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OVALO GmbH's General Terms and Conditions of Purchase, as of May 2016

1. Scope of Application

- 1.1 All of our purchase orders, contract conclusions and call-off orders (hereinafter together referred to as "order(s)") are based solely on the following Terms and Conditions of Purchase. We do not acknowledge any conflicting terms and conditions of the supplier or terms and conditions of the supplier which deviate from our Terms and Conditions of Purchase unless we have expressly consented in writing to their application. Our Terms and Conditions of Purchase also apply if we accept the supplier's supplies without reservation while being aware of conflicting terms and conditions of the supplier or terms and conditions of the supplier that deviate from our Terms and Conditions of Purchase or if the supplier, in its bid or confirmation of the order, refers to the application of its general terms and conditions of business.
- 1.2 Our Terms and Conditions of Purchase apply only in relation to entrepreneurs pursuant to Paragraphs 310, section 1, 14 German Civil Code (BGB).

2. Contract Conclusion -Amendments to the Contract

- 2.1 Our Orders are placed exclusively in written form. Any amendments and additions must likewise be made in writing. This particularly also applies to amendments to the specifications, composition, design, construction, the time and place of delivery of the goods or service, to the quality, quantities, means of transport, type of packaging or to the packaging or to any agreed production site. Written form is also fulfilled by remote data transmission, electronic form (particularly EDI or e-mail) or facsimile provided that no statutory provisions conflict.
- 2.2 The supplier must immediately confirm its acceptance of our Order to us in writing. If the supplier does not accept our Order within 10 working days following receipt, we shall be entitled to cancel it.
- 2.3 If the supplier provides us with pictures, drawings, calculations or other documents relating to the product, application or project we shall be entitled to copy said documents and to make them available to third parties.

3. Delivery -Delivery Time

- 3.1. The dates and deadlines stipulated in the Order are binding. The relevant date for determining whether the delivery date or the delivery time has been complied with is the date the goods are received at the agreed place of delivery.

- 3.2. Unless we have entered into a deviating agreement, delivery shall be made DDP (in accordance with Incoterms 2010) the place of delivery stipulated in the Order, or, if no place of delivery has been stated in the Order, DDP Anna-Ohl-Straße 2, 65555 Limburg/Lahn, Germany. If delivery DDP in accordance with the Incoterms 2010 has not been agreed, the supplier must make the goods available in time taking into account the usual time for loading and dispatch.
- 3.3 As soon as the supplier recognizes or ought to recognize that it cannot provide the goods or services in due time -either in whole or in part -it must immediately notify us thereof in writing stating the reasons and the expected duration of the delay. This shall also apply if the supplier is not answerable for said failure to provide the goods or services in due time. Any failure on our part to reply shall not constitute any acknowledgement of a new date or deadline and shall not affect our contractual and statutory rights and claims.
- 3.4 In the event of any delay we shall be entitled to the statutory claims. After a reasonable period has expired in vain, we shall particularly be entitled to demand damages in lieu of performance and rescission. If we demand damages, the supplier shall have the right to prove to us that it is not answerable for the breach of duty.
- 3.5 We do not agree to any disclaimers of the supplier and/or limitations or exemptions of the supplier's liability of any kind in the event of any delay in delivery.

4. Part Deliveries – Packaging – Transport – Dispatch – Documents

- 4.1 Part deliveries or part performances shall be permitted only with our express prior written consent. The acceptance of part deliveries or part performances shall not affect our contractual and statutory rights and claims.
- 4.2 Upon request by our office that placed the Order we must be advised of dispatch not later than when the goods are dispatched by being sent an advice of dispatch.
- 4.3 Our order number and the order date must be stated on all advices of dispatch, delivery notes, consignment notes and addresses on packages. A delivery note in duplicate must be enclosed with every delivery.
- 4.4 The supplier is under an obligation to package the products properly. In any event the supplier must package the products such that the products cannot be damaged.



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4.5 Unless otherwise agreed, the supplier must load, stow and fasten the products such that they can be transported safely. The products must be loaded such that when they are unloaded the products intended for us, other products, which are not being delivered to us, and other items cannot be damaged.

4.6 Any transport packaging must be taken back free of charge whenever we so demand even if we demanded that the delivery be handed over in the transport packaging. If the transport packaging is not taken back in the course of the delivery or within two weeks we shall be entitled to send the packaging material back or to dispose of it at the supplier's cost.

