

## KOSTAL TERMS AND CONDITIONS OF PURCHASE

The legal basis between the Supplier on the one part and **KOSTAL Automobil Elektrik GmbH & Co. KG** and/or its Affiliates (as defined below) on the other part (hereinafter referred to as “Buyer”) shall be based on these conditions and on any other written agreements.

“Affiliate(s)” means any entity that now or in the future directly or indirectly controls, is controlled by, or is under common control or ownership with a party for as long as such control exists. Affiliates of KOSTAL are listed on the KOSTAL website: <https://www.kostal.com/en-gb/unternehmen/zahlen-daten-fakten/standorte>

Alterations and supplements must be in writing. This also applies to the alteration of the written form requirement itself. Alterations to individual conditions shall not affect the validity of the other conditions. The Buyer’s KOSTAL Terms and Conditions of Purchase shall apply exclusively. Other conditions shall not become part of the contract even if the Buyer has not expressly objected to them.

Buyer and Buyer Affiliates may purchase goods from Supplier and Supplier Affiliates under the terms and conditions of these KOSTAL Terms and Conditions of Purchase by issuing orders or delivery schedules directly to Supplier or such Supplier Affiliates.

The terms of these KOSTAL Terms and Conditions of Purchase will be applicable to any such order or delivery schedule regardless if they are explicitly mentioned or not as if these KOSTAL Terms and Conditions of Purchase were separately executed by Buyer or Buyer Affiliate and Supplier or such Supplier Affiliate (and solely by such parties) and the term “Buyer” and “Supplier” used herein will be deemed as applying to such Affiliates for the purposes of the order or delivery schedule.

The applicable rights, obligations and liabilities of Supplier and Buyer under each order or delivery schedule will be solely those of Supplier and Buyer, and none of their respective Affiliates will be responsible for any obligations or liabilities of Supplier or Buyer under such orders or delivery schedules.

The applicable rights, obligations and liabilities of an Affiliate issuing or receiving an order or delivery schedule will be solely those of such Affiliate, and neither Supplier and Buyer nor any of their other Affiliates will be responsible for any obligations or liabilities of the Affiliate under the order or delivery schedule.

Under no circumstances will Supplier or Buyer and any of their respective Affiliates be jointly or severally liable for the obligations of another Affiliate who has made these obligations.

### **I FRAMEWORK AGREEMENTS, LONG-TERM SUPPLY AGREEMENTS**

1. A framework agreement between the Buyer and the Supplier shall come into effect automatically through the assumption of a business relationship, if a supply relationship is planned beyond a single order. These KOSTAL Terms and Conditions of Purchase shall be the framework agreement and the foundation for each planned business activity. The purpose of framework agreements is to regulate in advance provisions contained in future individual agreements (e.g. nominations, orders (single orders, e.g. PPAP (Production Part Approval Process)/tool order), delivery schedules (frame orders for the series (Forecast)) or delivery schedule allocations (release orders under the delivery schedule).
2. The framework agreement by itself does not oblige the Buyer to conclude any individual agreements or to make any payments.
3. During the term of the framework agreement, the Supplier undertakes to conclude individual agreements with the Buyer in accordance with the conditions referred to therein.
4. The Supplier is obliged upon request of the Buyer to participate in a consignment stock on the Buyer's premises or those of Buyer's logistics services provider for the delivery of full production materials. The details will be agreed in a separate consignment stock agreement (Call-Off-Agreement).
5. Long-term supply agreements confirm the binding supply of a specially named article/material during the production period of the Buyer's customer's vehicle/appliance, including the period for

supplying spare parts. The fundamental terms and conditions of the contract are regulated through this framework agreement.

6. With the acceptance of the first order, the Supplier expressly undertakes to ensure deliveries over the whole of the supply period, at least in accordance with the jointly stipulated conditions.

