

General Terms and Conditions of Purchase for Production Material (Effective July 2012)

I. Validity

- 1) All deliveries of merchandise or performance of services of suppliers to SD is in accordance exclusively with these "General Terms and Conditions of Purchase", this shall also apply for all future business relations, even if the validity of these terms is not explicitly renewed. The General Terms and Conditions of the supplier shall be considered as agreed only if they conform to these "General Terms and Conditions of Purchase"; further conditions of the supplier do not apply. The acceptance of goods or payments without opposition on behalf of SD is in no event an acknowledgment of the supplier's other conditions. SD CONTRADICTS ANY ADDITIONAL OR CONFLICTING TERMS OR CONDITIONS IN OFFERS OR ASSUMPTIONS OF THE SUPPLIER AND THOSE WILL NOT BECOME A COMPONENT UNIT OF THE DELIVERY CONTRACT.
- 2) Collateral agreements, changes and supplements to these "General Terms and Conditions of Purchase" are only effective if confirmed by SD in writing.

II. Order and delivery schedules/changes

- 1) Framework contracts and –agreements, delivery contracts, orders and delivery schedules, as well as their assumptions, changes and supplements take place in writing, per fax or by electronic data transfer.
- 2) An order by SD is an offer for the supplier. An order can, before the acceptance and without any liability towards the supplier, be cancelled by SD anytime. An order does not represent an acceptance of a supplier's offer, if not expressly declared in the order. References to offers in orders, or letters of the supplier apply exclusively in respect of the referenced item and only if the order doesn't contradict with the referenced item. Delivery schedules shall be binding, unless the supplier contradicts SD, because the quantities or dates are unreasonable, within 48 hours from receipt, stating the earliest possible delivery dates. The order and the General Terms and Conditions of Purchase are deemed accepted by the supplier as a whole and without changes, if the supplier accepts an order in writing or by means of electronic data traffic, or if he begins with the performance of services or deliveries, which are subject of the order. Every accepted order or otherwise concluded contract for the supply of goods shall be, according to these provisions, referred to as "Supply Contract". The manufacturing of samples, either within development work before the series or changes in the series, takes place on the basis of the drawing and, when provided, the requirement and/or functional specification, approved by SD and in the latest revision status (hereinafter collectively referred to as "Specification"). Changes or improvements, arising within the initial sample creation, are to be tested for suitability for their intended purposes and quality requirement, and communicated to SD by the supplier. The specification will be adjusted in accordance with the request of SD. The commission for the series takes place on the basis of the altered specification.

- 3) Quantities and delivery dates are only specified in orders or delivery schedules. The supplier has to ensure the required capacities, to implement the quantities including quantity forecasts, from orders or delivery schedules. Unless specified otherwise in the delivery schedule, the respective delivery schedule represents a production release for a period of four weeks and a material release for a period of additional four weeks. Further quantities/ previews from orders shall be regarded as not binding. An acceptance commitment by SD is restricted to above-mentioned release periods.
- 4) SD reserves the right to make amendments relating to the goods, specifications, or processes of a delivery contract or demand from the supplier, at all times. The supplier will, set out the effects on price and delivery date of such an amendment by using a cost breakdown and adequate documentation, immediately, usually not later than ten (10) days. If there are variations in price or schedule necessarily arising out of such an amendment, SD and supplier should come to an agreement as to how the delivery contract should be adjusted.

III. Provision to a Third Party, Relocation

- 1) The supplier is obliged to inform SD in advance about the assigning of subcontracted work in writing, and to obtain the written approval for the subcontracting beforehand. SD will only refuse to give the necessary consent for a compelling reason. The Provision to a Third Party will have no effect on the immediate legal responsibility of the supplier towards SD, in any event.
- 2) The supplier is not allowed to relocate the production facility for the manufacturing of product or parts, without prior express written consent from SD.

IV. Delivery Dates and –deadlines

- 1) The delivery dates and –deadlines named in the order and in the delivery schedule shall be binding. Relevant for compliance with the delivery date or the delivery deadline is the receipt of goods at the supplying factory of SD.
- 2) If no other agreements were made, delivery will take place “DDP Incoterms” and contains the return of the reusable packaging to the supplier.
- 3) The supplier must inform SD about any foreseeable delays immediately and in writing.
- 4) The supplier bears all costs (especially additional freight charges, set-up costs, special shifts, additional expenses for covering purchases), which are caused by a noncompliance of delivery dates at SD and the clients of SD, which he is responsible for. In case of delay with a delivery date by the supplier, SD is entitled to claim compensation in the form of a flat rate of 0,5 % of the order value for each commenced week of delay, but not more than 5 % of the order value. The supplier explicitly reserves the right to prove that no damage or only small damage emerged. The enforcement of any exceeding damage remains unaffected by this.
- 5) SD reserves itself expressly to later assert the rights after paragraph 4, in case of an unconditional acceptance of the delayed delivery. The unconditional acceptance of the delayed delivery does not imply a waiver of other claims for compensation, to which SD is entitled.

- 6) If it is foreseeable that the supplier is permanently incapable of meeting the deadlines, he shall be required to bring out all jigs and tools that are necessary for fabrication after the establishment of a grace period, so that SD itself or a third party can produce the goods for the duration of prevention. The supplier bears the costs of the relocation, if he is responsible for the delay. Supplier's demands owing to the relocation are excluded.

