

General Purchasing Terms

of the
Franz Sauermann GmbH & Co. KG
Franz Sauermann GmbH
Hans Sauermann GmbH & Co. KG

As of February 2020

Sec. 1 - Scope

(1) These General Purchasing Terms apply to all contracts which are concluded on the basis of orders placed by Franz Sauermann GmbH & Co KG, Franz Sauermann GmbH or Hans Sauermann GmbH & Co KG for movable items ("goods"). These General Purchasing Terms apply to all contracts concluded by one of the three companies mentioned as a buyer, the contractual partner is however only the respective buyer.

(2) Our orders are placed exclusively under the following terms and conditions. We shall only recognize any terms and conditions of the Seller that are contrary to or deviate from our Terms and Conditions of Purchase if we expressly agree to their validity in writing or if they are otherwise mutually agreed upon in writing.

This consent requirement shall apply in any case, for example even if we accept the Seller's deliveries without reservation in the knowledge of the Seller's General Terms and Conditions of Business. In the event of their agreement, such an exception shall only apply to the specific order, but not to subsequent contracts. By accepting an order, also in oral or telephone form, the seller acknowledges these General Purchasing Terms as binding for himself.

(3) These General Purchasing Terms shall also apply to all future transactions with the Seller, insofar as these are legal transactions of a related kind, i.e. purchase contracts, without our having to refer to them in each individual case.

Sec. 2 - Offer and conclusion of the contract

(1) Our order shall be deemed to be binding at the earliest upon written submission or written confirmation of an offer. Insofar as they are significant, the Seller shall notify us of obvious errors (e.g. typing and calculation errors) and

incompleteness of the order including the order documents for the purpose of correction or completion before acceptance; otherwise, the contract shall be deemed not to have been concluded.

(2) The Seller is obliged to confirm our order in writing within a period of 10 working days (excluding Saturdays, Sundays and public holidays) (acceptance by order confirmation).

A delayed acceptance shall be considered a new offer and requires our acceptance.

(3) The Seller shall confirm the fixed delivery date stated in our order in his order confirmation. If the seller specifies a different delivery date or no delivery date, no contract shall be concluded.

Sec. 3 - Prices, invoicing and payment

(1) The prices quoted in the order are binding and, unless otherwise agreed, shall apply with free delivery to the factory of the respective purchaser (either Freinhausen or Schrobenhausen) or free to the receiving point otherwise requested by us in the order. All prices are understood to include statutory value-added tax if this is not shown separately. Unless otherwise agreed in individual cases, the price shall include all services and ancillary services of the Seller as well as incidental costs (e.g. proper packaging, transport costs including any transport and liability insurance). We reserve the right to return packaging carriage paid and to reduce the invoice by a compensation calculated for this.

(2) The invoice shall be submitted to us separately via mail immediately after delivery or performance - i.e. not together with the delivery - in a simple form. The invoice shall contain the order number, the item number of the order, our part number and the delivery note number with date of performance. Invoices with incomplete information and attachments cannot be processed by us and will be returned for completion. Unless partial deliveries have been expressly agreed, a total invoice is to be issued for each order after complete delivery. Permissible partial invoices shall be marked as such.

(3) Payment shall be due within 30 calendar days from complete delivery and performance and receipt of a proper invoice. If payment is made within 14 days after complete delivery and receipt of a proper invoice, the seller grants us a 3% discount on the net amount of the invoice. In the case of bank transfer, payment shall be deemed to have been made on time if our bank receives our transfer order before the payment deadline. We are not responsible for delays caused by the banks involved in the payment process.

Sec. 4 - Offsetting and rights of retention

The seller is only entitled to offset or withhold payment if his counterclaims have been legally established or are undisputed. The seller is only authorized to exercise a right of retention insofar as his counterclaim is based on the same contractual relationship. We shall be entitled to withhold due payments as long as we are still entitled to claims from incomplete or defective services against the seller.

Sec. – 5 Delivery time, delivery note, contents of the delivery and delay in delivery

(1) The delivery dates specified by us in the order must be strictly adhered to. If - in exceptional cases - the delivery time is not stated in the order and has not been agreed otherwise, it shall be 2 weeks from the conclusion of the contract. Partial deliveries are only permitted with our prior written consent.

(2) The delivery time begins on the day of the legally binding order unless otherwise agreed in writing.