## II ORDER

1. Orders/delivery schedules not issued by the purchasing department, Shared Services Center (SSC) or logistic department are not valid unless confirmed in writing by the Buyer's purchasing department.
2. Orders, delivery schedules, delivery schedule allocations and confirmations or approvals shall be binding only if issued in writing by either mail, fax or data transmission.
3. If the Supplier does not accept the order or the delivery schedule within two (2) weeks of receipt the Buyer shall be entitled to cancel.
4. The Supplier shall confirm the initial order (first delivery schedule) preceding the delivery schedule allocations in writing. The Buyer's delivery schedule allocations shall be binding, if the Supplier does not explicitly object in writing within five (5) working days of receipt. Written confirmation is otherwise waived. Should the Supplier object to the delivery schedule allocations in due form and time, the Supplier and the Buyer shall agree on which quantities can be delivered in which period in order to meet the requirements of the Buyer's customer. If the Buyer incurs additional costs as a result, the Supplier shall reimburse these costs to the Buyer on the basis of its general delivery obligation.
5. The Supplier undertakes to set up an EDI or webEDI connection with the Buyer in accordance with the latest EDI Guideline and EDI or webEDI General terms and conditions – General terms of trade for Electronic Data Interchange (EDI) of commercial documents / General terms of trade for Electronic Data Interchange by Internet. They can be accessed via <https://www.kostal.com/en-gb/download/vertragsdokumente>. The Buyer shall notify the Supplier of any changes in the EDI Guideline, EDI General terms and conditions and webEDI General terms and conditions. Upon request, the Buyer shall provide the Supplier with the respective Guideline or General terms and conditions free of charge.
6. To a reasonable extent the Buyer may demand alterations to the design, construction, quantity and delivery date of the object of supply from the Supplier. The effects, in particular of extra or reduced costs, shall be suitably regulated by mutual agreement.
7. The Buyer is entitled to adapt dates and quantities at any time to its actual requirements.
8. If a petition for insolvency proceedings with regard to the Supplier's assets is issued, or if judicial or extra-judicial insolvency proceedings are applied for, the Buyer shall have the right to withdraw from the part of the respective individual agreement that has not yet been fulfilled and shall have the right to demand the return of any affected tools, which were loaned to the Supplier by the Buyer, immediately.

## III ACCEPTANCE

1. The issued delivery schedules, delivery schedule allocations and orders shall oblige the Buyer only to accept the allocated quantities for a period of four (4) weeks. Deviations shall be binding on the Buyer only following a specific written agreement.
2. Allocations of materials which the Supplier carries out exceeding a period of constant four (4) weeks shall be completely on his own responsibility unless otherwise agreed in writing.
3. The Buyer shall be entitled to refuse to accept goods that are delivered prior to the delivery date or to return goods delivered early at the expense and risk of the Supplier or to store them with a third party at the expense of the Supplier. This shall also apply in the case of excess deliveries.
4. Over-deliveries or short deliveries (including part shipments) shall be permissible only with the express approval of the Buyer.

## IV PROOFS OF ORIGIN, SECURITY DECLARATIONS, EXPORT RESTRICTIONS

1. At the Buyer's request the Supplier shall at all times specify the origin of goods it supplies, their manufacturer(s) or its own suppliers.
2. The Supplier shall be obliged to notify the Buyer of the trade origin and preferential origin as prescribed of the goods delivered in binding manner.

3. The Supplier shall issue, within a 14 day period following request and delivery by the Buyer, a long-term supplier declaration, which is made available by the Buyer, according to the Implementation Regulation (EC) (version as of today) (EC) 2015/2447, as applicable at the time of delivery. A declaration based upon documents of the Supplier shall be coordinated in advance with the Buyer. Costs arising by missing supplier declaration or charged to the Buyer by customers, will be passed on to the Supplier pursuant to the costs-by-cause principle.
4. In the event of the first delivery, the data of origin must be communicated in written in the form of a supplier declaration no later than at the time of the first delivery.
5. The Supplier shall moreover assure for the delivery of goods from non-EU countries, with which the EU concluded trade and preferential agreements for obtaining exemption from customs duties for importers, to provide the required documentation, e.g. proofs of preference on the commercial invoices, EUR.1 documents or A.TR Movement Certificates for the import free of customs duties in the event of the delivery. Certificates of origin will have to be provided upon request. The trade origin (Country of Origin) must be stated in each commercial invoice issued by the Supplier.
6. The Supplier shall warrant the security in the supply chain and meet the legal requirements to that effect. The Supplier shall be required to immediately submit appropriate proof (e.g. security certificates, AEO or CTPAT security declarations) upon the request of the Buyer.
7. In the event that the relevant above-mentioned documents of the Supplier are not submitted by the time of import and the Buyer therefore must unnecessarily pay customs duties, the Buyer will reclaim such customs duties from the Supplier also.
8. Missing documents will moreover be included in the supplier evaluation.
9. In the event of free-of-charge deliveries, the Supplier shall be obligated to state in the pro forma invoice the value reflecting the usual market price as well as make the following note: "For Customs Purpose Only". The invoice of the delivery note must additionally state the reason for the free-of-charge delivery (e.g. free-of-charge sample dispatch).
10. The Supplier shall be required to support us by any means required for the reduction or minimization of our payment obligations with regard to customs or costs for customs clearance.
11. The Supplier shall inform the Buyer unsolicited if its deliveries are subject, entirely or in part, to import or export restrictions. The Supplier shall be obligated to notify the Buyer in the business documentation of potential permit requirements or restrictions for (re-)exports of its goods according to German, European, US import and customs regulations as well as the export and customs regulations of the country of origin of its goods. The Supplier shall be moreover obligated to inform the Buyer in time before the first delivery if its goods are subject to BAFA permits and to immediately inform the Buyer of changes (technical changes, legal amendments or regulatory statements). Any information shall be sent to the address [compliance@kostal.com](mailto:compliance@kostal.com).

