



BRIGHT MINDS,
BRIGHT LIGHTS.

General Terms and Conditions of Purchase

of ZKW Group GmbH and all affiliated companies of the ZKW Group

Rottenhauser Straße 8
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Change directory – history

Index	Date	Description of amendments	Position
A	31.03.2015	Creation	F/CPS / Greindl
B	06.04.2017	Change to ZKW Group and affiliated comp.	O/SF/Greindl
C	15.05.2017	Chapter 25 "Change Management": added requirement	O/GP-SF /Greindl
D	15.02.2018	<ul style="list-style-type: none">- Renaming packaging guidelines to Logistics Requirements– Chapter 5- Supplementation complaints results of findings- Chapter 16- Increase in flat rate amount from EUR 110.00 to EUR 250.00 – Chapter 16- Adjustment warranty period to 42 months – Chapter 16- Passage IATF 16949 was supplemented – Chapter 21Supplementation passage results self-assessments– Chapter 24- Letter relating to "Conflict Materials" was added. – Chapter 21	G/GP-SF/Greindl
E	30.04.2018	chapter 24: added minimum Standard SPICE LEVEL 2 by software development	G/GP-SF/Greindl



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0. Definitions

In these General Terms and Conditions of Purchase of ZKW Group GmbH and affiliated companies, the following terms have the following meanings:

Order	The Buyer's request in written or electronic form directing the Supplier to provide goods or services, including any amendments.
Incoterms	The commercial terms published by the International Chamber of Commerce referred to as "Incoterms 2010".
Buyer	Any company of the ZKW Group which entered into a Supply Contract with the Supplier.
Customers	Customers of the ZKW Group
Long Lead-Time Components	Raw materials with delivery periods of more than ten (10) calendar weeks.
Delivery Call-off	Purchasing declaration made by the Buyer vis-à-vis the Supplier, specifying a certain quantity of Goods to be delivered, including the Delivery Date and, where appropriate, the time and destination of the Goods to be supplied.
Supplier	The contracting party to which the Order is addressed or the party countersigning the Supply Contract.
Delivery Date	Predefined point in time for the delivery of Goods specified in the Order or the Delivery Call-off or otherwise agreed upon between the parties.
Supply Contract	Any Order accepted by the Supplier or any agreement on the supply of Goods or the provision of services concluded in any other way.
Industrial Property Rights	All patents, utility models and registered designs, trademarks, copyrights or other rights in intellectual property.
Specifications	Drawings, specification manuals, ZKW standards and other requirements defining the required nature and properties of the goods.
Goods	Products, parts, components, systems and related services or any other services the Supplier provides to the Buyer.
Tools	All tools including any related equipment such as, e.g. templates, matrices, measuring instruments, devices, moulds, samples and related software, drawings and other related documents required for producing the Goods.
Buyer's Tools	All Tools of the Supplier belonging to the Buyer or the Buyer's Customers in the form they have at the time the Buyer claims the Tools from the Supplier. In particular, this includes all related equipment, any maintenance works and replacements, additions, supplements, fittings and materials.



1. General provisions:

- a. All supplies and services of the Supplier shall be effected by the Buyer exclusively on the basis of these General Terms and Conditions of Purchase, including the addendum applicable in each case.
- b. Any amendments and additions shall be made in writing. Any other General Terms and Conditions shall be void even if they were not expressly contradicted in the individual case. In general, the Buyer's current quality guidelines and packaging provisions shall apply.

2. Order(s) and order confirmation

- a. The specific requirements (forecasts, Orders, Delivery Call-offs) as well as advance shipping notifications for serial supplies shall be communicated and coordinated between the Buyer and the Supplier primarily by EDI; e-mail or fax may also be used. The Buyer and the Supplier shall agree upon the EDI formats and information to be exchanged and contact persons of the two parties in an individual document. A data format customary in the automotive industry (EDIFACT, VDA, ODETTE) shall be used as the standard for communication.
- b. An Order may be cancelled by the Buyer before acceptance at any time and without incurring any liability vis-à-vis the Supplier. An Order shall not constitute an acceptance of the Supplier's offer, unless acceptance of the offer is expressly specified in the Order. The contents of the offer made by the Supplier shall become subject of the agreement only if referred to by the Buyer in the Order and only where this does not contravene any other Order particulars.
- c. The Order and the General Terms and Conditions of Purchase shall be deemed accepted by the Supplier in their entirety and without any amendments if the Supplier accepts an Order in writing or via electronic data exchange system or starts supplying goods or services that are an object of the Order. These General Terms and Conditions of Purchase constitute the Supply Contract exclusively. Any deviating conditions shall be binding only upon written confirmation of the Buyer. Conclusive acceptance of deviating conditions by acceptance without any reservations or by payment of Goods by the Buyer shall not be admissible.
- d. The Delivery Call-off is transmitted by the Buyer to the Supplier's production site by means of standard EDI as needed (in case of amendments) for each object of the contract (part number). The most recent Delivery Call-off shall be binding and replace previous versions. In case of disruptions of the EDI connection or short-term amendments regarding the requirements, the Delivery Call-off may be transmitted to the Buyer by e-mail or fax as a backup solution.
- e. Supply Contracts as well as any amendments and additions shall be made in writing. Delivery Call-offs within the scope of a framework agreement may also be effected by telecommunication.
- f. The Buyer is not obliged to pay for Goods, unfinished goods or materials exceeding a predefined upper limit. This also applies to Goods, unfinished goods or materials which are part of the common stock of the Supplier or are to be marketed otherwise. The upper limit for any payments of the Buyer is the amount that the Buyer would have had to pay if the Buyer had not terminated the Supply Contract, but no more than the amount corresponding to a monthly supply of finished products and the predefined safety stock of finished products.

