

General Terms and Conditions of Purchase of Pierburg GmbH and Pierburg Pump Technology GmbH Version: 2015

1. Scope of Application

1.1 The Terms and Conditions of Purchase of Pierburg GmbH and Pierburg Pump Technology GmbH (hereinafter individually referred to as the "Buyer") shall apply exclusively. Opposing terms of the Seller or terms that deviate from these Terms and Conditions of Purchase shall not apply unless the Buyer has expressly agreed to their validity in writing in individual cases.

1.2 These Terms and Conditions of Purchase shall also apply if the Buyer effects payment for or accepts delivery from the Seller without reservation in full knowledge of opposing terms of the Seller or terms that deviate from its own Terms and Conditions of Purchase. These Terms and Conditions of Purchase shall form part of all orders by the Buyer. They shall also apply to follow-up orders without the Buyer again having to refer to these terms.

1.3 The Terms and Conditions of Purchase of the Buyer shall only apply in B2B-relations.

2. Offers – Contractual Documents

2.1 Offers by the Seller shall be submitted in writing. Cost estimations shall not be subject to a charge.

2.2 The Buyer shall reserve property rights and copyright to all illustrations, drawings, calculations, models, equipment, samples, and other documents provided to the Seller by the Buyer for purposes of creating the offer or fulfillment of the contract. The Seller shall grant the Buyer unlimited, irrevocable, and non-exclusive usage rights to all illustrations, drawings, calculations, models, equipment, samples, and other documents of the Seller.

2.3 The documents and objects listed in Item 2.2 Clause 1 may not be made available to third parties unless the Buyer has given prior written consent for their forwarding. The documents and objects shall be used exclusively for processing of the order or fulfillment of the contract and shall be returned to the Buyer or irreversibly destroyed after such processing without prompting.

3. Buyer's Orders

3.1 Where an order that legally qualifies as an offer by the Buyer is not confirmed in writing by the Seller within ten days, the Buyer shall be entitled to withdraw the order within additional 14 days. This withdrawal shall not provide the Seller with grounds for any claims.

3.2 Where confirmation by the Seller deviates from the order, the Buyer shall be expressly informed in this regard. In such cases, a contract shall only come into effect once the Buyer has approved the deviations in writing. Silence on the part of the Buyer in respect of a confirmation that deviates from the order shall be deemed to be a rejection.

3.3 Orders shall only become binding on the Buyer once they have been placed or confirmed by the Buyer in writing. This shall also apply to additions and modifications. In case of deliveries that are not based on a proper written order, the Buyer may refuse to accept and pay for the goods. Printouts created in the course of data processing shall not require a personal signature to become binding. In the event of ambiguities in the order, these must be clarified by means of a written query from the Seller.

4. Prices – Conditions of Payment

4.1 Where no deviating written agreement exists, the price shall include delivery "DAP Buyer's plant" (Incoterms 2010), packaging included.

4.2 Statutory VAT shall not be included in the prices.

4.3 Payment shall be made 14 days after receipt of the invoice, goods, and all delivery documentation with a 3 % discount or 30 days after receipt of invoice, net without any deductions, at the Buyer's option. Assignment of the invoiced amounts to third parties shall not be permitted.

4.4 Changes due to subsequent cost increases shall, irrespective of the reason, be excluded to the extent that no other agreements have been reached.

4.5 Should prices in exceptional cases have been agreed ex plant, ex Seller's warehouse, or ex third-party warehouse, all costs incurred until handover to the shipping company, including loading of the goods, shall be for the account of the Seller.

4.6 Payment of the goods shall not constitute acceptance of their contractual conformity.

4.7 The Buyer and all its affiliated companies (§ 15 AktG) (Aktiengesetz – German Stock Corporation Act) shall be entitled to offset their claims and claims of their affiliated companies against claims of the Seller.

5. Deliveries – Delay

5.1 The delivery dates specified in the order shall be binding. Receipt of the goods at the designated place shall be decisive for punctual delivery.

5.2 The Seller shall be obliged to inform the Buyer immediately in writing where circumstances arise or come to its attention which indicate that compliance with the agreed delivery time may not be possible. Where the Seller violates this notification duty, it shall also be liable for delivery delays for which it is not responsible. Silence to this notification shall not be deemed to imply acceptance of a new delivery date indicated by the Seller.

