

General Purchase Terms and Conditions for the Purchase of Goods and Services in Business Relations

I. General / Scope of Application

- The following General Purchase Terms outlined below (hereinafter referred to as "Purchase Terms") apply to all purchase contracts, contracts for labour and materials, contract for work and service (hereinafter referred to as "contract" or "contracts") with suppliers or other service providers (hereinafter referred to as "Supplier"), excluding consumers in the sense of Article 22(1) of the Polish Civil Code ("KC" [PL Kodeks Cywilny]) by ETO MAGNETIC Sp. z o.o. with its registered office in 52-407 Wrocław, ul. Eugeniusza Kwiatkowskiego 7, registered with the Civil Court Register with the number KRS 0000071886 by the Regional Court for Wrocław-Fabryczna, VI Economic Division of the Civil Court Register, NIP (UStIdNr) 8951729673 (hereinafter referred to as "ETO").
- Any conflicting, deviating or supplementing General Terms and Conditions of the Supplier shall not apply unless ETO has expressly agreed to their application in writing. ETO's unconditional acceptance of the deliveries and services while being aware of the Supplier's conflicting or deviating General Terms and Conditions shall likewise not be regarded as acceptance of such terms, unless no acceptance leads to a conclusion of contract in accordance with Article 385(4) § 2 KC.
- These Purchase Terms presented to the Supplier before the first conclusion of contract also apply to any following contracts with the same Supplier without the necessity to present them again in accordance with Article 384 § 1 (KC).
- Unless agreed otherwise in these Purchase Terms, the statutory regulations regarding purchase contracts, contracts for work and materials, contracts for work and service as well as service contracts shall otherwise apply exclusively.
- Any legally relevant declarations and notifications to be made after conclusion of the contract by the Supplier to ETO (e.g. setting of deadlines, reminders, notices of rescission) must be made in written form to be valid.

II. Conclusion of Contract

- Orders shall be valid only if placed by ETO as letter, email or fax (§ 126b German Civil Code). Orders placed orally shall be binding only if confirmed by ETO as letter, email or fax (§ 126b German Civil Code).
- In principle, the Supplier does not have to provide an order confirmation.
- The order will be deemed accepted unless the Supplier objects to it within 3 working days following receipt of the order.
- If the Supplier states to ETO within 3 working days following receipt of the order that it accepts the order only subject to modifications, this will be deemed a binding offer by the Supplier and requires acceptance by ETO in text form (§ 126b German Civil Code).

III. Additional and Reduced Quantities

- ETO reserves the right in view of increased requirements from customers to raise the quantity ordered even after conclusion of the contract, as long as this is not unreasonable for the Supplier. If this leads to a change of the Supplier's costs and/or the delivery or service period required for performance of the contract, the price and/or the delivery or service period shall be adjusted such that the Supplier's interests are reasonably taken into consideration.
- In case of reduced customer requirements, ETO reserves the right to reduce the quantities ordered and/or cancel the order. Upon receipt by the Supplier of a corresponding written notice given by ETO to the Supplier, the Supplier shall cease any work in relation to the concerned order. ETO agrees to pay for any goods or services already accepted based on the price agreed with the Supplier. ETO will also pay the Supplier the agreed price for services already rendered or for goods already finished and will reimburse the Supplier for any expenses for partially rendered services, partially finished items and/or for raw materials ordered in fulfilment of the order, provided that the provision of the services, completion of the goods, the expenses as well as the order of the raw materials were called for in the ordinary course of business at that time. The Supplier agrees to follow ETO's instructions regarding use of such items or materials and to try, above all, to employ such goods or materials otherwise after the release by ETO. The Supplier will further endeavour to employ released capacities otherwise.

IV. Special Obligations of the Supplier

- As an expert in its field, the Supplier is aware of the needs and requirements of the automotive and/or mechanical engineering industry, particularly in terms of quality, costs and punctuality; the Supplier agrees to comply with such needs and requirements. The

deliveries or services must live up to the rules and standards in this industry as well as with the legal regulations and standards applicable in the areas of health, safety, environmental protection and labour law in the concerned countries in which the services are performed, the delivery items are produced or the products are sold with the Supplier's knowledge.