3. Delivery and performance dates

- a. The specific requirements (forecasts, Orders, Delivery Call-offs) as well as advance shipping notifications for serial supplies shall be communicated and coordinated between the Buyer and the Supplier primarily by EDI; e-mail or fax may also be used. The Buyer and the Supplier shall agree upon the EDI formats and information to be exchanged and contact persons of the two parties in an individual document. A data format customary in the automotive industry (EDIFACT, VDA, ODETTE) shall be used as the standard for communication.
- b. Quantities and Delivery Dates shall be specified exclusively in Orders or Delivery Call-offs. The Supplier shall ensure that the capacities required in order to fulfil the delivery obligations (quantities including quantity forecasts) from Orders or Delivery Call-offs are available.
- c. The Delivery Call-offs received shall be reviewed for plausibility and feasibility, in particular with regard to quantities, dates and master data (destination address, point of unloading, etc.). Delivery Call-offs shall be deemed confirmed unless the Supplier



- raises an objection in writing within two (2) business days. Deviations shall be agreed upon individually in writing with the Buyer's responsible staff.
- d. Within the scope of annual operational planning, the Buyer shall submit to the Supplier the planned annual purchase quantity for the following calendar year. These figures shall serve as a basis for the Supplier's material and capacity planning, in particular for the components referred to as Long Lead-time Components. In addition, the Buyer shall provide the Supplier with Delivery Call-offs as needed, which – besides short-term Suppliers and Delivery Dates – contain a rolling forecast (based on weeks) for a period of four (4) months. On the basis of the logistics parameters agreed upon, the Supplier shall ensure continuous supply upon the individual Delivery Call-offs by procuring and storing the corresponding raw materials. Any impending delays in delivery shall be reported to the Buyer without delay as soon as they have become known.
 - e. The Buyer may adjourn Delivery Call-offs for up to three (3) months without incurring any claims on the part of the Supplier to change the prices of the Goods or to receive payment of the costs or damages.
 - f. Without the Buyer's prior written consent, the Supplier shall neither have the right to exchange materials, nor to change the place of production, the manufacturing process or the Specifications of the Goods.

4. Default in delivery, partial deliveries

- a. The agreed Delivery Dates and periods shall be binding. The receipt of Goods by the Buyer or at the destination specified by the Buyer shall be decisive for compliance with the Delivery Date, the delivery period and the delivery quantity.
- b. Delays in delivery or performance shall be reported in writing without delay, including reference to the reasons and the expected time of delay. If the agreed Delivery Date is not adhered to due to circumstances that are in the Supplier's sphere of responsibility, the Buyer shall be entitled to either claim damages on the grounds of non-fulfilment, to obtain replacement from third parties or terminate the agreement.
- c. During the development and pre-production stage, the following terms shall apply: In case of default, a penalty of up to ten (10) times the order value (sample supplies only), but at least EUR 2,000 (two thousand euros), may be imposed on the Supplier; this penalty shall be due without extending the delivery period and is not subject to the court's right to reduce or abate the penalty. The penalty shall be asserted by the time of series approval of the product ordered.
- d. In case the Goods are delivered earlier than agreed, the Buyer shall reserve the right not to take over the Goods and to send them back at the Supplier's expense. If the Goods are not sent back, the Goods shall be stored by the Buyer at the Supplier's expense and risk up to the Delivery Date.
- e. Deliveries have to be made in principle within the business hours of the respective ZKW production facility (Monday to Friday from 6:00 to 18:00). Deviations from the defined delivery times must be agreed with the responsible planning department.
- f. Partial deliveries shall only be accepted if explicitly agreed upon. If partial deliveries have been agreed upon, the remaining quantity shall be stated.

5. Packaging and dispatch

- a. The Goods must be properly packaged, labelled and dispatched with customary diligence in a manner that ensures the lowest possible transport costs. Packaging, re-packaging, auxiliary packaging materials and goods carriers must not contain any hazardous substances, particularly radioactive substances and shall be recyclable, provided that no return agreement and/or goods carrier pool system exist. All applicable transport laws and regulations shall be observed.
- b. The ZKW "logistical requirement" (to be found at: <http://www.zkw-group.com/lieferanten/dokumente/>) shall apply for production material.
- c. The Supplier shall immediately obtain all complete documents and other information needed according to customs requirements and other laws or regulations, in particular customs drawback documentation, certificates of origin and any other information relating to the origin of the Goods and the materials the Goods contain in accordance with commercial law and preferential arrangements. Where necessary for customs purposes, the Supplier shall issue a commercial invoice in duplicate. For free deliveries, the Supplier shall indicate a value for the Goods and include the note "For Custom Purpose Only". The invoice shall contain the reason for the free delivery (e.g. free shipping of samples).



6. Invoice

- a. The invoice shall conform with the Order and contain the order number, order date and recipient; it shall also comply with VAT provisions. In case these data are not contained in the invoice, it will be returned for correction and/or completion. The expenses caused by a resulting delay shall be borne by the Supplier.
- b. Details regarding delivery notes, invoices, etc.: The order number, order date and Delivery Date shall be indicated on all documents (order confirmation, delivery note, invoice).

