

## General Terms and Conditions of Sale

### I. Applicable terms and conditions

1. These general terms and conditions of sale form an integral part of all contractual relations between the parties, namely the customer and KOSTAL Automobil Elektrik GmbH & Co. KG and/or its affiliated companies of the Business Unit Automotive Electrical Systems (go to [www.kostal.com](http://www.kostal.com)) (the supplier). Any written agreements deviating from these terms and conditions shall take priority and shall replace in whole or in part, or supplement, the following Terms and Conditions.
2. Any of the customer's terms and conditions not expressly accepted shall not form part of any contract, even if they have not been specifically rejected, or if supply orders are executed with knowledge of deviating terms and conditions.
3. Any amendment, addition, waiver, acknowledgment, assignment, transfer, offsetting, representation, objection, withdrawal or notice of termination having an adverse impact on the supplier shall not be legally effective unless made in writing. A unilateral legal act (e.g. notice of termination) requires only the signature of the appropriately entitled person at the end of the document, in his or her own hand. Otherwise, the signatures of both parties are necessary in order to conform with the requirement of the written form.

### II. Confidentiality

1. The parties to the contract shall treat as business secrets all commercial and technical information not generally available which becomes known to them through the business relationship.
2. Documents made available to the customer, in particular drawings, models, templates, samples and similar items, must not be provided to unauthorized third parties. They shall remain the property of the supplier. Copying is permissible only to the extent that it is required for operational purposes and accords with copyright regulations. At the supplier's request, all documents, items and copies thereof shall be surrendered or, if necessary, destroyed.
3. Items manufactured according to specifications, drawings or models, or with the aid of tools and production facilities paid for by the supplier must not be offered, given as samples or otherwise supplied to third parties without the supplier's consent.
4. The supplier reserves the right to file applications for intellectual property rights, and to exploit the rights of use for his items and information.
5. The customer must not advertise his business connection with the supplier without the supplier's written consent.

### III. Orders; delivery schedules

1. Orders, delivery schedules and any changes or additions thereto shall be sent in the form of written text by means of remote data transfer or on machine-readable data storage media. Verbal agreements must be confirmed in writing.
2. Orders shall become binding only if the supplier confirms them in writing within 3 (three) weeks of their receipt. In the case of delivery schedules the period is 2 (two) weeks. During these periods the customer is bound to his orders, unless they are finally refused at an earlier date by the supplier.
3. If changes are made to the ordered quantity, the customer must inform the supplier's scheduler without delay, in addition to supplying the information by remote data transmission. If the customer requests a change in the design, execution or quantity of the item to be supplied, the effects of such changes, in particular any additional or lower costs, and the delivery dates, shall be the subject of mutual agreement. If quantities are increased, reasonable consideration shall be given to the supplier's scheduling requirements.

4. The supplier reserves the right to refuse changes in design and execution which are requested, particularly when the items to be supplied are not designed solely to the customer's order of Customer and are manufactured using tools paid for by the customer.
5. If one of the parties to the contract stops payments or if a bankruptcy action is taken against his assets, or if insolvency proceedings, legal or otherwise are taken against him, the other party to the contract is entitled to withdraw from the part of the contract which has not been fulfilled.
6. If there is good cause, the supplier is entitled to make delivery dependent on the opening of a documentary letter of credit, cash in advance, the presentation of import licences or the provision of suitable collateral (such as guarantees, etc.).
7. If a third party has paid the manufacturing equipment costs to the supplier for a product, or if that third party has ownership of such manufacturing equipment, the product may be processed by the customer only for that third party.

#### **IV. Delivery dates; deadlines; place of execution; transfer of risk; delays**

1. The supplier shall comply to the best of his ability with agreed dates and deadlines.
2. The criterion for timely performance shall be the date when the shipment is transferred to the transport company at the place of execution of the contract. The risk passes to the customer when this transfer is effected.
3. The place of execution of the contract is the supplier's Goods Outwards department.
4. Legislative regulations apply in the case of delays.

#### **V. Packing; shipping; freight costs**

1. The goods to be supplied shall be packed in an appropriate manner in standard trade packing. If the goods to be supplied are packed by agreement in returnable packaging, this packaging must be returned free of charge to the supplier. Any different packing requirements requested by the customer will be implemented if possible. If these packing costs are higher than the costs originally stated in the quotation, the additional costs shall be borne by the customer.
2. Unless otherwise agreed the goods are shipped from the place of execution in Lüdenscheid, all charges forward, to the delivery point stated by the customer. The legal regulations apply to this extent to the cost of shipping.
3. The terms of INCOTERMS 2020 apply.
4. The goods travel at the customer's cost and risk if collection has been agreed with prior statement of the collection date.
5. Additional freight costs caused by the customer shall be charged to the customer.
6. If the volume of the business makes it reasonable, the customer is obliged to share the costs incurred by the supplier in obtaining re-usable transport containers, if the supplier so demands.