(3) The delivery must be accompanied by the delivery note (visible on the goods) to enable us to carry out an incoming goods inspection. The attachment of this delivery note is an essential contractual obligation. In addition, the forwarding order must be enclosed.

(4) The delivery note shall contain the following information:

Date (issue and dispatch),

Content of the delivery (article number and quantity),

our part number,

our order identifier (date and number) and

the position number of the order.

(5) If the delivery note is missing or incomplete, we are not responsible for any delays in processing and payment resulting from this. We reserve the right to charge the seller test report costs of 150 € in the event that a delivery note is missing from the goods or is incomplete.

(6) In addition, the delivery of metallic products shall be accompanied free of charge by the acceptance test certificate 3.1 according to DIN EN 10204. If, according to our drawing specifications, a crack test, hardness test, tempering or chromating is also required, the Seller shall be obliged to confirm to us by means of measurement reports that these values are complied with. The material certificate 3.1, as well as the measurement reports just mentioned, must be attached to the delivery (visible on the goods) in order to ensure the incoming goods inspection at our premises. If the acceptance test certificate 3.1 according

to DIN EN 10204 or the required measurement reports are not attached, we reserve the right to charge the seller test report costs of 150 €.

(7) If the seller does not perform his service or does not perform it within the agreed delivery period or if he is in default, our rights - in particular, to withdraw from the contract and to claim damages - shall be determined in accordance with the statutory provisions. The provisions in sec. 6 remain unaffected. The seller is obliged to inform us immediately of any delays in delivery that are recognizable to him and to ask for new appointments to be made. However, our aforementioned claims shall not be affected by this.

(8) If the seller is in default, we may, in addition to further statutory claims, demand lump-sum compensation for our damage caused by default in the amount of 1% of the net price per completed calendar week, but not more than a total of 5% of the net price of the goods delivered late. We reserve the right to prove that higher damage has been incurred. The seller reserves the right to prove that no damage at all or only significantly lower damage has been incurred.

(9) In all other respects, the statutory provisions shall apply to fixed transactions expressly agreed as such.

Sec. 6 - Initial samples, changes to drawings

(1) By means of the initial sample inspection, conformity with all our requirements from the technical documents is checked. The initial samples shall be produced by the Seller completely with standard equipment under standard conditions. If tolerance adjustments, tolerance extensions or general deviations from our specifications are necessary, the Seller shall clarify this with our design department before the initial sampling.

(a) All measurement results shall be summarized by the Seller in an initial sample test report (EMPB), which as a rule shall comply with the VDA guidelines. In the case of new parts, a free initial sample test report with at least 3 measured parts must always be supplied to us before series production is released.

All dimensions with a lower or higher deviation of the tolerance must be marked with an asterisk (*) and reported separately in a deviation report. Part of the initial sampling is customer-specific requirements, according to which all measurement results for corrective measures must be entered in color in the blank drawing. The seller shall mark any deviations and defects that occur on the component. This also applies without restriction to defects which cannot be determined in terms of dimensions (flaws, drawing points, contour defects, visible porous surface defects, etc.) The seller shall mark the goods in the following colors:

Green for dimensions OK,

Red for component defects and dimensions outside the tolerance,
Yellow for dimensions at the limits (critical characteristics).

(b) The Seller is responsible for the correct performance of the initial sample inspection. If he himself does not have the possibility to carry out all the tests, he shall assign them to a suitable test center. In any case, the responsibility remains with the seller. A release of the initial samples by us does not release the seller from the responsibility for the quality of his products.

(c) The production of serial parts may only be started when the Seller has received a formal initial sample approval from us.

(2) The Seller must inform us about changes completely and in a timely manner so that the changes can be checked for their scope and, if necessary, an objection can be filed. In any case, it should be noted that:

- every first delivery after a change must be clearly marked
- the delivery documents indicate the altered drawing index
- after the first delivery with a new index, no more deliveries with an old index shall be made
- The Seller shall inform us immediately of any changes in dates and emerging delays, without request and by indicating the new date.

In the interest of finding a quick solution, the seller is obliged to disclose the data and facts. If the Seller detects deviations of the actual quality from the target quality of the products, he must inform us immediately about this and about planned remedial measures. If, in exceptional cases, products not conforming to specifications have to be delivered, a special release must be obtained from us beforehand. We are also to be informed immediately of any subsequently detected deviations. Prior to changes in production processes, materials or vendor parts for the products, relocation of production sites, further changes in procedures and equipment for testing the products or other quality assurance measures, the Seller shall notify us in a timely manner so that we can check whether the changes may have a negative effect.