5.3 In the event of delayed delivery, the Buyer shall be entitled to demand a pro rata amount of 0.5 % of the contract amount for the outstanding delivery portion for each commenced week as liquidated damages for delayed performance, but no more than a total of 5 %. The Seller shall have the right to provide proof that no damages or significantly lower damages were incurred as a result of the delay. Further statutory claims shall remain unaffected by this provision; in particular, the Buyer shall remain entitled to demand further compensation for damages and to withdraw from the contract.

5.4 Where the Buyer is prevented from accepting delivery as a result of force majeure or circumstances that it is unable to avert despite reasonable care (e.g. labor disputes, operational disruptions, unforeseen and unavoidable manufacturing conversions, and other circumstances that result in a reduction in demand), the Buyer may request delivery for a later point in time without claims by the Seller against the Buyer arising from this.

5.5 A delay in acceptance presupposes that the Seller has issued a written request to the Buyer for acceptance of the goods, allowing a period of at least two weeks. Delayed acceptance is, however, excluded where the Buyer was permitted to refuse acceptance of the goods.

5.6 Partial deliveries shall only be permitted with the express consent of the Buyer.

5.7 Where (partial) deliveries take place before the agreed date, the Buyer shall reserve the right to return or store the goods that have been delivered prematurely at the risk and cost of the Seller.

5.8 Every shipment shall contain a delivery note in duplicate. The delivery notes must include details of the content as well as the Buyer's order number.

5.9 The goods shall be suitably packaged according to general rail and forwarding conditions.

6. Invoices

6.1 Invoices shall be forwarded separately from the delivery, in single copy.

6.2 The dimensions, weights, and quantities determined by the Buyer shall be exclusively decisive for billing.

6.3 Invoices can only be processed by the Buyer where these include the relevant order number and necessary tax-related details as per the details specified in the order; the Seller shall be responsible for all consequences resulting from non-compliance with this obligation, unless it can prove that it is not responsible for this.

7. Manufacturing Equipment

7.1 Insofar as the Seller uses manufacturing equipment exclusively for the goods intended for the Buyer, the Seller shall grant to the Buyer the preemptive right to acquire ownership of such manufacturing equipment by paying the respective time value to the Seller.

7.2 The manufacturing equipment paid by the Buyer shall be the property of the Buyer.

7.3 The manufacturing equipment may not be modified, duplicated, disposed of, transferred by way of security, pledged, or forwarded in any other way without the express, written consent of the Buyer. Furthermore, the Seller shall undertake to use the manufacturing equipment exclusively for production of the goods ordered by the Buyer.

7.4 The Seller shall keep the manufacturing equipment in its possession on behalf of the Buyer. The Buyer shall have the right to request handover of the manufacturing equipment at any time. The Seller shall have no right of retention in this regard.

7.5 The manufacturing equipment shall be clearly marked as property of the Buyer or as instructed by the same.

7.6 The Seller shall be responsible for insuring the manufacturing equipment at original value against theft, fire, lightning, explosion, storm, mains water and, where applicable, sprinkler leakage at its own expense. Any maintenance and inspection activities required shall be performed by the Seller at its own expense and in good time.

7.7 The Buyer shall immediately be informed of any disruptive incidents; where the Seller culpably neglects to provide such notification, claims for compensation of damages shall remain unaffected.

7.8 Manufacturing equipment may only be scrapped after a period of 15 years following end of production at customers of the Buyer if this has been approved in writing by the Buyer; scrapping shall in any event be announced in advance in writing.

8. Quality – Spare Part Supply

8.1 The goods must have the characteristics or features specified by the Buyer as agreed qualities. Concerns on the part of the Seller regarding the characteristics or features specified by the Buyer must be made known to the Buyer immediately in writing.

8.2 Where the Buyer requests sample parts, series production shall only begin after written approval of the samples is provided by the Buyer.

8.3 The goods must comply with relevant applicable statutory accident prevention provisions, VDE regulations, accepted state-of-the-art technology and other statutory provisions.

8.4 The Seller shall be obliged to provide the Buyer with spare parts on request for a period of 15 years following end of production and to ensure an option for subsequent production in this regard.

9. Warranty

9.1 The Buyer shall have the right to decide whether to have a defect remedied or new goods supplied. The place of cure shall be the place of performance.