## **V PRICES AND PAYMENT**

1. Agreed prices are fixed prices.
2. The agreed prices shall apply at the time of delivery.
3. If no further individual price agreements are made, after expiry of a price agreement the last agreed price and the conditions agreed therein shall remain valid until the end of the spare parts supply period.
4. Payment is to be effected upon receipt of the goods in accordance with the contract, or upon clean acceptance of the service, and upon receipt of the correct and verifiable invoice. The date of receipt of delivery determines the payment and discounting periods for agreed crediting procedures; otherwise the later date of receipt of delivery and invoice. The date of acceptance shall apply to other services. After receipt of the invoice or acceptance of the service or when the goods are received payments shall be due on the 25<sup>th</sup> day of the month following delivery less 3% discount, or by special agreement.
5. In cases where premature delivery is accepted, payment becomes due in accordance with the agreed delivery date.
6. In the event of defective delivery the Buyer shall be entitled to withhold payment pro rata until correct performance is fulfilled.
7. The Buyer is entitled to offset his due counter-claims.

8. The Supplier shall not enforce any retention rights for deliveries of goods or rendering of work or services or revoke any right of use.

### **VI READINESS TO DELIVER, SAFETY STOCK**

1. The Supplier undertakes to manufacture and deliver the agreed quantities in the required quality so that they can be used immediately in full production. He undertakes to ensure the fundamental reliability of deliveries based on the requirements made known to and agreed by the Supplier which also gives the Buyer the opportunity for flexible and short-term action, if necessary.
2. Unless otherwise agreed, the Supplier undertakes to maintain a safety stock of production material covering the requirements for two (2) weeks. The safety stock shall be maintained in compliance with the state of the art and an ensuring of suitability for further processing, i.e. rolling in accordance with the first-in, first-out (FIFO) principle. Verification of the safety stock shall be provided on demand.

### **VII PACKAGING, SHIPPING, LABELLING**

1. Unless otherwise agreed, the goods to be delivered shall be suitably packed as is customary in the trade. Packaging for electronic elements or components must be capable of electrostatic discharge (ESD). The Supplier shall be liable for damage resulting from unsuitable packaging.
2. The goods shall be delivered in disposable or returnable packaging. Returnable packaging shall be used if this is required by the Buyer and it is mutually agreed (see KOSTAL Packaging Guideline: <https://www.kostal.com/en-gb/download/vertragsdokumente>).
3. The place of performance is the reception point named by the Buyer. Deliveries shall be made including packaging and free of charge to the respective delivery point. The INCOTERMS 2020 agreed with the Supplier shall apply. If there is no agreement, INCOTERM DDP, named place of destination, shall apply in principle.
4. Deliveries for which the Buyer must pay freight charges in full or in part shall be transported at the most favourable rates and methods of transport unless the Buyer has issued other instructions.
5. In case of deliveries ex-works (INCOTERM EXW) the goods are not to be insured in addition for the transport, unless the Buyer issues a contrary instruction.
6. The delivery documents must contain the Buyer's order and material numbers, the revision status, gross and net weight, delivery quantity, number of packages, packaging material number, number of packaging materials used and the packing slip number (KOSTAL Logistics Guideline: <https://www.kostal.com/en-gb/download/vertragsdokumente>).
7. All production materials supplied must be marked with bar-code labels in accordance with the KOSTAL Logistics Guideline.
8. In addition the latest KOSTAL Packaging Guideline (KPG) and the latest KOSTAL Logistics Guideline (KLG) shall apply and prevail in case of discrepancies with the aforementioned provisions in this section. They can be accessed via <https://www.kostal.com/en-gb/download/vertragsdokumente>. The Buyer shall notify the Supplier of any changes in the KPG and/or KLG. Upon request, the Buyer shall provide the Supplier with the respective KPG and/or KLG free of charge.

### **VIII PROVISION OF MATERIALS**

1. Materials, sub-assemblies, tools and other means of production provided by the Buyer shall remain his property. If they are sold to the Supplier, the Buyer shall retain title until full and complete payment. Items provided by the Buyer also include tools and production devices which are paid for wholly or partly by the Buyer. In the case of partially paid items, including the necessary accessories, the Buyer's title shall exist pro rata to the price for the item agreed with the Supplier.
2. The Buyer's property may be used by the Supplier only in accordance with the purpose determined by the Buyer.
3. The Supplier is obliged to handle the tools and other means of production with care and to ensure their maintenance and where applicable their renewal at his own expense. He shall insure them at his own cost at least to their replacement value against the risks of fire, water, environmental effects, burglary, vandalism and business liability.
4. Tools and other means of production must be kept in a useable condition at all times. This also applies to arrangements for avoiding damaging influences during storage.