(3) Should there be any changes to drawings on our part, we shall also inform the Seller in a timely manner.

(4) It should be noted that both changes by the seller and changes to drawings on our part must be recorded by the seller by means of a change to the cover sheet and this must be sent to our quality assurance department in a timely manner either via mail or e-mail.

Sec. 7 - Transfer to third parties, assignment

(1) The transfer of the entire or partial execution of the contract to third parties (e.g. subcontractors) requires our consent. The seller bears the procurement risk

for his services unless otherwise agreed in individual cases (e.g. limitation to stock).

(2) The assignment of claims arising from this contract also requires our written consent.

Sec. 8 - Place of performance and transfer of risk

(1) The place of performance for all obligations arising from the contractual relationship is the registered office of the respective purchaser (either Freinhausen or Schrobenhausen) unless otherwise stated in the order.

(2) The risk of accidental loss and accidental deterioration of the goods shall not pass to the buyer until the goods are handed over to the buyer at the place of performance.

(3) If we are in default of acceptance, this shall be equivalent to handover. The statutory provisions shall apply to the occurrence of a default of acceptance on our part. However, the Seller must also expressly offer us his performance if a specific or determinable calendar period has been agreed for an action or cooperation on our part (e.g. provision of material).

Sec. 9 - Liability for defects and notification of defects as well as recourse claims

(1) The statutory provisions (in particular Sec. 434 et seq. of the German Civil Code) shall apply to our rights in the event of material defects and defects of title unless provided otherwise below. The statutory provisions (Sec. 377, 381 of the Germany Commercial Code) shall apply to the commercial duty to inspect and give notice of defects subject to the following conditions: Our obligation to inspect is limited to defects which become apparent during our incoming goods inspection under external examination (e.g. transport damage, wrong delivery, short delivery) or which are recognizable during our quality control by random sampling. Insofar as acceptance has been agreed, there is no obligation to inspect. Otherwise, it depends on the extent to which an investigation is feasible in the normal course of business, taking into account the circumstances of the individual case. Our obligation to give notice of defects discovered later remains unaffected. Notwithstanding our duty to inspect, our complaint (notice of defects) shall, in any case, be deemed to be prompt and timely if it is sent within 5 working days of discovery or, in the case of obvious defects, of delivery.

(2) In the event of defects, we shall have warranty rights in accordance with the statutory provisions. Sec. 14 below applies to the warranty period.

(3) Subsequent performance shall also include the removal of the defective goods and their reinstallation, provided that the goods have been installed in or

attached to another object in accordance with their nature and intended use. Our statutory claim to reimbursement of corresponding expenses remains unaffected. The Seller shall bear the expenses necessary for the purpose of inspection and subsequent performance even if it turns out that there was actually no defect. Any liability for damages on our part in the event of an unjustified demand for the removal of defects remains unaffected, but we are only liable if we have recognized or grossly negligently failed to recognize that there was no defect.

(4) Notwithstanding our statutory rights and the provisions in par. 3, the following shall apply: If the Seller does not fulfill his obligation to provide subsequent performance - at our discretion either by remedying the defect (rectification) or by delivering a defect-free item (replacement) - within a reasonable period of time set by us, we may remedy the defect ourselves and demand reimbursement of the necessary expenses or a corresponding advance payment from the Seller. If the subsequent performance by the Seller has failed or is unreasonable for us (e.g. due to particular urgency, endangerment of operational safety or imminent occurrence of disproportionate damage), no deadline need be set; we shall inform the Seller of such circumstances without delay, if possible in advance.

(5) Otherwise, in the event of a defect of quality or title, we shall be entitled to reduce the purchase price or to withdraw from the contract in accordance with the statutory provisions. In addition, we are entitled to compensation for damages and expenses in accordance with the statutory provisions.

(6) If defects are discovered by our quality assurance department, it shall prepare a test report. The calculation of the test report to the seller is done by our purchasing department. We reserve the right, to charge test report costs in the amount of 150 €.

Sec. 10 - Supplier recourse

(1) In addition to claims for defects, we shall be entitled without restriction to our legally determined rights of recourse within a supply chain (supplier recourse according to Sec. 445a, 445b, 478 of the German Civil Code). In particular, we are entitled to demand from the Seller exactly the type of subsequent performance (repair or replacement) that we owe our customers in the individual case. Our statutory right of choice (Sec. 439 para. 1 of the Germany Civil Code) is not restricted by this.