- The Supplier agrees to indemnify ETO with respect to any claims raised against ETO resulting from any culpable breach of the Supplier's obligations referred to in this section of these Purchase Terms. In such event, the Supplier shall be liable for all direct and/or indirect damage thereby caused to ETO. In such an event the supplier shall be reliable for all resulting damages caused to ETO.
- Based on the German Ordinance on Hazardous Substances (*Gefahrstoffverordnung*) and the EC Regulations thereby implemented, manufacturers and suppliers of chemicals are obligated to deliver to their customers without request the latest safety data sheets regarding the products supplied.
- No products the ingredients of which are marked as prohibited (classification "P" Prohibited) in the "Global Automotive Declarable Substance List" ("GADSL"; s. <http://www.gadsl.org>) may be delivered to ETO. If the products to be supplied to ETO contain substances which are considered declarable according to the GADSL (classification "D" Declarable), the Supplier shall inform ETO accordingly without undue delay. This information obligation exists also if any substances used which have so far been permitted are classified as prohibited or declarable in any later version of the GADSL. A corresponding entry in the International Material Data System ("IMDS") shall not be deemed sufficient as information to ETO.
- The statutory provisions according to Reach EC No. 1907/2006 must be implemented by the Supplier. This applies, above all, to the information obligation according to Article 33 according to which each supplier of a product will notify ETO of a substance listed in Article 59 (SHVC substances of the candidates list). The current candidates list is published and regularly supplemented by the European Chemicals Agency (s. <http://www.echa.europa.eu>). The Supplier will inform itself on its own and will comply with its information obligation to ETO in accordance with Reach.

V. Period of Delivery/Performance

- The delivery dates and performance periods specified in the order or the accepted offer (II. 4.) are binding. The Supplier agrees to inform ETO immediately in writing if circumstances are recognizable for it which indicate that an agreed delivery date or the agreed performance periods cannot be met.
- If the Supplier delays in performance, ETO may rescind the contract and/or terminate the contract, as well as claim damages. After 7 days of the agreed on date of performance of contract or order expire ineffectively, ETO is entitled to deliverer the rescission notice. In the event of default ETO also has the right to obtain replacement elsewhere at the expense of the supplier. In the event of default, the Supplier shall also be obligated, in particular, to reimburse ETO for express freight charges becoming necessary or other additional costs incurred by reason of the delayed delivery or services.

VI. Reservation of Title/Confidentiality

- Title shall be transferred to ETO unconditionally. Title to a delivery item shall pass to ETO upon ETO obtaining possession thereof. At the time of manufacturing of the delivery item the Supplier transfers ownership to ETO and commits to store it without additional reimbursement in such way that it is protected against damage and loss until it is delivered to ETO. During the time of storage ETO excludes any use by the Supplier or a third party.
- In case ETO made a down payment for the delivery item, the ownership of the contractual item and/or the raw material to be used and the semi-finished items are already transferred pro rata before the actual transfer to ETO with the down payment on a percentage basis according to the advance payment; ETO acquires co-ownership pro rata according to the made payment. In the event of default a bailment exists between the parties until the transfer of property of the complete delivery item according to which the Supplier determines the ownership of the contractual items to ETO according to the percentage of the made payments. In the event of default number 1 is accordingly applied.
- Every right to retention of title of the Supplier is excluded, unless there are other individual agreements between ETO and the Supplier.
- ETO reserves the ownership and copyright to drawings, specifications, functional specification documents, files for electronic data processing, specimen as well as other documents; these documents shall be

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regarded as trade secrets and shall therefore be treated confidentially. They shall be used exclusively for the production in accordance with ETO's order. Oral information provided by ETO to the Supplier for the purpose of executing the order shall likewise be treated confidentially. Items produced based on ETO's proposals and drawings may not be supplied to third parties or sampled by third parties without the written approval of ETO. Drawings, specifications, functional specification documents, files for electronic data processing, specimen as well as other documents shall be returned to ETO without request upon completion of the order, unless these have been used up in accordance with their purpose.

VII. Warranty of Quality/Other Defective Performance

1. If the supplied goods are defective or in case of any other poor performance by the Supplier, ETO shall be fully entitled to the statutory rights.
2. The physical defectiveness shall particularly be deemed to exist if the supplied goods are not produced of the agreed material or do not comply with the instructions, specifications and/or drawings of ETO and therefore has features which diminish its value or usability. The Supplier shall be liable regardless of whether a hidden or obvious defect is concerned.
3. The Supplier agrees to undertake outgoing goods checks before the goods to be supplied are delivered to ETO. ETO shall meet the commercial duty to examine and requirement to give notice of defects according to Article 563 § 2 KC as follows: The duty to examine shall be limited to defects which are recognizable in the incoming goods check by way of sampling procedure conducting a visual examination (particularly with respect to transport damage as well as wrong and short delivery). ETO will examine the goods in the scope specified above immediately following delivery by the Supplier and will give immediate notice of any visible defects. The notice (notice of defect) will be deemed to be immediate and in good time in any event if received by the Supplier within 5 working days following dispatch of the goods. Any defects not recognizable in such examination shall be notified by ETO within 5 working days following their detection. The confirmation of receipt of the goods and the payment of the purchase price shall not be considered an approval by ETO of the delivery. Where acceptance is required, no duty to examine and notify defects shall apply. The loss of warranty claims may not occur in any case, if the Supplier insidiously conceals a defect or has assured to ETO that the defect does not exist.
4. If the Supplier fails to meet its obligation to make subsequent performance within a reasonable period set by ETO, ETO may remove the defect itself and demand reimbursement from the Supplier for any expenses thereby incurred. In case of imminent danger or particular urgency (e.g. threat of unreasonable loss), no setting of a deadline shall be necessary. Before ETO causes the defect to be removed itself, the Supplier will be notified accordingly.
5. ETO's claims based on physical defects of the contractual products delivered will become statute-barred within the time period of 3 years from the delivery date to ETO on. In case of the Supplier's liability for defects of title, however, claims will become statute-barred 3 years after the date when ETO learned about the defect.