7. Prices, terms of payment and delivery

- a. The terms of payment and delivery are specified in the Supply Contract or the Order.
- b. Unless agreed otherwise, the following provisions shall apply:
All deliveries shall be made FCA supply plant of the Supplier (according to the Incoterms rules in their most recent version) or DDP production plant ZKW (according to the Incoterms rules in their most recent version). Payments shall be effected by the Buyer within 90 days from the receipt of the invoice without any deductions.
- c. When making payments, the Buyer tacitly reserves all rights with regard to any unidentified defects which become known only when processing or using the Goods. In case the delivery is received after the invoice, the payment period shall start on the day of the receipt of the Goods. In case of premature deliveries, the payment period shall start on the Delivery Date agreed upon. If deliveries are incomplete, the payment period shall start upon receipt of the last partial delivery. If deliveries are defective, the Buyer is entitled to withhold payments proportionately to the value of the Goods up to the proper fulfilment of the delivery.
- d. The prices in a Supply Contract are fixed prices and constitute the total price for manufacturing and delivering the Goods. The Supplier is not entitled to adjust prices and/or claim additional costs of any kind without the Buyer's prior express consent in writing.
- e. For Tools, product-specific test equipment and gauges, the following provisions on partial payments shall apply:
 - a. 65% of the order value for first off tool parts (C0)
 - b. 35% of the order value for initial sample release (PPAP)
- f. All other costs for standard equipment, devices, gauges and follow-on tools shall be apportioned to the part prices.

8. Value and cost analysis

- a. Upon the Buyer's request, the Supplier shall conduct value and cost analyses of the Goods using adequately qualified personnel. To this end, the Supplier shall disclose all costs to the Buyer by providing the latter with a detailed cost breakdown according to the ZKW cost breakdown form (to be found at <http://www.zkw-group.com/lieferanten/dokumente/>).

9. Set-off

- a. In addition to the legal rights to set-off, the Buyer shall be entitled to set off claims from other Supply Contracts with the Supplier.

10. Risk of loss and Goods ownership

- a. Ownership in Goods and the risk of accidental loss or damage shall be transferred at the time and place specified in the Supply Contract.



11. Provision of materials and parts

- a. Material and parts ordered by the Buyer from the Supplier shall remain the property of the Buyer; they shall be stored for free, separately from own Goods and shall be distinctly labelled and administrated as the Buyer's property. The Supplier may use material and part orders exclusively for making deliveries/providing services to the Buyer. If claims of third parties are asserted concerning material and part orders, the Supplier shall inform the Buyer in writing without delay and, at the Supplier's own expense, take all measures to defend the Buyer's rights of ownership.

12. Buyer's Tools

- a. Initial tools, equipment and aids (test equipment, gauges, etc.) for making products shall be ordered by the Buyer directly from the Supplier at the prices agreed upon and shall be lent to the Supplier. They shall remain the property of the Buyer or the Buyer's Customer unless agreed otherwise in writing. Ownership shall be transferred to the Buyer upon the first partial payment.
- b. The Supplier is entitled to use the Buyer's Tools exclusively for the production of Goods under a Supply Contract with the Buyer. Without the Buyer's prior written consent, the Supplier shall not be entitled to use the Buyer's Tools for other purposes, or allow third parties to use them.
- c. The Supplier shall confirm to attach a badge indicating the 100% ownership / retention of ownership by ZKW. Proof shall be furnished by means of a photo, upon which the final payment of the Tool can be made by the Buyer.
- d. Tools must be kept safely and separate from the Supplier's property. The Supplier shall keep the Tools in good condition at the Supplier's own expense and shall replace them if necessary. The Supplier shall bear the risks for the Tools as long as they are in the custody or under the control of the Supplier; the Supplier shall insure the Tools at the Supplier's cost at a value that covers replacement in case of loss or damage. The Supplier hereunder cedes all payment claims against the insurer to the Buyer, and the Buyer accepts this cession. The Supplier shall handle the Buyer's Tools with care and caution. The Supplier indemnifies the Buyer against any and all claims and all costs and damage or loss caused by the installation, use, storage or repair of the Tools. The Buyer or the Buyer's Customer may enter the Supplier's premises at any time during normal business hours in order to inspect the Tools and the records relating to them. At the Buyer's request, the Supplier shall conduct physical stock taking.
- e. The Buyer may reclaim the Tools after proper termination of the agreement. This also applies if the Supplier is temporarily or permanently unable to continue to supply the Goods. If the Buyer reclaims the Tools, the Supplier shall immediately make the Tools available for collection. At the Buyer's request, the Supplier shall send the tools to a location specified by the Buyer, with appropriate reimbursement being paid. The Supplier shall not have any right to retain the Tools. This does not apply if the Supplier retains the Tools on the basis of undisputed, acknowledged or enforceable claims.
- f. All provisions shall apply to any existing subcontractors.

13. Supplier's Tools

- a. The Supplier shall grant to the Buyer the right to acquire Tools of the Supplier. If the Buyer exerts the right to acquire Tools of the Supplier, the purchase price shall be calculated as follows: the original purchasing/manufacturing costs minus any payments made and any depreciation applied up to the time the tools are handed over after exercising the right to acquire them. Depreciation for wear and tear shall only be taken into account if the Supplier was compensated for such depreciation by payment of part prices. The purchase price may under no circumstances exceed the market value (replacement costs for a used tool of the same category) at the time the right of acquisition is exercised. The acquisition right does not apply if the Tools are needed for manufacturing the Supplier's other standard products.
- b. The Supplier shall provide the Buyer with all the technical information the Buyer may need to install, assemble and use said tools. The Buyer may use and publish the technical information without limitation subject to the Supplier's industrial or intellectual property rights (e.g. patents). Any design or production information that is subject to the Supplier's intellectual property rights may only be used by the Buyer for the Buyer's own purposes.