(2) Before we acknowledge or fulfill a claim for defects asserted by our customer (including reimbursement of expenses in accordance with Sec. 445a para. 1, 439 para. 2 and 3 of the German Civil Code), we shall notify the Seller and request a written statement of the facts of the case. If a substantiated statement is not

made within a reasonable period of time and no amicable solution is brought about, the claim for defects actually granted by us shall be deemed to be owed to our customer. In this case, the seller shall be responsible for proving the contrary.

(3) Our claims arising from supplier recourse shall also apply if the defective goods have been further processed by us or another entrepreneur, e.g. by incorporation into another product.

Sec. 11 - Producer liability

(1) If a claim is made against us for violation of official safety regulations or on the basis of domestic or foreign product liability regulations due to a defectiveness of our products which is attributable to a defective product of the Seller, we shall be entitled to demand compensation from the Seller for this damage to the extent that it was caused by the goods delivered by the Seller. In the event that the Seller is also responsible for the defect, the Seller shall reimburse us for the costs of a precautionary replacement or recall action required by the circumstances in accordance with his contributory negligence quota.

(2) Insofar as the claim is possible and insofar as a liability in the external relationship exists to the detriment of the Seller, the Seller shall, within the scope of its liability, indemnify us accordingly from claims of third parties and shall also bear all reasonable costs incurred by us in this connection. Further legal claims, as well as claims not covered by this release, remain unaffected.

(3) We shall inform the Seller about the content and scope of recall measures - as far as possible and reasonable - and give him the opportunity to comment. Further legal claims remain unaffected.

(4) In addition to complying with the legally existing and contractually assumed obligations, the seller is obliged to maintain at all times and without interruption (also for the duration of the warranty) at least the following liability insurance protection:

a) Business and product liability insurance with an insured sum of at least EURO 5.000.000 for personal injury and/or property damage.

b) Co-insurance of the so-called "product liability model" in accordance with the model conditions of the German Insurance Association (GDV) - as of August 2008 - with the full sum insured, for which the components of clauses 4.1 to 4.6 must be agreed and whose geographical scope shall not be restricted.

c) Insurance cover must be provided for the replacement of individual parts/repair in the installed condition.

d) The "machinery clause" (in accordance with extended product liability insurance module number 4.5 of the GDV as of August 2008) shall be extended

at least to "machinery parts, molds, tools and measurement and control technology".

e) Testing and sorting costs shall be fully insured both in the area of operational and product liability and in the area of the required recall cost insurance.

f) The seller shall ensure that the delivered products are fully covered by the insured risk of business and product liability.

g) Any existing claims for damages by us on the basis of product liability shall remain unaffected by this and shall be independent of the existence and/or validity of the required insurance.

(5) The Seller shall carry out a quality assurance that is suitable in type and scope and which corresponds to the latest state of the art and shall provide us with evidence of this upon request. The Seller shall conclude a corresponding quality assurance agreement with us to the extent that we consider it necessary.

Sec. 12 - Property right infringements

If third parties assert claims against us for infringement of industrial property rights due to the delivery or its use, the Seller shall indemnify us against these claims and compensate us for any damages including any legal costs.

Sec. 13 - Liability for damages

(1) Our liability for damages, irrespective of the legal grounds, is limited in accordance with the provisions of this Sec. 12.

(2) We shall be liable without limitation for damages, regardless of the legal basis, in the event of intent and gross negligence. In the event of simple negligence on the part of our organs, legal representatives, employees or other vicarious agents, we shall only be liable

a) for damages according to the product liability act (*Produkthaftungsgesetz*),

b) for damages resulting from injury to life, body or health and

c) for damages resulting from the violation of essential contractual obligations (cardinal obligations). Cardinal obligations are obligations, the fulfillment of which makes the proper execution of the contract possible in the first place and on the observance of which the contractual partner regularly relies upon and may rely upon; in this case, however, our liability is limited to compensation for the foreseeable, typically occurring damage.

Otherwise, our liability for damages shall be excluded.

Sec. 14 - Property rights

The seller delivers products to us and provides other services for us within the scope of production. In this respect, we grant the seller insight into our production and our technical area. In this respect, the Parties agree as follows:

(1) The seller undertakes not to manufacture the products manufactured by him for us for his own purposes and/or to offer them for sale. Parts provided by us, such as fabrics and materials for tools, templates, samples and other items which we provide to the Seller for production, remain our property. Such objects are to be stored separately at the expense of the seller as long as they are not processed and insured to a reasonable extent against destruction and loss.