5. Prices – Invoices – Payment Terms

5.1 All agreed prices are fixed prices and, unless otherwise agreed, are not subject to any subsequent changes.

5.2 Unless otherwise agreed in writing, the price includes delivery DDP in accordance with Incoterms 2010 to the agreed place of delivery including packaging. The statutory value added tax is not included in the price and shall be charged separately in accordance with the statutory provisions.

5.3 Invoices must be sent separately enclosing a clearly marked duplicate and must comply with the provisions of the German Act on Value Added Tax and must in particular include the following details: Complete company name and the address of the registered company headquarters, supplier's tax number and VAT ID number, order number, description of the goods, part number, currency, value of the goods in the consignment (unit/total price).

5.4 Unless expressly otherwise agreed in the individual case, payment shall be effected following complete and proper delivery or acceptance and receipt of the invoice within 14 days with 3% cash discount, within 30 days net.

5.5 Payments shall be effected by bank transfer.

5.6 Our payments shall in each case be effected subject to correction or the right to reclaim payment if it subsequently transpires that the calculation is incorrect and subject to the condition that the goods are properly received. Payments shall not imply any acknowledgement that the delivery or performance is in accordance with the contract.

6. Quality – Quality Assurance – Documentation

6.1 All delivery items must comply with the specifications, drawings and other details stipulated in the Order as well as the statutory provisions applicable at the time of the delivery,

the safety regulations, the relevant rules and regulations of trade associations, professional associations (in the case of suppliers of automotive components particularly the VDA) (VDA = Verband der Automobilindustrie = German Association of the Automotive Industry), the trade supervisory authority and TÜV as applicable from time to time, the current state of the art and must be fit for the intended purpose. In cases of doubt, the supplier must enquire about the intended use or the type of further processing.

6.2 The supplier must carry out a quality control, which is appropriate in terms of its nature and scope, and which complies with the latest state of the art and must prove this to us upon request. According to prior agreement he shall conclude a corresponding quality assurance agreement with us, on the basis of QS 9000 and/or VDA 6 Part 1 and/or TS 16949 or any succeeding or additional standards.

6.3 If we or our customers request the introduction, preparation and administration of material data sheets and of other product certificates or certificates of manufacture, usual in trade with vehicle components, the suppliers of automotive components undertake - with regard to the products to be supplied by them - to likewise comply with said request. Therefore they have to provide us with all of the information, data and documents needed for proof to our customers and usual in trade with vehicle components.

6.4 Upon request by us, the suppliers of vehicle components shall be obliged to provide a sample, an initial sample test report, a specimen and data sheets. The properties of the sample or specimen and the particulars in the data sheets are deemed to have been agreed. The same applies to the particulars in factory certificates. The supplier is under an obligation to conduct all necessary checks for production safety and to achieve the agreed quality and the agreed properties and to prove this to us upon request. Modifications of the goods ordered by us are subject to our prior written confirmation.

6.5. For the suppliers of vehicle components we additionally refer to the VDA document volume 2 "Sicherung der Qualität von Lieferungen – Lieferantenauswahl / Produktionsprozess – und Produktfreigabe / Qualitätsleistung in der Serie" ["Assurance of the Quality of Supplies - Choice of Suppliers / Production Process -and Product Release / Quality Performance in the Series", latest version. The supplier declares that it is willing to conclude a quality assurance agreement with us upon request.

6.6. The supplier of vehicle components undertakes to set up and maintain a system for traceability



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and identification of faults in the products, which, in the event of any faults in the products, allows said faults to be isolated and traced in terms of time and in terms of quantity. In so doing the supplier must record in its quality records and in respect of all products when, how and who guaranteed that the supplies have been manufactured free from defects. Said proof must be kept for 15 years starting with the delivery date of the corresponding product and submitted to us when needed. The supplier shall be entitled to shorten the period for which the proof must be kept if it can rule out any risk for life and health whenever the products are used. The supplier must impose an obligation on upstream suppliers to the same extent within the ambit of the statutory possibilities. As a guide for the suppliers of automotive components reference is made to the VDA document "Nachweisführung – Leitfaden zur Dokumentation und Archivierung von Qualitätsforderungen" [Providing Proof-Guidelines on Documentation and Archiving Quality Requirements], as applicable from time to time.

6.7. If authorities, who are responsible for vehicle safety, regulations on exhaust emissions and suchlike, demand that we or our customers allow them to inspect the production process and the audit documentation in order to check certain requirements, the suppliers of vehicle components declare that they are willing, upon request by us, to grant them the same rights in their plant and in so doing to give them all reasonable support.