9.2 The Buyer shall have the right to withdraw from the contract, reduce remuneration, or demand compensation instead of the performance where the Seller has not successfully provided cure within a reasonable period set. The Buyer shall also be entitled to reduce remuneration, request compensation instead of performance, or withdraw from the contract in the case of insignificant defects.

9.3 The Seller shall bear the costs for cure, which shall include costs incurred to the Buyer as a result of having to remove the defective goods and install the newly supplied or remedied goods. In case of cure, the Seller shall also be responsible for costs arising from relocating the goods to a location other than that of the place of performance after delivery.

9.4 Claims by the Buyer based on warranty shall expire within three years from handing over of the goods.

9.5 In all other cases, the Buyer shall have the right to unlimited assertion of statutory claims against the Seller.

9.6 The Buyer shall be obliged to check the supplied goods for damages pertaining to identity and quantity as well as for obvious exterior transport damage; additional inspection obligations for incoming goods shall not apply. A complaint shall be deemed to have been prompt if it is received by the Seller within ten working days from receipt of the goods or in the case of hidden defects, from the discovery of these defects. A complaint declared by the Buyer shall in all cases refer to the entire delivery insofar as it is not apparent that only individual components are affected.

10. Withdrawal from the Contract – Damages

10.1 Where the Seller does not fulfill the obligations assumed or does not fulfill these according to the contract, the Buyer may withdraw from the contract after unsuccessful expiry of a reasonable period for provision of performance and demand compensation instead of the performance.

10.2 The Buyer shall in particular have the right to withdraw from the contract where the Seller is in breach of its obligations pursuant to Items 2.2 and 2.3.

10.3 The Buyer shall also have the right to withdraw from the contract where the Seller suspends its payments or applies for the initiation of insolvency proceedings.

10.4 The right to extraordinary termination on important grounds – also of continuous obligations – shall remain unaffected.

10.5 To the extent that third parties bring claims for compensation against the Buyer on the basis of mandatory law, the Seller shall indemnify the Buyer upon first request insofar as the Seller is also directly liable and obliged to provide compensation to the Buyer internally.

10.6 The Seller shall undertake to maintain product liability insurance with a minimum cover of € 5 million and to provide proof of such insurance upon request. Where the Buyer is entitled to assert third claims for compensation of damages, these shall remain unaffected.

10.7 Where the Buyer or its customers take proper legal measures to avoid risks (e.g. a recall), the Seller shall bear the costs if and to the extent that it is responsible for the product defect, and shall indemnify the Buyer in this regard upon first request. The Seller shall provide proof to the Buyer of recall cost insurance with appropriate cover, at least, however, € 5 million.

11. Prohibition of Assignment – Subcontractors

11.1 Rights and obligations of the Seller arising from the contract may not be assigned or transferred without the consent of the Buyer.

11.2 Commissioning of a subcontractor shall require the prior written consent of the Buyer.

12. Infringement of Industrial Property Rights

The Seller shall assume responsibility for ensuring that the goods delivered to it are not in breach of any national or international industrial or other property rights. The Seller shall indemnify the Buyer internally against all claims for compensation and other claims asserted against the latter in this regard due to breach of this obligation upon first request.

13. Compliance Clause

13.1 The Seller shall guarantee to comply fully with the relevant applicable statutory requirements of the production country and the countries in which the Buyer has its registered office and the Buyer's plant is located in terms of manufacture of the goods produced by the Seller. It shall also undertake to commit subcontractors to this compliance obligation. The Seller shall in particular be obliged not to assign persons to the manufacture of goods or the provision of services in such a way that the activity involved may be qualified as child labor. Accordingly, the Seller shall be obliged to make reasonable efforts to establish whether its suppliers in turn utilize or exploit child labor.

13.2 The Seller shall guarantee that it does not make use of any illegal practices, such as monetary donations or other gifts to employees of the Buyer or their relatives for purposes of receiving orders from the Buyer. The Buyer shall be entitled to extraordinary termination of all contracts in the event that it discovers such breaches, irrespective of the apportionment of culpability to the Seller's company, insofar as employees of the Seller or persons commissioned by the same have committed a corresponding infringement. Furthermore, the Seller shall be obliged to compensate the Buyer for any damages arising from this.