**IX DELIVERY DATES, DEADLINES, DELIVERY DELAYS**

1. Agreed dates and deadlines are binding.
2. Delivery delays shall be notified to the Buyer promptly as soon as they are detected, together with the reasons and the probable duration.
3. In the event of non-compliance with agreed delivery dates the Buyer shall have the right to withdraw from the respective individual agreement or to terminate it without notice. The Supplier is obliged to reimburse the Buyer for the extra costs arising from the replacement purchase.
4. The Supplier undertakes to compensate the Buyer for the damage caused by the delay. This shall include above all the extra costs for freight, production (additional setting-up costs, surcharges for extra work, etc.), covering purchases, etc., and redress for claims for damages from the Buyer's customers.

**X DELIVERY SECURITY, SPARE PARTS OBLIGATION**

1. The Supplier undertakes to inform the Buyer in all cases promptly if materials or components are to be modified or discontinued. This must be indicated in a Product Change Notification (PCN) or Product Termination Note (PTN) in accordance with the current ZVEI Guideline for Customer Notifications of Product and / or Process Changes (PCN) of Electronic Components specified for Automotive Applications. The lead time for such information shall be not less than one (1) year plus delivery time. The Buyer must confirm the receipt of such information. Any costs incurred by the Buyer and the Buyer's customers as a result shall be borne by the Supplier on the basis of its general delivery obligation.
2. The Supplier undertakes to ensure the supply of spare parts for fifteen (15) years after the cessation of full production (vehicle/final product). Deviations from this shall be valid only if they are expressly agreed.
3. Tools shall be kept ready for use until the end of the spare parts supply period. The Supplier bears the risk and costs for storage and readiness of the tools.
4. Tools, and equipment may be scrapped only with the Buyer's express written consent on expiry of this period of 15 (years) and must be stored free of charge at the Supplier's after the end of the spare parts supply period until the Buyer calls them off or authorises their scrapping. .

**XI SUSTAINABILITY (ENVIRONMENTAL PROTECTION, ENERGY EFFICIENCY, OCCUPATIONAL SAFETY)**

1. The basis of any business relationship shall be the essential principles of conduct of the KOSTAL Group in accordance with the KOSTAL Code of Conduct (go to <https://www.kostal.com/en-gb/download/vertragsdokumente>).
2. The Supplier shall comply with statutory environmental protection regulations and undertakes to introduce and operate a certified environmental management system in accordance with DIN ISO EN 14001 or the Eco-Management and Audit Scheme (EMAS) of the European Union by the start of production (SOP) at the latest and to prove this by presenting a corresponding certificate.
3. In the case of dangerous materials or materials hazardous to health as defined by statutory regulations or materials which are liable to registration according to Regulation (EG) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH-Regulation), the Supplier shall on its own initiative provide a safety data sheet before the first delivery and up-date this in good time (at least every three (3) years). If delivered articles contain SVHC (Substance of Very High Concern) substances, the Supplier is obliged to inform the Buyer in writing of this in advance of the conclusion of any individual agreement.
4. The Supplier warrants that the products supplied do not contain any legally prohibited materials or exceed permissible concentrations of hazardous substances.
5. The Supplier undertakes to enter delivered articles containing SVHC substances in a proportion of more than 0,1 % into the SCIP (Substances of Concern In articles as such or in complex objects (Products)) database provided for registered users from January 2021.
6. The Supplier undertakes to add on his own initiative to the INTERNATIONAL MATERIAL DATA SYSTEM (IMDS) the material data relating to products delivered and to up-date it. The IMDS number shall be notified to the Buyer without the need for a request.



7. The Supplier is responsible for the disposal of the components/materials he supplies in accordance with statutory regulations applicable to his scope of delivery. On demand by the Buyer it shall submit a conclusive concept for dismantling, recycling and the non-hazardous disposal of the products he supplies.
8. The Supplier undertakes to introduce and operate a certified occupational health and safety management system in accordance with DIN ISO 45001 or a recognised and certified occupational health and safety management system derived therefrom by SOP at the latest, and to prove this by presenting a corresponding certificate. Deviations from the requirements can be agreed in writing jointly and in coordination.
9. The Supplier undertakes to control its processes in an energy-efficient manner in accordance with the principles of DIN ISO 50001. A certification according to DIN ISO 50001 or a comparable recognized management system is to be striven for in terms of economic benefits and sustainable business relations.
10. Companies are obligated to ensure respect for human rights and environmental protection within their own business area and at their direct suppliers. The so-called Supply Chain Due Diligence Act (LkSG), as the legal basis for this, initially applies to German companies. The Buyer is obliged to demand and document that the Supplier is in line with environmental protection, human rights and fair labour and business practices. The Supplier shall support this to the best of its knowledge and shall register under EcoVadis before the start of the business relationship and provide the relevant evidence and documentation.
11. The Supplier grants the Buyer and/or the Buyer's customer the right to carry out its own audit within two (2) weeks after prior consultation.