14. Quality and control

- a. When developing and manufacturing the Goods, the Supplier shall take into account the state of the art and comply with all quality standards, statutory provisions and other requirements (e.g. customer requirements, IMDS requirements, and the "ZKW Quality Guideline" – available at <http://www.zkw-group.com/lieferanten/dokumente/>).
- b. Before accepting the Order, the Supplier shall analyze and check the Specifications of the Goods. The Supplier shall acknowledge that the Specifications are appropriate and suitable for manufacturing the Goods in compliance with the Supply Contract.
- c. The Buyer shall be entitled to inspect and audit the Supplier's manufacturing process on site following prior notification, at any appropriate time and as far as practicable. The Supplier ensures that the Buyer is granted appropriate inspection and auditing rights for the Supplier's subcontractors.
- d. On the basis of the Supplier's quality assurance system, the inspection of Goods received by the Buyer shall be limited to damages (in particular transport and packaging damage) as well as the compliance with quantities and identity. The identity is verified on the basis of the delivery documents. Thus, the supplier waives the right to urge the Buyer to inspect the Goods received. Payment shall not constitute a declaration of acceptance of defective Goods. An inspection by the Buyer or the Buyer's Customer shall not constitute acknowledgement of the contractual conformity of the Goods or a waiver of the due performance of the agreement and shall not exempt the Supplier from liability.
- e. Approval and release of development work by the Buyer shall neither rule out nor limit warranty and/or product liability claims.

15. Service and spare parts

- a. The Supplier is aware of the fact that there is an obligation to provide spare parts to the Buyer and the Buyer's Customers. The Supplier including all subcontractors shall meet this obligation as of the end of serial production. For production materials, the obligation to provide spare parts is governed by the product-specific nomination letter; however, a period of at least 15 years after the end of serial production shall apply.
- b. If requested by the Buyer, the Supplier shall provide service documents and other materials without claiming additional costs.

16. Warranty

- a. The Supplier warrants that the delivered Goods comply with the Specifications, are of standard market quality and are otherwise free from defects. If and to the extent the Supplier is responsible for the design, the Supplier shall also warrant the correct design and suitability of the delivered Goods for the specific purposes for which they were purchased.
- b. If the Goods are defective, the Supplier shall examine the Goods to identify the defects. The scope and depth of such review shall be agreed with the Buyer. The review results including any remedial actions shall be submitted to the Buyer in an 8D report as quickly as possible upon proper review. The Supplier shall regularly check the remedial actions for their effectiveness and report the results to the Buyer. Warranty claims shall be processed, calculated and settled between the Buyer and the Supplier or any representative specifically authorized by the contracting parties for such purpose. If no final results of the findings are available no later than 16 workdays after the receipt of the complaint and the parts by the Supplier, the complaints regarding the relevant parts shall be deemed as defects caused by the Supplier. In justified cases this deadline will be extended in writing.
- c. At the Buyer's own discretion, the Supplier may be requested to repair the Goods at the Supplier's own account and risk, or to replace them with flawless Goods. If the Goods are already in the Buyer's production process or the production process of the Buyer's Customer, and if it is unreasonable (for operational and particularly for manufacturing-related reasons) for the Buyer to have the Supplier repair the defective Goods, or if the Supplier is unable to do so, the Buyer may, at the Supplier's expense and risk, replace or repair the Goods or have them replaced or repaired by a third party.
- d. If the Buyer's manufacturing processes are affected so heavily due to quality defects that the delivery obligation towards the Buyer's Customer cannot be met, or if hidden defects cause field failures, the Supplier undertakes to appoint a member of staff (on the part of the Supplier) for immediate problem solving. This member of staff shall be given the means and decision-making powers (abilities and permission) necessary for taking the required actions with regard to all the Supplier's organizational units involved.



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- e. If the Goods have already been installed in a product and delivered to the Buyer's Customers, the Buyer shall provide the Supplier with a representative quantity of the defective Goods for inspection at the Supplier's risk and expense. In case the defective Goods are not provided to the Buyer by the Buyer's Customer for inspection purposes, the Supplier shall acknowledge the identification of a defect by the Buyer's Customer or by an authorized third party (e.g. a workshop) as proof of the defect without submitting the defective Goods.
- f. Furthermore, the Supplier shall compensate the Buyer for all costs incurred by the Buyer in connection with the supply of defective Goods (including, e.g. customs duties, transport, handling and sorting costs, installation/removal costs, material and labor costs).
- g. The Buyer reserves the right to charge to the Supplier a lump sum amounting to two hundred and fifty (250) euros for each test report prepared in connection with an acknowledged complaint.
- h. The warranty period is forty-two (42) months from delivery of the goods. The warranty period shall be thirty-six (36) months from the date the vehicle was first registered.
- i. For parts marketed on the North American market (U.S., Canada and Puerto Rico) the abovementioned warranty period shall be extended by twenty-four (24) months from the date the vehicle was first registered, irrespective of the type of the parts and their installation.
- j. The Buyer's rights agreed upon in this clause shall apply in addition to any other statutory and/or contractual claims.

17. Repurchase agreement

- a. For components damaged by the Buyer at the Buyer's company, a percentage of the purchase price shall be agreed upon as repurchase price based on the final price of parts produced in serial production (only for system components whose repair is economically feasible). Such parts may be repaired by the Supplier and sent back to the Buyer at the price agreed upon for parts produced in serial production.

18. Notification of defects

- a. If any deviations in quality are detected by the Supplier in Goods that have already been delivered (faulty measuring and test equipment, defective purchased parts, etc.) the Buyer shall be notified without delay.
- b. Apparent defects shall be reported to the Supplier in writing and without delay as soon as they have been identified in the normal course of business. In this respect, the Supplier waives the objection of a delayed notice of defects. According to Section 377 of the Austrian Business Enterprise Code (*Unternehmensgesetzbuch, UGB*), there are no further review obligations.
- c. In the case of hidden defects, the Supplier shall bear the costs incurred by remedying the defects, even after expiry of the warranty period mentioned in item 16 (h) of this agreement.

19. Recall

- a. The Supplier shall be liable for any risk averting measures (recalls) as far as required by law to do so.



