ensure compliance with REACH and AltautoVO [German legislation on scrapped vehicles].
- 9.3 Subcontractors must agree to abide by the same obligations. Compliance with the ppm figures shall not release the Supplier from its warranty obligation in accordance with Section 11.

9.4 An incoming goods inspection shall only be made by GRAMMER in terms of externally visible damage and differences in terms of identity and quantity that can be identified externally. GRAMMER shall notify such defects immediately. GRAMMER shall reserve the right to carry out further incoming goods inspections. Moreover, GRAMMER shall notify defects as soon as they are identified according to the circumstances of correct business processes. The Supplier shall waive the plea of late notification of defects in this respect.

10 MATERIAL SUPPLIED

Items supplied by GRAMMER shall remain the property of GRAMMER and are provided to the Supplier on a loan-basis. In the event of combining, mixing or processing of materials provided, GRAMMER shall gain co-ownership of the new product at the ratio of the value of the material provided to the overall product. The Supplier shall not be entitled to a right of retention in respect of materials provided irrespective of the reason. Materials provided may not be made accessible to third parties, in particular subcontractors, or used for purposes other than those agreed without the prior written permission of GRAMMER.

11 CLAIMS ARISING FROM DEFECTS

11.1 GRAMMER may request the following in the event of the delivery of defective goods under the subsequent terms and conditions:

- (i) Prior to the start of production (development or assembly) the Supplier shall first have an opportunity to separate out defective goods and, at GRAMMER's discretion, an opportunity to rectify defects or make an additional (replacement) delivery. If this is unreasonable for GRAMMER, GRAMMER shall be entitled to rectify defects itself or arrange for them to be rectified at the Supplier's expense. It shall be unreasonable in particular if the Supplier does not proceed with the rectification of defects immediately upon request by GRAMMER, disruption-free production is no longer guaranteed, a production line stoppage is imminent or damage can be mitigated by GRAMMER.
- (ii) If a defect is not discovered until after the start of production, GRAMMER shall be entitled to request subsequent performance as well as the costs required in relation to subsequent performance, also those of our customers, in particular transport and handling costs, variable costs (e.g. inspection fees, grading costs), removal and fitting costs and material costs.

11.2 GRAMMER may only make defective parts available insofar as the GRAMMER customer has made or is able to make these available to GRAMMER. If the Supplier does not request available parts immediately, GRAMMER shall be entitled to scrap them. The Supplier shall bear the transport and logistics costs incurred in respect of defective parts. The period of limitation in respect of claims arising from defects shall be 24 months from initial vehicle registration or fitting of spare parts, however a maximum of 36 months from delivery to GRAMMER. Section 438 (3) German Civil Code shall remain unaffected. For goods used in the NAFTA area, the period of limitation in respect of claims arising from defects shall be 48 months from initial vehicle registration or fitting of spare parts, however a maximum of 56 months from delivery to GRAMMER. If the Supplier meets its supplementary performance obligations by making a replacement delivery, the period of limitation for the replaced part shall begin again, unless the Supplier has with the supplementary performance expressly and appropriately reserved the right to make the replacement delivery only out of goodwill, to avoid disputes or in the interest of continuing the supplier relationship.

11.3 Other statutory or contractual rights to which GRAMMER is entitled shall remain unaffected by the above provisions. Additionally the GRAMMER Supplier Manual shall apply; available at: <http://www.grammer.com/en/supplier-support/purchasing.html>

11.4 Any acceptance/authorisation of designs, drawings, materials, processes and/or specifications shall not release the Supplier from its warranty obligation.

12 RIGHTS OF USE, INTELLECTUAL PROPERTY RIGHT INFRINGEMENT

12.1 The Supplier shall be liable for claims arising from the infringement of intellectual property rights and intellectual property right applications ('**Intellectual Property Rights**'), in particular if an Intellectual Property Right has been disclosed or otherwise published by the European Patent Office in the Supplier's native country or in the Federal Republic of Germany, France, United Kingdom, China, Austria or the USA.

12.2 It shall exempt GRAMMER from any claims arising from the exercise of such Intellectual Property Rights.

12.3 This shall not apply insofar as the Supplier has produced the delivery items in accordance with drawings, models or other similar descriptions or information, in particular know-how, and GRAMMER does not know, or in connection with the products developed by it, does not need to know, that Intellectual Property Rights are infringed as a result. If

the Supplier manufactures operating equipment in accordance with the documents made available by GRAMMER, in particular know-how, the Supplier undertakes to manufacture the delivery items exclusively for GRAMMER.

- 12.4 The contracting parties undertake to inform each other immediately of any risks of infringement that come to light and alleged cases of infringement and to offer appropriate mutual support free of charge to protect against potential claims.
- 12.5 If GRAMMER pays for developments by the SUPPLIER irrespective of the type, the Supplier shall grant GRAMMER a non-exclusive, irrevocable, transferable right that is not restricted in terms of time, location and content, to the copyright-protected results of the development, to use these products arbitrarily free of charge and distribute them.