## **XII QUALITY, DOCUMENTATION OBLIGATION**

1. The Supplier is completely responsible in every respect for the quality of the products he supplies. He shall maintain a batch traceability system and shall provide evidence of this on demand.
2. Unless otherwise agreed the Supplier shall satisfy the provisions of the latest IATF 16949 and ISO 9001 on which these are based. In addition, the latest KOSTAL Quality Guideline for Suppliers shall apply. It can be accessed via <https://www.kostal.com/en-gb/download/vertragsdokumente>. The Buyer shall notify the Supplier of any changes in the KOSTAL Quality Guideline for Suppliers. Upon request, the Buyer shall provide the Supplier with the respective KOSTAL Quality Guideline for Suppliers free of charge. Deviations can be agreed in writing by the parties. It is pointed out in particular that the Supplier must notify the Buyer of all changes to processes (including transfers of production) before they are carried out. The Buyer has the right to object to the change, if an impairment of his interests is possible. In this case the change must not be carried out.
3. The Supplier grants the Buyer and/or the Buyer's customer the right to carry out its own audit within two (2) weeks after prior consultation.
4. The Supplier shall participate in the "TopFocus" programme described in the KOSTAL Quality Guideline for Suppliers if the requirements are met and shall bear the associated costs or reimburse the Buyer. The parties shall agree on the content and the costs incurred in advance of TopFocus.
5. The Supplier is obliged to meet a separate documentation requirement, e.g. if the Buyer requests it or if the need to document critical features arises from a statutory provision or because of considerable risks of personal injury, damage to property or financial loss. The Supplier shall mark the critical features with a "D" in drawings and documents and maintain these documents for at least fifteen (15) years after the processing of the final delivery. The Supplier shall permit the Buyer to inspect these records subject to the "D" obligation at any time on demand or send appropriate copies. In the event of litigation, the Supplier shall support the Buyer with his technical knowledge and where applicable make the originals of the records subject to the "D" obligation available for the purpose of evidence. The Supplier shall oblige his own suppliers accordingly.

## **XIII DUTY TO INSPECT AND REPORT DEFECTS**

1. In order to assure the product requirements described in the specifications, individual agreements, these KOSTAL Terms and Conditions of Purchase and other written agreements, the Supplier must have a Quality Management System implemented according to IATF 16949 (as currently applicable).

2. The Buyer shall be obligated to perform an incoming goods inspection only to the extent that obvious defects such as transport damage, different quantities and discrepancies between the order/delivery schedule and accompanying documents are detected. The Buyer shall notify defects to the Supplier without delay as soon as they are detected during the ordinary course of business. In this respect, the Supplier waives his objection due to late advice of defects.

#### **XIV FREE AND OPEN SOURCE SOFTWARE**

The Supplier guarantees that the contractual products do not contain any free and open source software, unless this has been expressly agreed otherwise in writing in an individual agreement.

#### **XV WARRANTY**

1. The Supplier expressly warrants that the goods are free from defects in accordance with the agreed specifications (in accordance with drawing, data sheet, specifications or other prescribed data) and suitable for the known application. If the Supplier is unaware of the intended purpose he shall inform the Buyer of this and request this information. In addition, the Supplier warrants the conformance of his delivery or service with statutory provisions and with the state of the art technology.
2. The warranty agreement concluded with the Supplier shall apply. Otherwise the following provisions shall take its place:
3. The Buyer shall be entitled without restriction to all statutory rights under warranty and including claims for damages.
4. The Buyer has the right to demand a replacement delivery of fault-free goods or remedying of the defect (reworking) by the Supplier within a reasonable period set by the Buyer. Before installing the goods the Buyer shall give the Supplier the opportunity to out-sort the defective goods and rework them or replace them with fault-free new goods, provided that this is reasonable for him. If this is not acceptable for the Buyer or if the Supplier refuses or does not remedy the defect within the set period or is unable to do so, the Buyer has the right to remedy the defect himself or to have this done by a third party or to purchase a replacement. In cases where immediate action is essential, the Buyer shall be entitled to do this without prior notice or setting a time limit.
5. The Supplier shall bear all costs arising from the remedying of defects including the consequential costs of claims by third parties or shall reimburse the Buyer for such costs. This shall apply in particular to the costs of removal and installation, transport, fault analysis, reimbursement of expenses, extra costs for covering purchases, material, scrapping, etc., and claims for damages by third parties.
6. If it is necessary in the course of a product recall campaign (including an unreported/confidential recall) to replace a complete series of products or components into which defective products from the Supplier were installed, the Supplier shall also reimburse the accruing costs for that part of the affected series which is free from defects.
7. After a request by Supplier the Buyer shall return those defective goods to which the Buyer has access. In this context it is stated that for cost reasons defective goods shall only be returned for analysis purposes by the Buyer's customers on the basis of random samples. To this extent the Supplier waives the complete return of all defective goods. The Supplier shall bear the costs of the return transport of defective goods including all related costs.
8. The warranty shall terminate on expiry of thirty-six (36) months after the first registration of the vehicle or the commissioning/official acceptance by the final customer, at the latest forty-two (42) months after delivery, provided that longer statutory or contractual warranty periods are not designated, which will then apply in this case.
9. Warranty rights shall not arise if the defect is the result of a breach of operating and installation instructions, unsuitable or incorrect use, defective or negligent handling and normal wear and tear, as well as damage caused by intervention in the product by the Buyer or a third party.
10. If a complaint arises that cannot be resolved within the warranty period, the Supplier waives in so far his right to plead statute of limitations.