(2) We reserve the right of ownership and copyright to illustrations, plans, drawings, calculations, execution instructions, product descriptions, and other documents. Such documents shall be used exclusively for the contractual performance and shall be returned to us after completion of the contract or deleted if they were provided in digital form.

(3) Any processing, mixing or combination (further processing) of provided items by the Seller shall be carried out for us. The same applies if the delivered goods are further processed by us so that we are considered the manufacturer and acquire ownership of the product at the latest with the further processing in accordance with the statutory provisions.

(4) The transfer of ownership of the purchased goods to us must take place unconditionally and without regard to the payment of the price. If, however, we accept an offer of transfer of ownership from the seller in an individual case, which is conditional on the payment of the purchase price, the seller's reservation of title shall expire at the latest upon payment of the purchase price for the delivered goods. In the ordinary course of business, even before payment of the purchase price, we shall remain authorized to resell the goods with an advance assignment of the resulting claim (alternatively, the simple reservation of title extended to resale). All other forms of retention of title are thus excluded in any case, in particular the extended, the forwarded and the retention of title extended to further processing.

Sec. 15 - Warranty period, statute of limitation

(1) The mutual claims of the contracting parties shall become statute-barred in accordance with the statutory provisions unless otherwise provided for below.

(2) Notwithstanding § 438 (1) No. 3 BGB, the general limitation period for claims for defects (warranty period) is 3 years from the transfer of risk. If acceptance has been agreed upon, the limitation period shall commence upon acceptance. The 3-year period of limitation also applies accordingly to claims arising from

defects of title, whereby the statutory period of limitation for in rem claims for restitution of property by third parties (Sec. 438 Para. 1 No. 1 of the German Civil Code) remains unaffected; furthermore, claims arising from defects of title do not become time-barred under any circumstances as long as the third party can still assert the right - especially in the absence of a period of limitation - against us.

(3) The limitation periods of the law on sales, including the above-mentioned extension, apply - to the extent permitted by law - to all contractual claims for defects. Insofar as we are also entitled to non-contractual claims for damages due to a defect, the regular statutory limitation period (Sec. 195, 199 of the German Civil Code) shall apply here, unless the application of the limitation periods of the law on sales leads to a longer limitation period in individual cases.

Sec. 16 - Separate confidentiality agreement

The seller undertakes to keep the information provided to him within the scope of the cooperation secret and not to pass it on to third parties. For this purpose, the Seller shall conclude a separate confidentiality agreement with us in which the details are regulated.

Sec. 17 - Miscellaneous

(1) The Seller shall be obliged to observe the relevant accident prevention regulations, other industrial safety regulations as well as the generally recognized safety and occupational medicine rules in the execution and processing of the contract. This obligation is part of the contract. If this obligation is not respected, the contract shall be deemed not to have been properly performed. We are entitled to claim damages for all damages resulting from the non-observance of these regulations.

(2) The Seller shall be obliged to carry out quality assurance which is suitable in type and scope and corresponds to the latest state of the art and to provide us with evidence of this upon request. He will conclude a corresponding quality assurance agreement with us, insofar as we consider this necessary.

(3) The Seller is obliged to insure himself against all risks arising from product liability, including the risk of recall, to an appropriate amount and to present the insurance policy to us for inspection on request.

Sec. 18 - Choice of law, place of jurisdiction and severability clause

(1) This contract and the entire legal relations between the parties shall be governed by the law of the Federal Republic of Germany, excluding the UN Convention on Contracts for the International Sale of Goods (CISG).

(2) Insofar as the Seller is a merchant, a legal entity under public law or a special fund under public law or has no general place of jurisdiction in the Federal Republic of Germany, the Local Court of Neuburg/Donau or the County Court of Ingolstadt is agreed as the exclusive place of jurisdiction for all disputes.

(3) Should individual provisions of these General Terms and Conditions of Purchase be or become invalid or contain a loophole, the remaining provisions shall remain unaffected. In order to fill these gaps, those legally effective regulations shall be deemed agreed upon which the contractual partners would have agreed upon in accordance with the economic objectives of the contract and the purpose of these General Purchasing Terms if they had been aware of the regulatory gap.