#### **VI. Acceptance checks; deviations in quantities; compliance with conditions**

1. The customer is bound to his framework contracts and orders. His release for production shall be extended automatically by one month if a change is not notified in good time. Quantities called off in the previous week and during the first eight weeks are binding.
2. The supplier is permitted to deviate from the ordered quantity in order to deliver in full packaging units. The customer is not permitted either to claim costs or to refuse the delivery in whole or in part on the basis of these excess or short deliveries. Part-deliveries are permissible if they are acceptable to the customer. The agreed minimum order quantities must be complied with.

## **VII. Payment**

1. The agreed prices are fixed prices. Unless otherwise agreed, value added tax, customs duty, freight, postage and insurance can be invoiced in addition, as well as packing and material price surcharges if appropriate.
2. Payment shall be made in Euros, following the arrival of the goods and the invoice in accordance with the contract, 30 day net or by separate agreement. The timing is the arrival of the credit in the supplier's account.
3. The agreed form of payment is by bank giro transfer. Cheques or bills of exchange are accepted only by special agreement and only in order to fulfil the contract. Until they are honoured the claim for payment remains in force and in full.
4. The place of execution for all payments is the supplier's domicile.
5. The retention or reduction of payments because of complaints is permitted only with the supplier's consent. Such consent is deemed to be granted in the case of claims by the customer which have been acknowledged in writing or conclusively established by a court of law.
6. The supplier is entitled to transfer his claims against the customer and to have them collected by third parties.

## **VIII. Retention of ownership**

1. Until payment has been rendered in full, the supplier shall retain ownership of all goods he has supplied. All deliveries made shall be deemed to be a contiguous supply transaction. If the customer has a current account, retention of ownership shall also be deemed to be collateral for the debit balance of all amounts owed in connection with the business relationship. At the customer's request, the supplier shall release the collateral provided by the customer to the extent that its value exceeds that of the secured receivables by more than 20% in total.
2. The customer has the right to process and sell the goods supplied, within the normal course of business. Such processing and sale of goods shall be deemed to be on behalf of the supplier.
3. If the goods supplied are inseparably mixed or processed with other objects which do not belong to the supplier, the supplier shall become a co-owner of the resultant goods in the ratio of the invoiced value of the goods to which title is reserved, to the value of the resultant goods. If the customer sells the goods or the items made with the goods, then the receivables arising from such sales shall be assigned proportionately to the supplier as collateral. The customer hereby assigns, as advance collateral to the supplier, the ownership of the goods, the right to recovery of such goods, and the claim to compensation for loss or damage, and the supplier hereby accepts such assignment. The customer shall provide information in this regard at any time on request.
4. The customer has the right to collect the receivables which have been assigned to the supplier. He does not have the right to dispose of the receivables in any other way, e.g. in the form of assignment to third parties, pledge, gift, remission, etc.
5. If the customer fails to honour his contractual obligations (in particular his obligation to make payments), the supplier may revoke the authorization to collect outstanding amounts and require the customer to notify the debtors of the assignment of receivables.
6. If goods or rights included in the supplier's retention of title are attached by way of execution, or if an application is made for insolvency proceedings against the customer's assets, or if composition or deferral proceedings are conducted due to the threat of inability to pay, the supplier shall be informed thereof without delay.
7. If the value of the securities exceeds the claims of the supplier by more than 20 % the supplier is obliged to release the securities to this extent at the customer's request.

## **IX. Legal environmental conditions**

1. The supplier shall identify his goods in accordance with legal regulations and shall make available the necessary information regarding materials via the IMDS system.
2. The customer is entirely responsible for disposal in accordance with law.

## **X. Quality**

The supplier shall operate at all times a quality assurance system in accordance with IATF 16949 and DIN EN ISO 14001 (or the equivalent).

## **XI. Notification of deficiencies and warranty**

1. The customer shall notify the supplier two working days at latest after receipt of goods of any obvious damage to packaging and goods, any inconsistencies between the items delivered and the delivery note, the article numbers or article descriptions in the order, as well as any differences in quantity. Otherwise, any defects in the items delivered shall be notified, with a clear description of the defects, as soon as such defects are discovered in the course of proper business procedures. The customer must send any notification of defects to the supplier without delay and in the form of written text.
2. Before production (processing or installation) commences, the supplier shall be given an opportunity to sort out any defective goods, to remedy defects or to replace defective goods with goods in perfect condition. The goods to be replaced shall be made available to the supplier at his request and at his cost.
3. The customer has the right to demand reimbursement for additional expenses only on condition that such reimbursement has been expressly agreed in writing with the supplier. If the deficiency is detected only after manufacturing has begun, the customer can claim damages over and above the existing regulations, for additional expenses only if this has been expressly agreed with the supplier.
4. The warranty period is 24 months from the transfer of risk, unless otherwise agreed.
5. Claims by the customer are excluded to the extent that the defect is traced to violation of operating, servicing or installation regulations, inappropriate or improper use, incorrect or negligent handling and natural wear and tear, or a defective repair.
6. Any guarantees in respect of condition or durability must be expressly agreed as such in writing and in each individual case.
7. Insofar as warranty is not otherwise regulated in the foregoing, the legal regulations shall apply.