20. Liability and insurance

- a. The Supplier shall compensate the Buyer for any direct or indirect damage incurred to the Buyer as a consequence of defective deliveries, breach of safety regulations imposed by the authorities or for other legal reasons attributable to the Supplier. If claims are asserted by third parties against the Buyer, the Supplier shall be liable to the extent to which it would be directly liable.
- b. For the Supplier's obligations under the Supply Contract the Supplier shall obtain appropriate insurance coverage from a reputable insurer (particularly comprehensive general liability, product liability and recall insurance); such insurance coverage shall be maintained throughout the duration of the Supply Contract. Upon request, the Supplier shall submit a certification of the insurance coverage to the Buyer.
- c. If the Supplier's services also include work at the Buyer's premises or the premises of one of the Buyer's Customers, the Supplier shall take all necessary precautions while performing this work to avoid damage to persons or property. The Supplier shall compensate the Buyer for all costs and damage caused by the Supplier's work at the premises, and indemnifies the Buyer against any and all such claims. This shall not apply in the event of strict liability if the Supplier furnishes proof of not being at fault.
- d. The Supplier shall be liable for its representatives and subcontractors to the same extent as for its own actions.

21. Compliance with laws, safety, environmental protection, hazardous substances

- a. In performing the Supply Contract, the Supplier shall comply with all relevant laws, regulations, orders and industry standards. In particular, the Goods must comply with the relevant product safety, environmental and labor regulations and provisions. Upon request, the Supplier shall without delay provide the Buyer with any information on the Goods the Supplier may need to comply with applicable law (e.g. consumer protection, conflict minerals, etc.).

"Based on the IATF16949 the Supplier undertakes to comply with the statutory and official requirements from the product in the stated countries of destination. The Supplier further undertakes to comply with the statutory and official requirements from the production processes in the respective country of production. The Supplier is further obligated to pass on the requirements from the product and the processes – insofar as applicable – along its supply chain."
- b. The Supplier of production materials shall comply with the "ZKW Quality Guideline", the document "Conflict materials" to be found at <http://www.zkw-group.com/lieferanten/dokumente/> as well as the "Quality Policy QV 800 01 (environmentally critical substances)" – to be found at <http://www.zkw-group.com/lieferanten/dokumente/> as last amended. In the course of initial sampling, the Supplier shall enter all the necessary data into the International Material Data System (IMDS) (<http://www.mdsystem.com>), as well as into the systems of other organizations as needed.
- c. The Supplier shall comply with the relevant dangerous goods regulations. In particular, the Supplier shall ensure that activities involving dangerous goods and substances are performed only by employees who have been specifically trained for such activities, and that only resources, containers and equipment are used that have been approved for transporting such dangerous goods and substances on public roads. The Supplier shall provide to the Buyer an overview of all dangerous goods and substances that are used in performing the Supply Contract. The Supplier shall have available the corresponding safety data sheets and provide the Buyer with copies of the data sheets upon request.
- d. The Supplier shall provide the Buyer with appropriate installation, operating and maintenance manuals as well as the applicable material safety data sheets. These documents shall contain all specific warnings and/or instructions in the Buyer's national language and in English or in the language specified in the Supply Contract.

22. Force majeure

- a. In cases of force majeure, such as strikes (including political strikes), lockouts, wars and natural disasters and the like, the Buyer shall be entitled to terminate the agreement in full or in part or request deliveries/services and/or the execution of an order placed to be made at a later point in time without causing any claims on the part of the Supplier.



23. Confidentiality

- a. The Supplier shall be obliged to treat as business secrets all commercial and technical details that are not obvious and disclosed to the Supplier in the course of the business relationship. Drawings, models, tools, samples and similar objects shall not be left to unauthorized third parties or made accessible to them in some other way. Reproduction of such objects and data shall only be permitted within the scope of business requirements and copyright regulations. Subcontractors are to be bound accordingly. The Supplier may only disclose the business relationship with the Buyer if the latter has expressly agreed to such disclosure in writing. This provision shall remain valid after termination of the contractual relationship.
- b. The Buyer's rights agreed upon in this clause shall apply in addition to any other statutory or contractual agreements.

24. Development

- a. Development and implementation shall be based on the documents and specifications set out in the specification manuals, on state-of-the-art technology and science, compliance with the due care customary in the sector and the further customs practiced in the automotive sector and meeting increased requirements. The design of the components, assemblies and Tools, the installation space, the implementation of statutory and order-specific reviews shall be taken into account. In compliance with the schedule, the Goods shall be developed up the stage where they are ready to go into production, so that the Supplier can – upon successful process series and initial sampling – follow suit and go into serial production and provide serial supply to the Buyer.

Documented information about the results of Self-Assessments relating to the abilities in the software development must be stored, whereby a prioritization must be carried out for the Customer according to risks and potential implications.