#### **XVI LIABILITY**

1. Unless a different liability stipulation is agreed elsewhere, the Buyer has the right to reimbursement of all costs (direct or indirect) for which the Supplier is responsible because of a defective delivery

or other behaviour in breach of contract. This shall include among others the costs of safeguarding against damage, precautionary measures, recall actions, etc.

2. In case of damage or precautionary measures to safeguard against damage, the Buyer shall inform the Supplier to the best of his ability, advise him of the measures to be taken and co-ordinate these within the framework of the Buyer's abilities.
3. If others and not only the Supplier are jointly responsible for the damage, the Supplier shall be liable pro rata up the amount that he, his representatives or his sub-suppliers contributed pro rata to the damage.
4. Regarding claims by third parties, in particular in respect of product liability or infringements of industrial property rights, the Supplier shall indemnify the Buyer on first demand against all costs, including the necessary expenses for prosecution of an action as well.
5. On demand by the Buyer, the Supplier shall join the legal action with the third party at his own expense. In all legal disputes associated with his deliveries and relating to official regulations and inspections, the Supplier shall support the Buyer actively at his own expense and make available all the necessary documents, witness statements, etc.

## **XVII CONFIDENTIALITY AND INFORMATION SECURITY**

1. "Confidential Information" means all information and documents of a party which are marked as confidential or which are to be regarded as confidential from the circumstances of the disclosure, in particular but not limited to commercial, technical and business information and data know-how, ideas, concepts, designs, specifications, notes, (protectable) inventions, software, drawings, plans, products, samples, objects, formulas, patterns, trade secrets, programs, methods, techniques, processes, compilation, manuals, personal data.
2. During the term of any individual agreement covered hereunder and also thereafter for an unlimited period of time the parties undertake to
  - a) handle the Confidential Information with confidence as if it were its own Confidential Information, but not less than a reasonable degree of care as it is expected for information in the same kind in that specific branch,
  - b) take appropriate confidentiality measures to safeguard any Confidential Information from unauthorized disclosure or use and to store and save all Confidential Information in a secure manner, in particular not being accessible to others,
  - c) use the Confidential Information only for the purpose of this Agreement and any individual agreement covered hereunder,
  - d) not disclose Confidential Information to any third party without the prior written consent of the party disclosing the Confidential Information and
  - e) not reverse engineer Confidential Information, which is not publicly available.
3. Confidential Information shall be exempt from the obligations of confidentiality in clause XVII. 2,
  - a) which was demonstrably already lawfully known to the receiving party at the time of conclusion of the individual agreement covered hereunder without any duty of confidentiality or subsequently becomes known to it from a third party without violating a confidentiality agreement, statutory provisions or official orders,
  - b) which is already public knowledge at the time of conclusion of the individual agreement covered hereunder or is made public thereafter, insofar as this is not based on a breach of this framework agreement or any individual agreement covered hereunder,
  - c) which is independently developed without knowledge of or access to the Confidential Information, or
  - d) which is required to be disclosed by law or by order of a court or public authority. To the extent permissible and possible, the receiving party obliged to disclose shall inform the other party in advance without undue delay and give it the opportunity to oppose the disclosure. In the event that this is not possible, disclosure shall only be made to the extent that this is legally required and confidential treatment of the Confidential Information has to be ensured. In case of doubt, the exemption from the obligations of confidentiality shall only apply towards the requesting institution.
4. Confidential Information can be disclosed to employees, consultants and advisors of the receiving party, to Affiliates of the receiving party including the Affiliates employees, consultants and advisors as well as to own contractors, but only if they



- a) have a need-to-know the Confidential Information to fulfil the purpose of any individual agreement covered hereunder,
- b) will be advised of the confidential nature of the Confidential Information,
- c) are bound to confidentiality obligations not less restrictive than in this framework agreement, and
- d) are not a competitor of the disclosing party.

The Buyer may pass on Confidential Information of the Supplier to its own costumers insofar as this is necessary for the fulfilment of the customer's project and the customer has been obliged to maintain confidentiality.

