

General business conditions for purchasing

FEW Fahrzeugelektrik Werk GmbH & Co.KG

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I. General information, definition and scope of general business conditions for purchasing

These general business conditions for purchasing are applicable for offers, deliveries and services within the scope of an outline agreement between FEW Fahrzeugelektrik Werk GmbH & Co.KG (hereinafter referred to as "FEW") and its contractual partners (hereinafter referred to as "suppliers") even if these are not separately agreed once again or their reference is given in individual cases. Deviating sales conditions of the supplier shall be applicable only if they have been approved by FEW in writing. Unconditional acceptance of deliveries and services does not mean an approval for the sales conditions of the supplier.

II. Outline agreements, order, order confirmation, data transfer

(1) FEW defines the aforementioned concepts for the cooperation with suppliers as follows:

- **Outline agreement:** It is an agreement wherein specific partial quantities, which are to be defined, out of a specific quantity of a specific product is ordered by the customer within a defined time frame. The quality of products as well as delivery and payment conditions are firmly agreed upon in the outline agreement.
- **Delivery schedule:** Outline agreements between FEW and the supplier are the prerequisite for delivery schedules. The schedule contains information regarding delivery quantities and dates. A new schedule replaces the previous one fully or partially as far as the date and quantity are concerned
- **Within the scope of the delivery schedule,** FEW orders specific quantities of a material or materials that are defined in the outline agreement.
- **Purchase order:** An inquiry by FEW and an offer by the supplier precede a purchase order by FEW. FEW sends a purchase order, which is a written request based on an offer sent by a supplier, to a supplier to deliver a specific quantity of materials and/or provide specific services at a defined time.
- **Standardisation:** Standardisation defines the selection of a supplier for a predefined project and associated articles, quantities and dates as well as the adherence to specifications and deadlines in a separate document between FEW and the supplier.
- **Consignment:** Under a consignment, FEW includes an option of a special materials management. In this case, the supplier stores goods on the site of FEW. According to the agreed requirements and planning, FEW takes out goods from this consignment

warehouse and confirms the purchase of goods by sending a notification of withdrawal to the supplier. The supplier replenishes the consignment warehouse at regular intervals. Invoices are raised as per the agreement.

- (2) The supplier must treat the information from outline agreements and purchase orders as the business secret and maintain its confidentiality. Purchase orders, delivery schedules as well as their modifications and additions must be in writing or must be notified via an email or fax. This also applies to the waiver of the written form requirement. The supplier can also accept the purchase order in writing in the form of an order confirmation within a period of 1 week. An acceptance after the expiry of this period shall be considered as a new offer that FEW can accept within a reasonable period. Even the unconditional delivery after sending a purchase order shall be considered as the acceptance of the purchase order. With this, these contractual conditions shall be considered as agreed.
- (3) If outline agreements for specific delivery objects exist, FEW waives an order confirmation for the purchase order and the schedule of these delivery objects. An order confirmation with a deviation from the purchase order shall be effective only if we approve this in writing.
- (4) If an electronic data transfer method to send purchase orders has been agreed upon with the supplier, the requirement for the written form of purchase orders is waived.
- (5) If FEW requests a change in the delivery object, the supplier shall be under obligation to immediately notify the date and/or price effects to FEW.
- (6) FEW is entitled to terminate the agreement at any time by specifying and justifying the reason in the text format if FEW can no longer use the ordered goods in its business operation owing to circumstances, e.g. changed product requirements by the customers of FEW, that arise after concluding the agreement. In such a case, the supplier can demand reimbursement for partial services provided. Other claims, e.g. regarding loss of profit from the total order, are ruled out.

III. Delivery, transfer of risk, delivery dates

- (1) Unless otherwise agreed upon in writing, the delivery takes place DAP (Delivered At Place) to the location specified in the purchase order (outline agreement). The respective designated destination is also the place of fulfilment (obligation to provide).
- (2) A delivery note containing the date (of issue and dispatch), contents of the delivery (article number and quantity) and the order reference must be enclosed with the delivery. If the delivery note is not enclosed or if it is incomplete, FEW shall not be responsible for the resultant delay in the processing and payment.
- (3) Without FEW's explicit approval in writing, via fax or email, the supplier shall not be entitled for partial deliveries.
- (4) Agreed delivery dates and deadlines shall be binding. Early deliveries are not permitted without a written approval by FEW. Even if a delivery is accepted early, the payment deadline shall start from the delivery date mentioned in the purchase order.

- (5) The supplier is under obligation to immediately inform FEW if situations arise or if becomes evident that the agreed delivery dates or the deadline cannot be met.
- (6) In case of a delay in delivery, FEW shall be entitled to demand a contractual penalty of 0.3% per working day, however a maximum of 5% of the order value of delayed delivery of goods, in addition to the reimbursement of damage caused due to the delayed service.
- (7) If the delivery is defective, FEW shall be entitled to hold the payment until a proper fulfilment of the order and without the loss of cash discounts or any other discounts
- (8) Even if the delayed delivery is accepted unconditionally, FEW does not waive the asserted contractual penalty claims and any other claims arising from the delayed delivery.