- b. In the case of an automotive-specific, product-related software or for automotive-integrated products with integrated software the supplier is obliged to establish and maintain a quality assurance process for their products.
To assess the software development process, the supplier needs to apply Software development assessment methods (e.g. Automotive Spice – minimum level 2). ZKW requires the supplier to maintain documented information about the results of self-assessments of software development skills, prioritizing risks and potential implications.
- c. Where the Supplier makes recourse to subcontractors and/or development partners for the production of the contractual object, such subcontractors and/or development partners shall be commissioned independently upon prior approval by the Buyer, and the Supplier shall remain the Buyer's sole contracting partner. Such approval may be refused only for good cause.
- d. The parties shall provide one another with the information, documents, components or other contributions necessary for performance of the development work in good time. The necessary qualification checks shall be carried out in accordance with the Supplier's development and product testing plan. Should changes to the development object become necessary as a result, these shall be carried out free of charge by the Supplier.
- e. The Buyer shall bear the responsibility for all information, documents, components, etc. provided by the Buyer during the contractual period, including their suitability for this development project. The Supplier shall bear the responsibility for integrating these components and implementing the information and documents within the scope of the development project, provided that the necessary information, documentation, etc. is made available to the Supplier in good time. Should circumstances (insofar as these are known) falling in the Buyer's sphere of responsibility put implementation by the Supplier at risk, the latter shall be obliged to notify the Buyer in writing without delay.
- f. Obligations of the Supplier:
 - The Supplier shall carry out development work in close consultation with the Buyer in order to achieve an optimal outcome with regard to function and price. Upon consultation with the Buyer, the Supplier shall supply provisional documentation after completing the design according to schedule.
 - For series approval, the Buyer shall receive the technical documentation and the drawings with test dimensions and special characteristics for SPC testing. Furthermore, the documentation shall be accompanied by a detailed functional description of development, including documentation to the extent as agreed between the Buyer and Supplier.
 - The Buyer shall be informed in writing regarding direct agreements between the Supplier and the subcontractors if this has significant effects on the development project. The Supplier undertakes to provide the personnel capacities necessary for the



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timely development of the contractual object. Changes in headcount and/or in the number of staff shall have no influence on the price or the deadline as per the schedule.

- The Supplier shall take part, to an appropriate extent, in relevant discussions on the part of the Buyer or the end customer at any time, without charging extra for this.

g. Obligations of the Buyer:

- The Buyer shall notify the Supplier of any findings arising from the use of provisional documentation or other development-related findings on a short-term basis. The aim is to make rapid progress in development and to avoid any errors as far as is possible.

- In accordance with the development costs breakdown and the tooling costs breakdown, the Buyer shall make partial payments as listed, to be received within fourteen (14) days from the receipt of invoice and without deductions, following achievement of the development status approved by the Buyer, as well as (partial) acceptance and invoicing by the Supplier, whereby approval may not be withheld unreasonably. The Client intends to give approval within fourteen (14) days, taking into consideration internal capacities.

h. The Supplier's contract-related obligation shall be deemed to be satisfied if the necessary technical documents for the manufacture of serial parts have been drawn up, approved by the Buyer (whereby approval shall not be withheld unreasonably) and made available to the Buyer. In addition, successful initial sampling or process series must have taken place at the Supplier's premises, taking into account the special characteristics pursuant to the jointly applicable documents, and the contractual object must be free from defects.

i. If the Supplier does not achieve key milestones of the schedule and fails to comply with the schedule for three weeks, the Buyer shall be entitled, after granting a period of grace and following joint agreement on escalation, to terminate this Order and receive reimbursement of payments made up to that point, unless the delay was caused by the Buyer or is based on causes for which the Buyer bears the risk.

25. Change management

a. The Buyer is entitled to demand changes to the project or the Supply Contract at any time or to initiate change requests. Where specifications and agreements have consequences with regard to costs, weight, deadlines, quality, function, reliability, assembly or style, the Buyer shall be notified in writing without delay. These proposals for changes must not change the fundamental character of the service to be provided by the Supplier. Additional costs shall be reported by the Supplier within five days following recording of the change request. In addition, an estimate of feasibility and the effects on the schedule shall be submitted within this period. Within ten days following recording of the request, the information regarding costs and scheduling shall be defined in detail and tested for plausibility (cost breakdown).

b. No claims for costs shall arise to the Supplier from changes carried out without the Buyer's consent; this also applies to change requests that have not been submitted in due time. In addition, the parties agree that in the course of the project changes may arise with regard to the scope of service and that such changes are probable (common development work).

c. The following general provisions apply:

- Change requests (ZKW form "00.1019 Supplier Change Request") <https://zkw-group.com/home/lieferanten/> are submitted via the Buyer's Purchasing department.

- The supplier is requested to proof the capability and effectiveness of the change (e.g. capability studies, dimensional reports, reliability tests, etc.). Therefore a comparison of reports before and after change implementation is to be submitted to the customer.

- Offers for these change requests shall be sent to the Buyer's Purchasing department by the Supplier.

- No changes are implemented without the Buyer's Purchasing department's prior approval.

- In case the Supplier implements changes nonetheless, the costs shall be borne by the Supplier.

- The Supplier shall undertake to maintain seamless documentation of the history of prices for parts, which is to be submitted to the Buyer at regular intervals.



26. Patent infringement / Industrial Property Rights

- a. The Supplier guarantees that the Buyer does not infringe any existing Industrial Property Rights of third parties when using the Goods delivered by the Supplier. The Supplier expressly undertakes to indemnify the Buyer against all such claims of third parties where appropriate and to reimburse the Buyer for any damage arising. The Buyer is entitled to obtain the approval for using the delivery items and services concerned from authorized persons at the Supplier's cost.
- b. If the Supplier's Industrial Property Rights are required for the use of the Goods by the Buyer, the Supplier shall grant to the Buyer the worldwide, irrevocable and free right to use the Goods or via third parties, to repair them or to use or resell them in any other way at the Buyer's own discretion.