5. Confidential Information is and remains the property of the party, which discloses it. Unless otherwise agreed, no rights or licenses with respect to Confidential Information are granted neither explicitly nor implicitly. The receiving party is in particular not allowed to submit any applications for Confidential Information of the disclosing party.
6. Confidential Information including all kind of copies or duplicates of the same shall be returned or destroyed upon respective request, unless it concerns routinely made back-up copies of electronic data transfer and one copy that has to be retained according to mandatory law.
7. The Supplier shall be obligated to immediately secure all information and data of the Buyer by means of state-of-the-art technology effectively against unauthorized access, modification, destruction or loss, illegitimate transfer, otherwise illegitimate processing and other abuse. The guideline Information Security for Contractors (see <https://www.kostal.com/en-gb/download/vertragsdokumente>) or agreements made on a case-by-case basis for information security shall moreover apply. According to the type and the need for protection of the relevant information and data, the Buyer may request a proof on an appropriate information security management system implemented by the Supplier, in particular by submitting appropriate certificates (e.g. ISO/IEC 27001, tests pursuant to the TISAX model or in the form of a self-disclosure).
8. The Supplier shall immediately notify the Buyer in the event of severe disturbances of operating procedures, of suspected violations of data protection, of information security or other irregularities when dealing with information and data pertaining to the Buyer.

### **XVIII DATA PROTECTION**

- 1 The Supplier shall comply with the provisions of the General Data Protection Regulation when processing personal data.
2. The parties shall ensure that all persons entrusted by them with the processing or performance of any individual agreement comply with the statutory provisions on data protection.

### **XIX COMPLIANCE**

1. The Supplier undertakes that it will not offer or grant, nor solicit or take, advantages violating applicable anti-corruption provisions, neither within business transactions nor in dealing with officials.
2. The Supplier undertakes that it will not within the business relationship with the Buyer make any agreements or coordinated practices with other companies who have the purpose or effect of avoiding, restricting or forging competition according to applicable antitrust laws.
3. The Supplier assures to comply with applicable laws for the regulation of the general minimum wage and to engage subcontractors commissioned by them to the same extent. The Supplier shall upon request bring proof on the compliance with the above assurance. In the event of any breach of the above assurance, the Supplier shall release us from third-party claims and shall be obliged to reimburse fines and penalties imposed on us in this context.
4. The Supplier assures to meet its entrepreneurial responsibility towards society and to establish a CSR (Corporate Social Responsibility) Management.
5. In the event of a suspected breach of the obligations of the immediately preceding sections 1 to 4, the Supplier shall be required to immediately clarify potential breaches and to inform the Buyer on measures taken to clarify the matter, and to disclose the delivery chain affected in justified cases. If the suspicion proves to be unjustified, the Supplier must inform the Buyer within due time what measures they have taken within the company in order to avoid any breach in the future. If the

Supplier fails to meet such obligations within due time, the Buyer shall reserve the right to withdraw from contracts concluded with them, or to terminate such contracts with immediate effect.

6. In the event of severe violations of law on the part of the Supplier and in the event of any breach of the arrangements stated in the immediately preceding sections 1 to 4, we shall reserve the right to withdraw from existing contracts or to terminate such contracts with immediate effect.

### **XX CYBER SECURITY**

1. In case of delivery of cyber security relevant products (e.g. software modules, microchips, controllers, PCBAs), the Supplier undertakes to maintain a certified Cyber Security Management System (CSMS) according to ISO/SAE 21434 or a comparable management system and to provide evidence thereof by submitting a corresponding certificate.
2. Details are to be set out in a supplementary agreement

### **XXI FORCE MAJEURE**

1. Labour disputes, riots, epidemic, pandemic, official measures and other unforeseeable and serious occurrences of force majeure shall exempt the parties to the contract from their obligations to perform for the duration of the disturbance to the extent of their effect. This also applies if these occurrences take place at a time in which the affected party is in default. The parties to the contract undertake to provide the necessary information without delay in the framework of what is reasonable and to adapt their obligations to the changed circumstances in accordance with good faith.
2. If it is foreseeable that the disruption caused by force majeure at the Supplier's sphere will last longer than four (4) weeks, the Buyer shall be entitled to withdraw from the respective individual agreement in whole or in part. This shall also apply if it is unreasonable to expect the Buyer to wait.

### **XXII INSURANCE**

1. The risks arising from the warranty or general liability by the installation and removal of the product, as well as recall actions and serial damages, shall be covered by an insurance.
2. The Supplier undertakes to maintain both public liability insurance and product liability insurance, in particular with coverages of automobile risks, with a cover of not less than EUR 5 million for each individual case and not less than EUR 10 million for all cases of damage in a calendar year. This shall not affect claims for damages by the Buyer against the Supplier.
3. Upon request, the Supplier shall submit the relevant insurance policies.