VIII. Product Liability/Measures to Avert Danger

1. The Supplier will indemnify ETO against damage claims made by third parties resulting from defective products to the extent that the cause of the defect derives from the Supplier's area of responsibility and the Supplier is directly liable in the external relationship.
2. Subject to the same conditions, as described under number 1, the Supplier shall be obligated to indemnify ETO against such expenses and costs which are incurred by or charged to ETO in connection with necessary measures to avert danger, particularly any recall campaigns.
3. Insofar as possible and reasonable, ETO will inform the Supplier in advance about any measures to avert danger and give the Supplier the opportunity to comment.
4. Additional statutory claims of ETO based on product defects as well as claims and rights of ETO based on warranty of quality remain unaffected.

IX. Insurance

The Supplier shall maintain a public liability insurance policy with extended product liability cover as well as a recall campaign insurance policy, each with the terms and sums insured as are customary in the industry, and shall provide proof of such insurance cover to ETO upon request. Maintaining such insurance cover shall not limit the Supplier's liability.

X. Intellectual and Industrial Property Rights

The Supplier shall be responsible for the validity of the intellectual and industrial property rights concerning the delivered goods as well as for the unlimited usability of the delivered goods in respect of the intellectual and industrial property rights of third parties. The Supplier warrants that no rights of third parties are infringed in connection with its supply. The Supplier shall indemnify ETO against any actions and/or claims raised by third parties against ETO on the basis of the infringement of any intellectual and/or industrial property rights. This indemnification covers all expenses necessarily incurred by ETO under or in connection with claims made against ETO by third parties. The Supplier will support ETO in the defence of such measures.

XI. Prices/Incoterms

1. The prices stated in the order or in the accepted offer (II. 4.) are binding. These prices are fixed net prices.
2. Unless stated otherwise in the order, the delivery terms DDP ("Delivery Duty Paid" according to Incoterms 2010) shall be deemed agreed.

XII. Assignment

Without the express written approval of ETO the rights and obligations of the Supplier resulting from the contract may not be assigned. This prohibition of assignment applies within the limits of § 354a German Commercial Code.

XIII. Invoicing

Invoices shall be provided to ETO immediately, i.e. without culpable delay, following completed delivery or service. Invoices must state the order date and number and must identify the delivered objects in correspondence with the concerned order or accepted offer (II. 4.). The Supplier must address the invoice to the address indicated on the face of the order form. Invoices must not be attached to the goods.

XIV. Payment Terms

The agreed price shall be due for payment within 60 calendar days after receipt of a properly issued invoice, if applicable after complete delivery or service or necessary approval of delivery. If payment is made within 30 days, ETO shall have the right to deduct a 2% discount from the net amount. Payment will be made as collective payment within the payment periods once a week.

XV. Packaging and Dispatch Documents

1. The Supplier agrees to package the delivery items such as required by the type of storage and shipment concerned. The items to be delivered shall be packed with regard to the type of the concerned objects as well as the form of their dispatch and storage. This is to ensure that the delivery items will be delivered to ETO in perfect condition. In selecting the type of packaging, unreasonable environmental impact shall be avoided. The use of re-usable packaging/containers shall be aimed at. ETO will pay for packaging only if such payment has been specifically agreed. The Supplier shall be liable for any and all damage (destruction, wrong quantities, partial loss, etc.) caused to the delivery items due to improper or inadequate packaging within the Supplier's responsibility.
2. The delivery notes must indicate the content of each shipment with the number of pieces and/or weight.

XVI. Validity

If one provision or several provisions of the contract is/are or becomes/become invalid, unenforceable or void, the validity of the contract shall not be affected otherwise. The parties will attempt to replace the invalid, unenforceable or void provision with a valid and enforceable provision which comes closest to the financial purpose of such provision. The parties shall agree on such provision in written form by amending the contract as soon as possible after learning of the invalidity, unenforceability or voidness of such provision. This shall apply correspondingly also to the filling of any gaps in this contract.

XVII. Applicable Law / Place of Performance

1. Polish law applies, with the exclusion of UN purchasing law (CISG).
2. The place of performance for the delivery, payment as well as all other rights shall be the registered office of ETO.
3. The exclusive place of jurisdiction for all disputes arising under or in connection with the contractual relationship shall be the for the registered office of ETO responsible court, unless otherwise agreed upon within the scope of a separate agreement in written form within the allowed provisions of the KC.