7. Outgoing Goods Inspection - Incoming Goods Inspection - Notice of Defects

7.1 The supplier must deliver the goods having inspected them carefully. The supplier is particularly obliged to check whether the goods comply with the specifications stipulated in the Order and are free from defects prior to outbound delivery. If goods are delivered in breach of the obligation to inspect the outgoing goods the supplier cannot plead that we have breached our duties in connection with the incoming goods inspection.

7.2 As part of the incoming goods inspection we are only obliged to conduct a random check without undue delay as to whether the goods delivered comply with the quantity ordered and the type ordered and whether there is any transport damage that is visible from the outside or whether there are any defects that are visible from the outside. No further duties to inspect (especially pursuant to Paragraph 377 German Commercial Code (HGB)) are incumbent upon us.

7.3 Our notice of defects shall be in good time provided it is received by the supplier within a period of 5 working days calculated as of the date of receipt of the goods in the case of defects which are visible in the incoming goods inspection under point 7.2, or in the case of hidden defects, calculated as of discovery at the supplier.

8. Warranty Claims

8.1 Warranty claims shall be time-barred upon the expiry of 36 months after the passing of risk unless statute provides for a longer limitation period or the mandatory provisions of Paragraphs 478, 479 German Civil Code (BGB) apply or we have agreed a different limitation period.

8.2 Our statutory warranty claims may not be restricted. In the case of sales contracts and contracts for work and materials we can, at our option and within a reasonable additional period of time/extension of the deadline, demand a rectification of the defect (subsequent rectification) or delivery of goods that are free from defects (subsequent delivery of replacement goods). In urgent cases (if the supplier is late with rectifying a defect or if due to the concrete risk of unusually high damages an approach to the supplier is not possible within due time) we are entitled - even if the law governing contracts of sale applies - to eliminate defects ourselves, or to have said defects eliminated by third parties, at the supplier's cost and risk. However, in the event that the law governing contracts of sale applies, this does not apply if the supplier is answerable for the defect. In any such cases the supplier must reimburse us the necessary costs and expenses. The supplier shall thereby particularly bear all of the costs and expenses in connection with the determination and elimination of the defect including to the extent said costs and expenses are incurred by us, particularly the cost of the examination, removal and re-installation, labor costs, cost of materials, transport costs and other costs in connection with the subsequent rectification or subsequent delivery of replacement goods. This also applies if the expenses increase because the delivery item has been transported to somewhere other than the place of performance; however not if the costs incurred are disproportionate. The type of supplementary performance chosen by us and the supplementary performance itself may not be refused on the ground that it is only possible at a disproportionate cost if the cost of the (chosen) supplementary performance does not exceed the original purchase price of the



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defective goods by more than a multiple of three.

- 8.3 Apart from that the statutory provisions on warranty claims shall apply. We remain at liberty to assert more far-reaching claims, particularly the right to damages in lieu of performance.
- 8.4 We do not agree to any disclaimers and/or limitations or restrictions of our statutory rights to damages because of defects of whatever kind.

9. Product Liability– Indemnity – Third-Party Liability Insurance Cover

- 9.1 As far as the supplier is responsible for this he is obliged to indemnify us against claims by third parties in connection with the liability of manufacturers and product liability provided that the fault giving rise to the liability is attributable to a product delivered by the supplier and the supplier does not succeed in proving that the cause of the fault does not result from its sphere of control or organization.
- 9.2 Under its liability for damages within the meaning of point 9.1 the supplier is also obliged to reimburse any expenses in accordance with Paragraphs 683, 670 German Civil Code (BGB) or pursuant to Paragraphs 830, 840 and 426 German Civil Code (BGB) that arise out of or in connection with any recall campaign. We shall, to the extent possible and reasonable, notify the supplier of the content and extent of the recall measures to be carried out and give it an opportunity to comment. This shall be without prejudice to any other statutory rights.
- 9.3 The supplier is obliged to maintain a reasonable amount of third-party liability insurance and to provide us with proof thereof upon request; any further-reaching claims shall remain unaffected hereby.

10. Defects of Title

- 10.1 The supplier guarantees that no third-party rights, particularly no intellectual property rights, are infringed in connection with its delivery or performance. This applies with regard to intellectual property rights, copyrights and applications for intellectual property rights (hereinafter referred to as "IPR"), of which at least one of the IPR family has been published either in the supplier's home country, by the European Patent Office or in one of the states of the Federal Republic of Germany, France, Great Britain, Austria, or the USA.
- 10.2 If we are sued by a third party because of an infringement of rights as described in point 11.1 the supplier shall be obliged to indemnify and hold us harmless from and against said claims. We are not entitled to enter into any agreements whatsoever with the third party in particular not

to conclude any settlement without the supplier's consent.