In the event that the Supplier fails to deliver the Goods, regardless of the reason, the Supplier shall also grant to the Buyer the right to reproduce the Goods or have them reproduced by a third party. If the Supplier is responsible for the failure to deliver, the aforementioned right shall be granted for free; in any other case it shall be granted for a reasonable fee.
- c. If standard user software is the object of a Supply Contract, the Supplier shall grant the Buyer a freely transferable right of use. The Supplier shall provide the Buyer with the necessary software free of charge. The Supplier shall ensure that the software sold is free from viruses or similar defects.
- d. If a Supply Contract includes development work paid for by the Buyer, whether as a one-time payment or in instalments paid via the part prices, the Buyer shall gain full ownership of all development results. The Supplier shall also grant to the Buyer an irrevocable, non-exclusive, free of charge and worldwide license with the right to issue sub-licenses for all Industrial Property Rights the development results are based on, or which the Buyer needs for the direct or indirect use of the development results.
- e. The respective knowledge existing at the time of entering into the agreement, including Industrial Property Rights already granted or applied for and existing copyrights, shall remain the sole and exclusive property of each of the parties ("pre-existing intellectual property rights"). The knowledge gained as part of the development activity, including Industrial Property Rights, is available to both parties and may only be made accessible to third parties upon approval of the other party.
- f. With regard to inventions arising in the course of executing this order, the following provisions shall apply:
 - Inventions attributable to the Buyer's employees shall be the property of the Buyer, who is granted the opportunity to register inventions in its own name and on its own account as a patent or utility model.
 - Inventions attributable to the Supplier's employees shall be the property of the Supplier, who is granted the opportunity to register inventions in its own name and on its own account as a patent or utility model. In this case, the Supplier shall obtain the Buyer's written consent.
 - Where employees of the two parties jointly produce inventions, they shall be registered by the Supplier in the name of both contracting partners. Industrial Property Rights shall be due to both parties according to their contribution to the invention. Registration shall be prepared upon agreement between the Buyer and the Supplier. Likewise, the costs of registration and follow-up, including warding off objections or claims of nullity shall be shared according to the contribution to the invention.

27. Advertising ban

- a. The Supplier must not advertise or make public its business relationship with the Buyer, the Buyer's name or the Goods without the Buyer's prior written approval. This does not apply if a deviation from this prohibition is required due to binding legal provisions.

28. Non-assignment and prohibition of performance by third parties

- a. Unless agreed otherwise, the Supplier shall have sole responsibility for the choice of subcontractors. The Supplier shall bear the responsibility for ensuring that subcontractors can reliably achieve the quality level demanded by the Buyer and the Buyer's Customers up to the start of serial production and maintain this level continuously during serial production. Details on subcontractors, production sites, share in deliveries and the outcome of subcontractor audits shall be disclosed on demand.
- b. The Supplier is not entitled to cede claims from a Supply Contract or to transfer its contractual obligations from a Supply Contract to third parties without the Buyer's prior written consent.



29. Termination

- a. Notwithstanding the reasons for termination in the law and other reasons for termination laid down in these General Terms and Conditions of Purchase, the Buyer shall have the right to terminate all contractual relationships for good cause with immediate effect. Good cause includes, but is not limited to, the following circumstances:
- Bankruptcy proceedings have been initiated with regard to the Supplier's assets or proceedings have been rejected for lack of sufficient assets.
 - Circumstances that make the proper performance of the delivery/service impossible.
 - The product is no longer competitive compared to products of relevant competitors of the Supplier in terms of technology, quality or cost-effectiveness.
 - The Supplier or any other person involved in performing the agreement violates material contractual obligations or confidentiality requirements.
 - The direct or indirect legal or economic influence in the Supplier's company changes (change of control). This includes, but is not limited to, a competitor of the Buyer acquiring shares in the Supplier's company, or the Supplier acquiring shares in a company belonging to a competitor of the Buyer.
- b. In the event of a partial termination of a Supply Contract that has not yet been fully performed, the Supplier shall remain obligated to fulfil the non-terminated part of the Supply Contract.

30. Place of fulfilment, choice of law, place of jurisdiction and arbitration clause

- a. The place of fulfilment for deliveries and payments shall be the delivery address specified by the Buyer or the Buyer's address.
- b. This agreement shall be governed exclusively by Austrian law; the application of the United Nations Convention on Contracts for the International Sale of Goods of 14 April 1980 is expressly excluded.
- c. Any disputes arising from this agreement shall be subject to the exclusive (international) jurisdiction of the Commercial Court Vienna (*Handelsgericht Wien*). However, the Buyer has the right to assert claims against the Supplier at any other permissible place of jurisdiction.

31. Social responsibility

- a. It is of essential importance to the Buyer that the Supplier acts in a socially responsible manner with regard to its own employees and towards society within the scope of all commercial activities. The following principles are of particular importance to the Buyer:
- Respect for human dignity and human rights, prohibition of child labor and forced labor;
 - Establishing equal opportunities and a family-friendly framework;
 - No discrimination on grounds of religion, origin, nationality, age, disability, marital status, sexual orientation, political beliefs, membership in a trade union or similar organization, gender or veteran status;
 - Protection of indigenous rights;
 - Prohibition of bribery and blackmail;
 - Ensuring socially adequate working conditions;
 - Protection against individual, arbitrary personnel measures;
 - Establishing an environment that allows employees to enjoy an appropriate standard of living;
 - Positive and negative freedom of association;
 - Ensuring employability by providing training and further education;
 - Informing employees about objectives, the company's financial and economic situation, and current issues affecting the company and its employees;
 - Responsibility of all employees with regard to the environment;
 - Compliance with requirements regarding work safety and health protection;
 - Compliance with the applicable laws and regulations.

The Supplier shall endeavor to obligate its subcontractors with regard to the provisions listed above.