IV. Packaging regulations

- (1) Since the supplier is responsible for packaging, the supplier must always ensure the safety of parts during the delivery regardless of the selection of the packaging type. An optimum packaging design is mandatory. The selected packaging must comply with the requirements of the product to be packed. It must withstand the loads of the intended mode of transportation. This means that the transport route (land, air or sea), the transport aids and possible situations that may have an impact, e.g. weather effects, handling while reloading, must be taken into account.
- (2) The supplier must specify the packaging type and packaging units in its offer sent to FEW.

V. Prices, invoice specifications and payment conditions

- (1) The price specified in the purchase order is binding. All prices are net prices; the VAT must be specified separately. Unless otherwise agreed upon for an individual case, the price includes the delivery and transport, customs charges, all applicable taxes, costs, fees and packaging.
- (2) For every delivery, the supplier must send an invoice containing information like the purchase order number, article number, delivery quantities, delivery address, VAT, VAT ID number to FEW; this invoice must be sent separately from the delivery. The purchase order number, the article number and delivery quantities must be mentioned in all other documents such as order confirmations, delivery papers and invoices.
- (3) Unless otherwise specified, after receiving the invoice, goods and all associated documents, payment shall be made within 30 days with a cash discount of 3%, or within 60 days without a cash discount.
- (4) Invoices must be prepared in Euro or US-Dollar; payments shall be exclusively made in Euro or US-Dollar.

VI. Goods receipt, quality inspection, quality assurance agreement, liability for defects, minimum durability, report of initial specimen test

- (1) The supplier is responsible to ensure that the delivery objects are flawless and compliant with the agreed specifications. FEW shall use the accompanying documents to immediately check the delivered goods for identity and quantity as well as for externally identifiable damage and transportation damage. Defects in the delivery and transportation damage that are not identifiable at the time of delivery, must be notified to the supplier within the period of seven working days of noticing them during the normal work flow of operations. In this regard, the supplier shall relinquish the objection of a delayed notice of defects as per § 377 HGB (German Commercial Code).
- (2) FEW shall conclude a quality assurance agreement with the supplier at the time of the first order. In addition to general purchasing conditions, this agreement forms additional basis for cooperation.
- (3) In case of faults in the service, FEW has the right to select the type of repairing the defects. Depending on the option selected by FEW, the supplier must repair the defects or send replacement deliveries free of charge. After requesting to rectify the defects, if the supplier fails to do so within a reasonable period, FEW can rectify the defects on its own at the supplier's expense.
- (4) For all articles that are governed by durability period regulations, the supplier is obligated to specify the manufacturing date and the exact durability period. Delivering articles with expired durability date is not permissible and such articles shall be sent back at the supplier's expense. The supplier is under obligation to replace the articles immediately and free of charge. In general, all articles with a durability date must be delivered within 1/10 of the overall durability period.

VII. Secrecy, documents and data protection

- (1) The supplier must handle all information and documents such as drawings, models, tools, technical records, electronic files that are made available by FEW as well as procedural methods and technical know-how as confidential, must not reveal them to third parties; FEW shall remain the owner of all these information and documents.
- (2) All documents (including existing copies, duplicates or extracts) that are provided by FEW to the supplier within the scope of business relationship must be immediately returned at the request of FEW, or must be returned at the latest before ending the business relationship, or destroyed in a verifiable manner. The secrecy obligation shall be applicable for a period even after ending the agreement. Any deviation from this secrecy obligation is permissible only after obtaining an explicit, written approval from FEW. If there is any doubt whether particular information, a document or any other perception from the business relationship is subject to the secrecy obligation, the supplier is obligated to contact FEW and obtain an explicit, written approval from FEW before forwarding any document or informational to third parties.

- (3) The supplier has agreed that FEW shall store essential data of the supplier and contracts concluded with it within the scope of the business relationship in its EDP systems and shall use it only for internal purposes within the companies associated with FEW.

VIII. Patent law

The supplier must ensure that articles, for which a patent has been filed by third parties, are not sold to FEW in order to avoid patent right violations. If a patented article is delivered, FEW shall be entitled to send the delivery back at the supplier's expense.

IX. Code of conduct

As far as the code of conduct for employees and suppliers is concerned, FEW GmbH & Co. KG (belongs to Sauer Compressors) refers to the Worldwide Code of Legal and Ethical Business Conduct of Sauer Compressors that is available at http://www.few-gmbh.de/dms/few/pdf/Code_of_Conduct_Sauer_Compressors.pdf.

This code of conduct is an integral part of the contractual relationship between FEW and the supplier. The supplier is under obligation to adhere to the stipulations in the code of conduct and encourage its suppliers to follow it to a reasonable extent.

X. Applicable law and jurisdiction

- (1) For these general business conditions and all legal relationships between the contractual parties, the Law of the Federal Republic of Germany shall be applicable with the exclusion of all international and supranational (contractual) legal rulings, in particular of the United Nations' Convention on Treaties concerning the International Sale of Goods dated April 11, 1980 (CISG).
- (2) Leipzig shall be the legal jurisdiction for all disputes arising from or related to this contractual relationship. This also applies to legitimate claims.