## **XII. Liability**

1. Unless other liability arrangements have been agreed elsewhere in these General Terms and Conditions, the supplier is obliged to compensate for damages solely in accordance with Section XII for damages incurred directly or indirectly by the customer as a result of defective delivery, violation of official safety regulations, or any other legal grounds for which the supplier bears responsibility. The customer shall keep the damage and the costs for remedying the damage as low as possible. The parties shall confer and agree on the action to be taken.
2. As a basic principle, the supplier's obligation to pay compensation applies only if the supplier is culpable for the damage in question. This principle shall not apply if, based on an imperative statutory regulation, the supplier bears a liability regardless of fault and is therefore under a direct obligation to pay compensation to the customer or to the person incurring the damage.
3. In the event that the customer is a contributory cause of the damage and/or defect under the warranty, or a third party whose actions or failure to act are the responsibility of the customer, the parties will agree on a settlement to be paid for the costs to be borne. In such a case, appropriate consideration shall be given to the respective culpabilities of the parties. The same principle shall apply also to any claims made directly against the supplier by a third party.
4. The obligation to compensate shall be excluded or limited if and insofar as the customer, for his part, has excluded or limited its liability toward its customers with legal effect. The customer shall endeavour to agree legally permitted limitations of liability which also operate in favour of the supplier. The customer is obliged to inform the supplier accordingly.
5. The supplier accepts no liability for line stoppages or interruptions in production unless otherwise agreed.
6. The customer shall inform the supplier immediately and comprehensively if it intends to lodge claims against the latter under the above provisions. The customer shall give the supplier an

opportunity to investigate the cause of the damage and the parts which have failed. The parties shall agree on the actions to be taken, in particular the compensation negotiations.

7. In determining the claim for compensation to be paid by the supplier, the customer shall take into consideration the supplier's financial circumstances, the type, scope and duration of the business relationship, any contributory causes and/or culpability (pursuant to Section XI, item 3) and whether the installation point for the part supplied is particularly unfavourable. In particular, the compensation, costs and expenses to be borne by the supplier shall be in reasonable proportion to the value of the part supplied.
8. Lump-sum damages and warranty costs shall be paid only on condition that they have been explicitly agreed in writing. The supplier has the right to show that the actual costs are lower and to pay these instead of the agreed lump-sum.
9. Unless otherwise agreed, the supplier's liability is restricted within the framework of what is legally permissible to a maximum of 3 % of the annual turnover of the product in question, for all the claims made in the year with regard to warranty, replacement or damages.

### **XIII. Copyright / patent rights**

1. The supplier shall bear liability for any claims shown and proven to have arisen from the infringement of copyright or patents through use of the items supplied in accordance with the contract, provided that at least one of the family of copyright or patents is published either in the supplier's home country, by the European Patent Office, or in one of the following states: Austria, France, Germany, Great Britain, USA. At the supplier's discretion, this liability shall be limited to the procurement of a licence for the customer at no charge to him, or a suitable replacement solution free of third-party copyright and patents.
2. If the supplier has produced the items supplied in accordance with drawings, models or other equivalent descriptions or specifications submitted by the customer, the customer shall hold the supplier free from all claims by third-parties based on infringements of copyright and patents. The supplier shall bear no liability in this respect. The same principle shall apply in the event that stipulations are made by the final (OEM) customer or the systems supplier specified by the final customer.
3. The parties are obliged to notify each other without delay of any infringement risks and cases of alleged infringement which come to their attention, and shall give each other the opportunity to counter jointly any associated claims which arise.
4. Where development work is carried out for the customer, the customer shall not acquire any new copyright or patent rights from the supplier which arise from the order or are included in the result of said development work, even if the customer bears all or part of the development costs. An explicit written agreement is required before rights of use may be granted.

### **XIV. Force majeure**

1. Force majeure, labour disputes, civil unrest, epidemic, pandemic actions by public authorities and other unforeseeable, unavoidable and material events shall release the parties from their obligations for the duration of the disturbance and to the extent of its impact on the contractual obligations. This principle shall apply also if such events occur when the party in question is in default.
2. The parties shall provide the necessary information without delay within the realm of the possible and shall adjust their obligations in good faith to the altered circumstances.
3. The supplier may invoke his right of deferment for 8 (eight) weeks.

### **XV. Execution of work**

Persons carrying out work on the supplier's site to fulfil a contract for the customer shall comply with the working regulations stipulated by the supplier. Regulations governing entering and leaving the site must be complied with. The customer bears full liability for all damage caused by such persons when carrying out their activities for the customer. The

customer shall indemnify the supplier and in particular his managers, employees and authorised agents, against any liability for damage that occurs to said persons on the site.

**XVI. General conditions**

1. This agreement is governed exclusively by the laws of the Federal Republic of Germany.
2. The exclusive place of jurisdiction is Hagen (Westphalia), Germany. However, the supplier is entitled to institute proceedings against the customer at his domicile or at any other court with appropriate jurisdiction.
3. The language for correspondence is German or English.

Lüdenscheid, April 2020