- 10.3 The supplier's indemnity obligation relates to all expenses necessarily incurred by us arising out of or in connection with the action taken by the third party.
- 10.4 Upon request, the supplier shall disclose the use of published and unpublished IPR of its own or licensed IPR used in its goods or services.
- 10.5 In all other respects the regulations on warranty claims contained in point 8 of these Terms and Conditions of Purchase shall apply to any defects in title.

11. Documents – Materials or Equipment Provided - Tooling -Confidentiality

- 11.1 We reserve title to and copyrights in any pictures, drawings, calculations and other documents and information disclosed by us or provided by us; they may not be made accessible to third parties without our express written consent. They must be used exclusively for fulfilling our Order; after the Order has been processed they must be returned to us unasked for.
- 11.2 If we provide parts to the supplier we reserve title thereto. Any processing or transformation by the supplier is undertaken on our behalf. If our reserved goods are processed with other property not belonging to us, we shall acquire co-ownership of the new goods in the proportion which the value of our goods (purchase price plus value added tax) has to the value of the other processed property at the time of processing.
- 11.3 If the goods provided by us are inseparably mixed with other property not belonging to us, we shall acquire co-ownership of the new goods in the proportion which the value of the reserved goods (purchase price plus value added tax) has to the value of the other mixed property at the time of mixing. If the goods are mixed in such a way that the supplier's goods are to be considered as the main goods, it shall be deemed to be agreed that the supplier shall transfer co-ownership to us pro rata; the supplier shall hold the sole title or co-ownership on our behalf.
- 11.4. Prior to start of production the supplier has to examine materials or devices possibly supplied by us for defects and also execute an identity check. If the supplier determines defects in the materials supplied by us, we must be informed immediately. During production the supplier will carry out further tests insofar as this has been specifically agreed with us or is required according to its quality management system.



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11.5 We reserve title to tooling, which we provide to the supplier for fulfilling our Orders; the supplier is under an obligation to use the tooling solely for manufacturing the goods ordered by us. The supplier shall be under a duty to insure the tooling for its replacement value against damage due to fire, water or theft at the supplier's own cost. At the same time the supplier hereby already assigns to us all claims to compensation arising out of said insurance; we hereby accept said assignment. The supplier is under a duty to carry out any servicing and inspection work on our tooling that may be necessary and to carry out all maintenance and repair work in a timely manner at its own cost. It must notify us of any irregular incidents immediately; if he intentionally or negligently fails to do so any claims for damages shall remain unaffected.

11.6 If the security interests to which we are entitled under point 11.2 and/or point 11.3 exceed the purchase price of all our reserved goods that have not yet been paid for by more than 10%, we shall, upon the supplier's request, be obliged to release security interests at our option. The supplier must treat all items owned by us, and which we provide to the supplier temporarily in the course of implementing the contract, with care and must, at its cost, maintain them in a usable condition, in particular it must look after them and service them properly and in a workmanlike manner, mark them in a clearly visible manner as our property and avoid our property being mixed with its property or with the property of third parties. The items provided by us may be employed and used solely for the purposes of fulfilling our Orders.

11.7 We are entitled to take back or to demand the return of all items owned by us and which we provide to the supplier temporarily in the course of implementing the contract, at any time, without a reason and without any payment whatsoever.

11.8 The supplier is under a duty to keep all of the pictures, drawings, calculations and other documents and information received from us strictly confidential. They may be disclosed to third parties only with our express consent. The confidentiality obligation continues to apply after this contract has been processed; it shall lapse if the production know-how contained in the pictures, drawings, calculations and other documents provided have become generally known.

11.9 Subcontractors must be obliged accordingly.

12. Reservation of Title – Other Security Interests of the Supplier

We only accept our suppliers' provisions on the reservation of title in the form of an ordinary reservation of title (reservation of the supplier's title until payment of the respective supplies concerned). Any more far-reaching forms of reservation of title -particularly so-called extended or prolonged reservations of title as well as extended group reservations of title and other security rights are excluded.

13. Liability Ceilings / Limitations of Liability

Irrespective of the legal ground, the supplier is liable under the statutory provisions and these Terms and Conditions of Purchase without restriction. We do not agree to, and hereby expressly object to, any limitation of our statutory and contractual claims to damages (particularly arising out of liability for late performance, liability for defects and product liability) both in terms of the degree of fault and in terms of the scope of liability and the amount of liability.

