

# **Terms and Conditions of Purchase**

## **of SKT Schwarzwälder Kugel- & Rollentechnik GmbH & Co. KG**

### **1. Scope**

The following Terms and Conditions of Purchase shall apply exclusively for the purchase of goods and/or the purchase of other services. Any other terms and conditions of the Supplier shall not be binding upon us, even if we do not expressly object to them. Deviating conditions shall only oblige us if we have expressly acknowledged them in writing.

Our Terms and Conditions of Purchase shall also be the basis for all future contracts between our Suppliers and us. Our Terms and Conditions of Purchase shall apply only to legal relationships with entrepreneurs (§ 14 BGB – German Civil Code) and/or legal entities under public law and special funds under public law (§ 310 Par. 1 BGB – German Civil Code).

### **2. Purchase Orders, Data**

Our commissions shall have to be confirmed to us in writing immediately upon receipt, stating the price and the binding delivery date. We shall consider orders as binding, to which we have not received any objections in writing within ten days of Supplier's receipt of order.

All data in our commissions and/or orders and order confirmations have been determined carefully by us and shall be binding. The Supplier shall verify all documents relating to our orders and/or to their offers addressed to us concerning matters that are unclear, incomprehensible, incorrect or that are not feasible under serial production conditions and, if necessary, shall point out such matters to us. If no corresponding notice is given, delivery shall have to be made in accordance with our specifications. All contractual obligations arising from our commissions and/or orders are to be passed on as binding to any sub-suppliers and/or sub-contractors.

The Supplier shall assure us exclusive delivery for commissions and/or orders based on our specifications and/or drawings.

The above statements shall also apply to follow-up orders.

### **3. Prices, Invoicing and Terms of Payment**

Prices specified in our commissions and/or orders shall be binding. Unless otherwise agreed in individual cases, these prices shall include all services and ancillary services on the part of the Supplier and any ancillary costs (in particular for packaging, transport and insurance).

Unless otherwise agreed, the price shall include free shipment to the place of delivery and/or the provision of the service at the place of performance.

Invoices shall have to be sent to us in duplicate.

Unless otherwise agreed, we shall be entitled to pay invoices from our Suppliers within fourteen (14) days with a three percent (3%) discount or within thirty (30) days of the invoice date without any deductions.

In the case of defective deliveries, we shall be entitled to withhold payments or to offset them against claims not recognized by our Supplier and/or not determined by the court.

#### **4. Passing of Risk**

The risk shall be borne by the Supplier until the goods have arrived at the place of delivery determined by us. The transfer of risk shall take place, in principle, when the goods have been entrusted to us.

As soon as the goods have been handed over, ownership shall pass directly to us; we shall not recognize any rights of retention of title.

#### **5. Deliveries**

Information in our commissions and/or orders related to delivery time shall be binding. Operational disruptions, for which we are not held responsible, e.g. machine defects, lack of raw materials or strikes, shall entitle us to withdraw from the contract insofar as such disruptions result in a significant reduction of our requirements.

Each delivery shall have to be accompanied by a delivery note.

The Supplier shall only be permitted to provide partial deliveries and/or partial services with our approval. Unless permitted by us, these shall not constitute fulfilment.

In the case of a delivery short of no more than five percent (5%), we shall be entitled to accept the delivery and cancel the missing quantity of the shipment. In the case of an excess delivery of at least five percent (5%), we shall reserve the right to return the entire delivery to the Supplier at their expense.

#### **6. Acceptance Period for Order on Call**

In the case of an order on call, the Supplier shall grant us a maximum period of eighteen (18) months for the call-off, unless otherwise agreed, which period shall commence on the day the ordering. After expiry of the deadline, the Supplier shall be entitled to charge the goods.

#### **7. Work Results**

We shall be entitled to work results that are worthy of protection under patent, design or trademark law insofar as such work results occurred through the execution of the order. We will transfer to the Supplier free rights of use related to these results if such results are clearly

attributable to the Supplier's know-how and the results are not in connection with our core expertise of bearing, roller and/or fastening technology.

### **8. Obligation to Inspect and Give Notice of Defects, Warranty**

The Supplier shall introduce and maintain a comprehensive outgoing goods inspection in the sense of a final quality control and shall provide us with written proof of this upon request. The final quality control shall include the checking and documentation of the testing and adherence to the most important product parameters, i.e. the definitions or drawing features communicated by us. We shall be entitled to set the test parameters, provided that they are not disproportionate. If necessary, the Supplier shall have to determine further tests in consultation with us.

In accordance with the conditions of a proper course of business, we shall verify the goods received merely with regard to identity, quantity, and possible transport damage. We will report any defects discovered in this regard without delay; the complaint shall be timely, provided that it is received by the Supplier within a period of fourteen (14) working days, calculated from receipt of the goods or, in the case of hidden defects, from their detection.

The Supplier shall guarantee that their deliveries and services comply with the recognized rules of technology and the legal regulations (in particular with reference to occupational safety and environmental protection) and that such deliveries and services include the contractually agreed characteristics. They shall also make sure of the quality of the material used as well as of the professional design and execution of the goods delivered by them, and they shall likewise ensure the specified and agreed service.

If there is a quality assurance agreement between the Supplier and us, it shall become an integral part of the contract.