### **XXIII TRANSFER OF RIGHTS**

1. Liabilities of any one of the individual companies in the KOSTAL Group or of sub-suppliers shall be borne to the Supplier exclusively by the company which entered into the obligation.
2. The Buyer has the right to transfer existing orders and agreements at unchanged conditions to companies in the KOSTAL Group or to sub-suppliers.
3. The Supplier is not authorized to have the order or any other individual agreement carried out by third parties or to relocate the production location unless it has received a written approval from the Buyer. Preconditions for an approval are a suitable period of time before the relocation and the assumption by the Supplier of all costs associated with this.
4. Without the prior written approval of the Buyer, which may not be refused unreasonably, the Supplier is not entitled to assign its claims against the Buyer or to have them collected by third parties. In the case of extended retention of title into binding commitments which are governed by German Law, this agreement is regarded as having been issued.
5. Without prior written approval, the Supplier may not advertise that he is a party to a contract with the Buyer or his customers. In particular, the Supplier may not use names, trademarks, logos, product designations, product representations, etc., without the permission of the Buyer.
6. The Supplier is prohibited from selling to other customers any products that were specially established by the Buyer at the Supplier's without the Buyer's permission.

### **XXIV SUPPLIER MANAGEMENT**

1. The Supplier acknowledges the KOSTAL Code of Conduct for Suppliers & Business Partners (go to <https://www.kostal.com/en-gb/download/vertragsdokumente>) and the KOSTAL Guideline Human

Rights and Environmental (go to [https://www.kostal.com/HumanRights\\_Environmental](https://www.kostal.com/HumanRights_Environmental)), complies with all the principles described therein and makes every effort to implement these standards within their supply chain.

2. The Supplier shall act so as to prevent the direct or indirect financing of armed groups. In this context, the Supplier shall observe and meet applicable legal requirements with regard to "conflict resources". The Supplier shall moreover perform due diligence of its delivery chains on a regular basis and review the regularly updated list of conflict and high-risk areas (CAHRA) and immediately inform the Buyer in the event of justified suspected cases of the financing of conflicts and human rights abuses, and promptly modify the delivery chain. The KOSTAL Conflict Minerals Policy shall moreover apply (<https://www.kostal.com/en-gb/download/vertragsdokumente>).
3. The Supplier is independently responsible for his sub-suppliers and for compliance with all requirements arising from the contractual relationship with the Buyer.
4. He shall enable the Buyer or a third party authorized by the Buyer to check compliance with all contractual requirements on site during normal hours of business following prior notice.
5. Supplier is obliged to obtain and provide to Buyer all information and documents required by Buyer to comply with all regulatory requirements arising from this framework agreement and any individual agreement covered hereunder. Regulatory requirements in the former sense include in particular, but are not limited to The German Supply Chain Due diligence Act.
6. Supplier is obligated to indemnify Buyer against claims by third parties arising from a breach of regulation described under XXIV above, unless it proves that it is not responsible for the breach. Supplier shall further in the event of any breach of the regulations described above, be obliged to pay damages, including reputational damages, unless it proves that it is not responsible for the breach.
7. Supplier shall ensure unhindered access by its employees to the complaints procedure set up by the Buyer (KOSTAL Compliance Hotline (go to: <https://www.speakupfeedback.eu/web/kostalexternal>)). In particular, Supplier shall not undertake any actions, that hinder, block or impede access to complaints procedure. Supplier undertakes to pass obligations of this Section XXIV 7 to its subcontractors and to ensure that those obligations are passed on along the supply chain.
8. In the event of breaches by Supplier of the obligations set out under XXIV, Buyer shall be entitled to suspend performance of any individual agreement covered hereunder or, at its discretion, decide to rescind from or terminate any individual agreement covered hereunder, if the breach is not remedied within a reasonable deadline set by Buyer. In cases of serious, persistent or repeated breaches, the deadline need not be set.

## **XXV COURT OF JURISDICTION, APPLICABLE LAW**

1. The law of the Federal Republic of Germany shall apply without the reference to the conflict of laws rules and excluding the applicability of the provisions of the UN Convention on Contracts for the International Sale of Goods.
2. Exclusive place of jurisdiction for all disputes arising from the contractual relationship is Lüdenscheid, Germany. If the Supplier has its principal place of business outside the European Union, all disputes arising out of or in connection with this framework agreement or concerning its validity shall be finally settled in accordance with the Rules of Arbitration of the German Institution of Arbitration (DIS), excluding the ordinary court of law. The arbitration court shall consist of three arbitrators. The place of arbitration is Lüdenscheid, Germany. The language of the proceedings shall be German. Annexes and witness statements may be submitted/confirmed in English without translation.
3. If the Supplier and the Buyer have their place of business in the same country, the law of that country shall apply as well as exclusively the place of jurisdiction of the place where the Buyer has its place of business.

## **XXVI SEVERABILITY CLAUSE**

Should any provision of this KOSTAL Terms and Conditions of Purchase be or become invalid, the parties undertake to agree on a legally valid provision in its place which comes as close as possible to the discernible intention of the parties. If it is not possible to determine such a provision, it shall be replaced by the respective provision of the law applicable in each case in accordance with



**KOSTAL TERMS AND CONDITIONS OF PURCHASE**

Clause XXV. However, the overall validity of the remaining provisions shall not be affected by the invalidity of an individual provision.

*Contents accepted*

.....  
(Place) (Date)

.....  
(Company / Name / Position)

(Company stamp)

.....  
(Signature/s)