13.3 The Seller shall guarantee to comply with all environmental regulations of the countries in which the goods are manufactured, as well as in the countries in which the Buyer has its registered office and the Buyer's plant is located. Insofar as the Buyer establishes that production does not take place within the framework of statutory stipulations in respect of environmental protection, the Buyer shall be entitled to extraordinary termination of all contracts.

13.4 The Seller shall undertake to comply with the requirements of the EU regulation concerning the registration, evaluation, authorization, and restriction of chemicals (Regulation (EC) No. 1907/2006; "REACH" Guideline), the EU directive on the restriction of use of certain hazardous substances in electrical and electronic equipment (Directive 2011/65/EU; "RoHS" Directive), the EU directive on end-of-life vehicles (Directive 2000/53/EC), and the Chemicals Prohibition Ordinance. Goods that do not fully comply with these requirements shall not be supplied to the Buyer.

14. Manufacturing Materials Provided

14.1 The manufacturing materials provided by the Buyer shall remain the property of the Buyer.

14.2 The Seller shall be obliged to store the manufacturing materials provided separately and to mark such materials as property of the Buyer. The Seller shall undertake to treat the manufacturing materials provided with care, and in particular to insure such materials at original value against theft, fire, lightning, explosion, storm, mains water and, where applicable, sprinkler leakage at its own expense.

14.3 The Seller processes or alters the manufacturing materials provided on behalf of the Buyer and no obligations shall arise for the Buyer. Where the Seller combines, mixes, integrates, or processes the manufacturing materials provided, the Buyer shall acquire joint ownership of the new product in proportion to the value of the manufacturing materials provided (final invoice amount) in relation to the value of the other processed, integrated, mixed, or combined items at the time of processing, integration, mixing, or combination. The same provisions shall apply to the object created through processing or combination as apply to the manufacturing materials conditionally provided. Where mixing or integration takes place in such a manner that the goods belonging to the Seller are considered to be the primary product, it is hereby agreed that the Seller shall grant the Buyer proportionate joint ownership. The Seller shall safeguard the resulting sole ownership or joint ownership on behalf of the Buyer.

14.4 The manufacturing materials provided may not be modified, disposed of, transferred by way of security, pledged, or forwarded in any other way without the express, written consent of the Buyer. In the event of pledge, confiscation, or other dispositions or interventions by third parties, the Seller shall immediately notify the Buyer. Furthermore, the Seller shall undertake to use the manufacturing materials provided exclusively for the production of goods ordered by the Buyer.

14.5 The Seller shall keep the manufacturing materials provided in its possession on behalf of the Buyer. The Buyer shall have the right to request handover of the manufacturing materials provided at any time. The Seller shall have no right of retention in this regard.

15. Confidentiality

15.1 The Seller shall undertake to treat as a trade secret all commercial or technical details not commonly known that it becomes aware of as a result of the business relationship.

15.2 The Buyer shall reserve property rights and copyright to all illustrations, drawings, calculations, samples, models, and similar documents and items, as well as data media. These items must be treated as confidential with respect to third parties and shall be used exclusively for the Buyer; after completion of the order they shall be returned to the Buyer without prompting and at no charge.

15.3 Subcontractors shall be bound to the same confidentiality obligations.

15.4 The Seller shall only refer to the business relationship for publicity purposes with the prior written consent of the Buyer.

16. Miscellaneous

16.1 The place of performance for deliveries shall be the place indicated by the Buyer. Where this has not been specified, deliveries shall be delivered to the Buyer's plant.

16.2 The place of jurisdiction for all disputes arising from this contract shall be Neuss. The Buyer shall, however, be entitled to file suit against the Seller at its general place of jurisdiction as well.

16.3 Contracts based on these Terms and Conditions of Purchase shall be solely subject to German law excluding its conflict-of-laws provisions and the UN Convention for the International Sale of Goods (CISG).

16.4 Separate agreements between the parties deviating from or supplementing these Terms and Conditions of Purchase shall take precedence.

16.5 Should one or several of the above provisions be ineffective in whole or in part, the validity of the remaining provisions shall remain unaffected by this. The invalid provision shall in that case be replaced by a legally valid provision that most closely approximates the meaning and purpose of these Terms and Conditions of Purchase.