14. Rights of Retention – Prohibitions of Set-Off – Assignment

14.1 We shall be entitled to the statutory possibilities of set-off and rights of retention without restriction. We do not agree to any restriction of said rights.

14.2 The assignment of any claims against us shall only be legally effective with our written consent.

14.3 The supplier shall have rights of retention only insofar as the supplier's counterclaims have become final and absolute, are undisputed or have been acknowledged by us. Furthermore, the supplier shall be authorized to exercise a right of retention only insofar as his counterclaim is based on the same contractual relationship.

15. Export Control – Customs

15.1 The supplier is obliged to inform us in its business documents of any license requirement for (re-)exporting its goods under German, European, US export and customs regulations as well as the export and customs regulations of the country of origin of its goods. For this the supplier shall, at least in its bids, confirmations of orders and invoices, state the following information for the goods concerned:

- the export list number under Appendix AL to the German Foreign Trade and Payments Regulations or comparable list positions of relevant export lists,
- for US goods the ECCN (Export Control Classification Number) pursuant to the US Export Administration Regulations (EAR),
- the trade-policy origin of its goods and of the



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components of its goods, including technology and software,

- whether the goods have been transported through the USA, manufactured or stored in the USA or produced with the aid of North American technology,
- the statistical goods number (HS Code) of its goods and
- a contact person within its company undertaking to clarify any queries we have.

15.2 The supplier shall be obliged upon request by us to notify us in writing of all other foreign trade data pertaining to its goods and their components and to inform us in writing and without undue delay (prior to delivery of goods affected thereby) of any and all changes to the above data.

15.3 The supplier is obliged to, upon request, give a supplier's declaration in accordance with the EC Regulation as applicable from time to time and to notify us in writing and without undue delay of any change in the originating status of the goods delivered.

16. Occupational Safety – Environmental Protection

The supplier has to ensure that its deliveries and services comply with the applicable relevant regulations for environmental protection, accident prevention and occupational safety as well as other safety-related laws, standards and other relevant rules and regulations. In particular, the supplier has to ensure that adverse effects on humans and the environment can be avoided or reduced. For this, the supplier should establish and further develop an appropriate management system, e.g. according to DIN EN ISO 14001 or equivalent type. The supplier has to comply with or apply to the relevant regulations concerning the use and placing on the market of dangerous substances which are contained e. g. in the European Chemicals Regulation (REACH), the Chemicals Act, **the regulation for restriction of the use of certain substances (ROHS)** and the Ordinance on Hazardous Substances. Furthermore, the supplier has to consider the relevant regulations for the disposal of waste and residual materials and indicate any requirement regarding product handling, storage and waste disposal.

17. Conformity with Laws

The supplier warrants to us that it shall -during the term of and when implementing a contract concluded with us -comply with the respectively applicable laws, regulations and other legal provisions and trade practices that apply to the supplier's field of business, particularly concerning the development, manufacture, sale,

transportation, export and certification of the products supplied by it. This particularly concerns the statutory regulations on the safety and environmental implementation and on the processes of technical products, the generally accepted rules of technology and the other provisions that reflect the state of the art at the time of the supplies. The supplier is prepared to confirm compliance with the above laws etc. in writing upon request by us. The supplier shall reimburse us for any and all damage and costs that are incurred due to any intentional or negligent failure on the part of the supplier to comply with the above regulations and shall indemnify us against any claims raised against us by third parties in this connection.

18. Spare Parts Supply

18.1 The supplier is obliged to ensure a supply of spare parts for the products for a reasonable time period. The minimum period for products that are installed in a vehicle, or used as a component of such product is 15 years after the end of the products' series production, unless the intended lifetime for each of the products is less than 15 years.

In this case, the supplier undertakes to guarantee the supply of spare parts for the actually intended service life.

Before setting the manufacture or distribution of the products the supplier has to inform us in due time to give us the possibility of a final order for all-time requirements.

18.2 Unless otherwise agreed, the price for spare parts is the current price, which is agreed upon in the contract.

19. Law – Place of Jurisdiction – Place of Performance

19.1 The governing law shall exclusively be the law of the Federal Republic of Germany to the exclusion of the provisions of private international law. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded.

19.2 If the supplier is a merchant the place of jurisdiction shall be our place of business; we shall, however, also be entitled to sue the supplier at the court that has jurisdiction for its place of residence.

19.3 Unless otherwise stipulated in the Order, the place of performance shall be our place of business.