13 EQUIPMENT

The Parties irrevocably agree that GRAMMER shall acquire ownership of tools following payment in full of the total costs of the respective tool indicated in the order. Until payment in full of the total costs of the tool indicated in the order, GRAMMER shall receive a contingent right to transfer of ownership. The Supplier shall confirm that it is the sole authorised owner at the time of the transfer of ownership and that the tools are unencumbered by any third party rights, in particular proprietary rights, rights of lien or equipment liability. The transfer of tools to GRAMMER shall be substituted by the fact that the Supplier takes them into safekeeping free of charge exercising the due care of a prudent businessman ("Tool Loan"). Within such Tool Loan GRAMMER shall at any time be entitled, unless otherwise agreed in writing, to claim for restitution of such tools. After the tools are handed over to GRAMMER the Supplier shall be exempted from its delivery and spare part commitments. The Supplier shall use tools only for the purpose of production and delivery for GRAMMER.

14 PRODUCT LIABILITY, INSURANCE

- 14.1 As far as GRAMMER is subject to a claim based on product liability including recalls, the SUPPLIER is obliged to hold GRAMMER harmless and shall indemnify GRAMMER of all claims brought by third parties, as far as such claims have been caused by a defect of the product delivered by the SUPPLIER. In case GRAMMER's liability depends on an act of negligence or intent, the SUPPLIER is only liable if SUPPLIER itself acted in that manner.
- 14.2 Furthermore, and subject to clause 14.1, the SUPPLIER is obliged to reimburse GRAMMER for all costs and expenses concerning legal fees and recalls. GRAMMER shall inform the SUPPLIER - as far as possible and reasonably expectable - about the extent of such recall and the SUPPLIER shall explain his view on this matter. The SUPPLIER is obliged to take out and maintain such recall and liability insurances with an adequate insured amount for each personal injury / material-damage.

15 CANCELLATION RIGHTS

- 15.1 GRAMMER shall have the option to terminate the supplier relationship giving 3 months' notice to terminate at the end of a respective half-year (30.06./31.12.), unless a different project-specific provision has been agreed. GRAMMER's partial cancellation of the delivery of individual delivery items is possible. If a contract concluded in connection with this Agreement (e.g. tool contract) may be terminated on serious grounds, this right of termination shall also extend to the supplier relationship associated with it.
- 15.2 The right to written termination in the event of serious grounds shall remain unaffected by this. Serious grounds shall exist in particular if (i) the Supplier fails to comply with the agreed quality standards,; (ii) one of the Parties files for insolvency or becomes unable to pay into accordance with Article 17 of the German Insolvency Statute; (iii) if the Supplier is taken over by a competitor, irrespective of form (change of control), (iv) if one of the Parties breaches a significant contractual obligation and this breach is not rectified within 30 days in spite of a written reminder.
- 15.3 If the regulatory content of individual provisions in these terms and conditions extends beyond the end of the supplier relationship, these provisions shall remain effective even after the end of the supplier relationship. This shall apply unless expressly dispensed with in writing in individual cases, particularly in relation to the obligation regarding spare parts, warranty, product liability, insurance, keeping evidence and confidentiality.

16 GENERAL PROVISIONS

- 16.1 GRAMMER commits itself to the Verhaltensrichtlinie des Bundesverbandes für Materialwirtschaft, Einkauf und Logistik e.V. („BME Code of Conduct“) and expects its Suppliers and sub-suppliers to comply with this BME Code of Conduct or similar guidelines. The BME Code of Conduct is available at: <http://www.grammer.com/en/supplier-support/purchasing.html>



- 16.2 The parties agree that the courts having jurisdiction over the principal place of business of the ordering GRAMMER entity shall have exclusive jurisdiction.
- 16.3 The terms of any order including this Terms and Conditions shall be governed in accordance with the laws of the country of the ordering GRAMMER entity's principal place of business. Application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) of 11 April 1980 and the applicable conflict of laws principles are hereby expressly excluded. In the event that a third party brings to court a claim against GRAMMER for death, personal injury or property damage resulting from a product defect, GRAMMER may, at its discretion, conduct the court procedures necessary to enforce the indemnification against Supplier in terms of these Terms and Conditions. In such a case the laws of the forum state shall govern exclusively the rights and obligations of the parties involved.
- 16.4 If a provision is or shall become invalid, this shall not affect the validity of the other provisions. The contracting parties undertake to replace the invalid provision with another provision that most closely reflects the commercial intention of the original provision.
- 16.5 Additional agreements have not been reached. Amendments or additions shall only be possible in writing. This also applies to amendments to this written form clause.
- 16.6 For the purpose of executing this Agreement or any amendment or supplement thereof, facsimile signatures, PDF image signatures or electronic signatures rendered via an electronic signature service (e.g. DocuSign, AdobeSign) shall be treated as original signatures if in accordance with the applicable law and any such document shall be deemed to be in writing.