We shall be entitled to the statutory warranty rights in full; irrespective of this, we shall be given the right, at our discretion, to demand remedy of the defect or a replacement delivery (§ 439 BGB – German Civil Code). The Supplier shall be obliged to bear all expenses necessary for the purpose of remedying the defect or replacing the shipment and/or reimburse these to us, in particular regarding packaging, freight, export, dismantling and installation, as well as necessary travel. We shall expressly reserve the right to assert claims for damage.

In the case of minor defects, in the event of a deferral in delivery, and in case the Supplier is in delay with remedying the defect, we shall, after prior information and upon expiry of a reasonable grace period, be entitled in urgent cases (in particular in the event of a threat to operational safety, of averting extraordinary high damages, or in the case of our own deferral in delivery), to remedy ourselves, at the Supplier's expense, the defect and any consequential damage caused by it, or to have the defect/damage rectified by a third party.

The warranty period shall amount to thirty-six (36) months from the date of handover for purchase contracts and/or of acceptance for service-performance contracts. Should the ordered goods be passed on directly to third parties and/or should such goods be part of an assembly delivered by us to third parties, the warranty period shall begin when the assembly has been surrendered to the third party.

The Supplier shall be liable for any fault, including that of its vicarious agents, sub-suppliers and sub-contractors.

Furthermore, the Supplier shall guarantee that all delivered goods are free of third-party rights (in particular of any liens, of other creditor positions from assignments of claims or of credit security and of property rights). Manufacturing shall be at their risk.

### **9. Product Liability, Indemnification, Liability Insurance Cover**

Insofar as the Supplier is responsible for product damage, they shall be obliged, on our first request, to indemnify us against claims for damage by third parties, provided that the cause is set within the Supplier's sphere of control and organization, and that they themselves are liable in the external relation.

In these cases, the Supplier shall bear all costs and expenses, including the costs of any legal action or recall. We will inform the Supplier about the content and scope of the recall measures to be carried out - as far as possible and reasonable - and give them the opportunity to comment. Other statutory claims shall remain unaffected.

The Supplier shall undertake to hold an appropriate product liability insurance for claims arising from product liability and to prove this to us upon request by presenting an insurance policy.

Should we be entitled to further claims for damage, these shall remain unaffected.

### **10. Provision of Material**

Material provided by us (fabrics, parts, containers, special packaging, etc.) shall remain our property and shall have to be stored by the Supplier free of charge and with the care of a prudent businessman separately from the Supplier's other objects, and such material is to be marked as our property. It may only be used to carry out our commission and/or our order. Damage to the material provided or its loss shall have to be replaced by the Supplier.

If the material provided is processed, transformed, combined or mixed with other objects, we shall acquire ownership of the resulting object in the ratio of the value of the material provided by us to the total value of the materials used to produce the resulting object.

## **11. Technical Documents, Production Equipment, Tools**

Technical documents and means of production, such as drawings, models, samples, profiles, standard sheets, gauges, etc. provided by us or produced at our expense, as well as tools and our expertise shall remain our property; all copyrights, industrial property rights and exploitation rights shall remain with us. The technical documents, production equipment and/or tools may neither be passed on to third parties nor used for purposes other than the fulfillment of the order. They must be secured against unauthorized inspection or use. Subject to further rights, we shall be able to demand their surrender as soon as the Supplier violates their obligations.

The Supplier shall keep the aforementioned items in safe custody and shall insure them against fire, theft or other loss at their own expense. They shall return such items to us immediately after completion of the order without being requested to do so and without keeping copies, duplicates etc. Duplication of the aforementioned items shall only be permitted to the extent that this becomes necessary for the execution of our order.

## **12. Secrecy of Acquired Information, Copyrights and Exploitation Rights**

The Supplier shall undertake to treat as confidential all information obtained during the business relationship with us (in particular offers, descriptions, designs and technical expertise) and not to allow such information to reach third parties or to use it in any other way in breach of the contract. This shall also apply after termination of the business relationship.

The information is only to be made available to the Supplier's employees and, if applicable, to the employees of sub-suppliers and/or sub-contractors, who require the data for the preparation of the offer and/or the execution of the order.

We shall reserve the sole copyright and exploitation rights to the information. The information may not be made available to unauthorized persons without our consent, nor may it be exploited outside the business relationship with us - in particular in the context of deliveries to third parties.

The documents and information shall be returned to us upon request at any time, at the latest after the end of the business relationship, without the Supplier being requested to do so.

We shall not pass on to third parties any documents, drawings, samples, etc. provided by the Supplier in connection with the order and/or any knowledge acquired through the cooperation, provided and to the extent that these are not in relation to our core expertise in bearing, roller and/or fastening technology.

**13. Place of Performance, Place of Jurisdiction, Applicable Law**

Place of performance for commissions, for other services ordered by us, and for payment shall be - unless otherwise agreed - Tennenbronn / Black Forest. For all disputes arising in connection with the commissioning of goods or of other services by us, the courts responsible for our headquarters in Tennenbronn / Black Forest shall have exclusive jurisdiction. However, we shall also be entitled to sue the Supplier before the courts having jurisdiction at the Supplier's registered office.

All legal relations between us and our Suppliers shall be governed exclusively by German law, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (CISG).

**14. Final Provisions**

The Supplier shall agree that the data we require from them within the scope of the business relationship may be stored and used by us.

Should any of the above provisions be or become invalid in whole or in part, this shall not affect the validity of the remaining provisions of these Terms and Conditions of Purchase. An invalid provision shall be replaced by a valid provision which comes as close as possible to the meaning of the invalid provision.

Status: May 2019