32. General provisions

- a. If one of the contracting parties stops making payments or if bankruptcy or composition procedures are initiated against this party to the agreement, the other party shall be entitled to rescind the contract with regard to the part of the contract that has not yet been fulfilled. Should any provision of this agreement or further agreements be or become void, the validity of the remainder of the agreement shall in no way be affected. The contracting parties are obliged to replace the ineffective provision with a stipulation that meets the economic and financial intent of the invalid provision as closely as possible.
- b. Conclusive behavior cannot constitute or cause a waiver of any rights stated herein. A waiver of rights declared in an individual case shall not have any effect beyond this individual case.
- c. The contractual terms are governed exclusively by the Supply Contract and these General Terms and Conditions of Purchase. They shall replace any and all prior agreements entered into by and between the parties. Any amendments and/or additions to a Supply Contract require confirmation in writing or in electronic form in order to be valid. Any amendments and/or additions to these General Terms and Conditions of Purchase require confirmation in writing in order to be valid. This also applies to any changes to this clause itself.
- d. The Buyer reserves the right to adapt lump sums once a year without advance notice in order to reflect any changes in the consumer price index (CPI basis 1996) issued by Statistics Austria.
- e. In case the German version of these General Terms and Conditions of Purchase contradicts other language versions, the German version shall be binding.
- f. Genuine manufacturer parts: The supplier guarantees the buyer the supply of exclusively genuine manufacturer parts and supplies, as confirmation therefor, a written declaration on the delivery note for each delivery:

"Certificate of Conformance

*The products contained within this delivery, were purchased only from our contractual suppliers and have been processed in strict accordance with our documented Integrated Management System. The storage, handling and distribution of the electrical components has been done according to the standards of: DIN EN ISO 9001:2008
Dry-Pack-Packing System according to J-STD 033, J-STD 020, JEP 113"*



Addendum to the General Terms and Conditions of Purchase

Special provisions for and/or in China:

If the following sections contain amendments with regard to the General Terms and Conditions of Purchase, the provisions of the General Terms and Conditions of Purchase shall prevail. All other provisions of the General Terms and Conditions of Purchase shall not be affected. This shall apply to ZKW Group GmbH and all affiliated companies of the ZKW Group.

7. Prices, terms of payment and delivery

Section b shall be amended as follows:

- b. Unless agreed otherwise, the following provisions shall apply:

All deliveries shall be made FCA supply plant of the Supplier (according to Incoterms in their most recent version) or DAP production plant ZKW (according to Incoterms in their most recent version).

Payments shall be effected by the Buyer within 90 days from the receipt of an invoice without any discount.

The following special provisions for China form an addendum to the General Terms and Conditions of Purchase and shall apply to Orders made by ZKW Group or affiliated companies with a registered office in China.

If the following sections contain amendments with regard to the General Terms and Conditions of Purchase, such amendments shall prevail. All other provisions of the General Terms and Conditions of Purchase shall not be affected.

31. Place of fulfilment, choice of law, place of jurisdiction and arbitration clause

Section b and c shall be amended as follows:

- b. For the conclusion of a Supply Contract within the scope of these General Terms and Conditions of Purchase, for their validity, termination, interpretation, implementation and any legal dispute in this context, the legislation of the People's Republic of China shall apply. The provisions of the United Nations Convention on Contracts for the International Sale of Goods (UN Sales Convention) and the conflict-of-law provisions of international private law shall be expressly excluded.
- c. Any and all disputes arising from the implementation of or in connection with an agreement or in relation to these General Terms and Conditions of Purchase shall be resolved by mutual agreement between the parties. In case a dispute cannot be resolved by mutual agreement within 60 days after its outbreak, it shall be governed exclusively and conclusively by the China International Economic and Trade Arbitration Commission (CIETAC) and shall be decided upon by arbitrators in accordance with the provisions of the Commission valid at the time the case was brought before the court of arbitration. The place of arbitration shall be Beijing. The decision for a court of arbitration shall be final and binding for both parties. The arbitration award shall determine which of the parties shall bear the cost of the court of arbitration. During the arbitration proceedings, the parties continue to exercise their rights and shall fulfil their obligations, provided that these rights and obligations are not directly related to the dispute. The language spoken at the court of arbitration is Chinese, however, each party shall have the right to English translations of all documents in connection with the arbitration proceedings as well as English-speaking interpreters during the proceedings at the court of arbitration. All translation and interpreting costs shall be divided among the parties. The court of arbitration shall consist of three arbitrators who are appointed according to the rules of the court of arbitration of the abovementioned Commission.

End of the addendum for China.



Special provisions for and/or in the NAFTA region (North America, Mexico and Canada)

If the following sections contain amendments with regard to the General Terms and Conditions of Purchase, such amendments shall prevail. All other provisions of the General Terms and Conditions of Purchase shall not be affected. This shall apply to ZKW Group GmbH and all affiliated companies of the ZKW Group.

7. Prices, terms of payment and delivery

Section b shall be replaced as follows:

- b. Unless agreed otherwise, the following provisions shall apply:

All deliveries shall be made FCA supply plant of the Supplier (according to the Incoterms rules in their most recent version) or DAP production plant ZKW (according to the Incoterms rules in their most recent version).

Payments shall be effected by the Buyer within 90 days from the receipt of the invoice without any deductions.

20. Liability and insurance

A new section e is added as follows:

With regard to the interpretation and the fulfilment of this agreement, the laws of Mexico City, Federal District of Mexico, shall apply. The application of the United Nations Convention on Contracts for the International Sale of Goods of 14 April 1980 is expressly excluded. With regard to all conflicts regarding the implementation, interpretation and fulfilment of this agreement, the parties submit to the jurisdiction of the local courts of Mexico City, Federal District of Mexico, and hereby expressly waive their right to any other jurisdiction that could be derived on present or future grounds.

31. Place of fulfilment, choice of law, place of jurisdiction and arbitration clause

A new section d is added as follows:

- d. For transactions exceeding an order value of EUR 500,000 the following arbitration clause applies: All disputes arising in connection with purchasing transactions – including in particular all issues of validity, termination and subsequent amendments – shall be decided in accordance with the most recent version of the Rules of Arbitration of the International Chamber of Commerce (ICC) by one or several arbitrators nominated in accordance with such Rules. The place of arbitration shall be Mexico City, Mexico. The language of arbitration proceedings shall be English.

End of the addendum for the NAFTA region.