V. Force Majeure

- 1) Force Majeure, business disruption without own fault, unrest, regulatory actions and other unpredictable, inevitable and grave events will exempt the contracting partners from their duty to perform, for the duration of the disturbance and to the extent of their effect. SD retains the right to obtain supplies elsewhere for the duration of the delay. SD is – notwithstanding any other rights - entitled to withdraw from the part of the contract which is not yet fulfilled, if the disturbance is not of an immaterial duration and our demand is materially lowered. An impediment to performance for which SD is not responsible, does not justify a withdrawal from the contract by SD.
- 2) The supplier shall be required to immediately inform SD in writing about any delays which are anticipated, in the sense of paragraph 1. If notification remains undone or is delayed and if the supplier is responsible for the omission or delay of the notification, he will be required to recompense the loss, which could have been avoided if the notice had arrived in time.
- 3) The supplier commits himself to demonstrate a suitable emergency concept to SD, if the examples named in paragraph 1 arise.

VI. Packaging, Shipment, Evidence of Origin

- 1) All goods must be packaged and denoted properly and, with due regard to customary accuracy, shipped for the lowest transport costs. Unless agreed otherwise, the goods to be supplied have to be packed in accordance with SD's current packing instructions. The supplier shall be liable for damages due to defective packaging.
- 2) The supplier must immediately and entirely provide all documents and further information, that are required according to the customs regulations or other applicable state regulations, especially (I.) drawback procedure documents and (II.) all evidences of origin and also (III.) all other information, that relate to the good's and materials's origin in terms of commercial and preferential law, contained therein.
- 3) The supplier will perform the shipment appropriately, if SD presets a carrying business or transportation

VII. Quality

- 1) The supplier must satisfy the accepted rules of technology, the agreed specifications, quality-, environmental-, safety- and test specifications and the agreed technical data, for his deliveries. Modifications made to the delivery item and changes of materials, tools or processes in the production require the previously written

consent of SD. The supplier must review the specifications and immediately communicate changes that may be needed.

- 2) Advanced, part-specific requirements in quality agreements can be documented additionally. The procedures of initial sampling that are described in the quality guideline for suppliers (QR) are completed by the requirements which are documented in the respective initial sample orders.
- 3) The supplier commits himself to observe the norms, rules and other regulations that come under deliberation for the products into which the goods are incorporated, in the product's buyer- and manufacturing country, as well as e.g. VDE regulations for electrical parts, the End of Life Vehicle Directive, Hazardous Materials Regulations and REACH. He must release SD from all public and private laws arising from a violation of these regulations. The supplier must include all requisite review certifications and evidences in the delivery, according to agreement. Furthermore, he has to feed relevant systems, which make sure that the regulations named in the paragraphs above are observed (e.g. IMDS), with informations, at his own expense.
- 4) In his quality records, the supplier will register, when, how and by whom the flawless production of the delivery has been secured and he will create a corresponding evidence record, which shall be made available to SD on request.
- 5) The supplier will examine the quality of the ordered goods regularly and present the test certificates agreed upon; the supplier will immediately inform SD about occurring quality problems of the goods, in writing.
- 6) SD has the right to inform itself on site about the adherence of quality specifications and the quality management system, by prior appointment and to search applicable documents, to a reasonable extent. At this, the supplier shall support SD to the required extent, provide documentation and furnish particulars.
- 7) If authorities, that are responsible for vehicle safety, emission standards and so on, demand insight into the production and SD's examination scripts, for the control of certain requirements, the supplier will agree to grant them the same rights in his establishment and to thereby provide all reasonable support, by request of SD.

VIII. Competitiveness

SD and the supplier agree that the maintaining of the competitiveness of the goods are a crucial issue for the supply relationship. The "Competitiveness of the Goods" requires that the goods correspond with comparable goods, regarding the price and technology. If the comparable product is offered under more competitive terms, SD will inform the supplier about it in writing and will fix an appropriate time limit so that the complete competitiveness of the goods can be restored. The supplier will draw up a list of measures concerning this at short notice and provide it for SD with a corrective offer. With his corrective offer, the supplier must secure the competitiveness of the goods within the appropriate time limit specified by SD. The obligation to maintain the competitiveness is an essential contractual duty. If the duty is infringed, SD can require an adjustment or terminate the contract either partly or wholly on important grounds.

IX. Prices, Transfer of Risk and Transport, Billing, Payment

- 1) The agreed prices are to be understood in addition to the current turnover tax. Prices are fixed prices and constitute the total price for the production and delivery of

goods including packaging, according to the delivery contract. Without prior written, specific permission, the supplier doesn't have the right to adjust prices and to charge any additional costs.

- 2) The trade partners can enter into a special agreement, to optimize and flexibilize the delivery processes, especially in the case of a delivery through a consignment warehouse or an "advanced shipping notification" – process.
- 3) Unless otherwise agreed in the orders, the payment shall be made 60 days after the contractual receipt of goods and the receipt of a proper and auditable invoice. Invoices without declaration of the complete order number can be rejected by SD as invalid. Then, the critical date determining the beginning of payment periods agreed on is the receipt of an invoice thus amended.
- 4) In the case of an acceptance of early deliveries, the due date shall depend on the agreed delivery date. Payments shall be made by bank transfer, by cheque or – if agreed – by using a credit note procedure and also under the reserve of auditing.
- 5) In the event of deficient deliveries, SD is also entitled to withhold payment proportionally, until the proper supplementary performance has been completed.
- 6) Without our written consent, the supplier shall not be entitled to assign his claims against SD or to instruct a third party with its collection. If an extended retention with respect to a subcontractor is available, the permission is considered to be granted. If the supplier assigns his claims against SD to a third party without consent, contrary to paragraph 1, SD may, at its own discretion, effect payment to the Supplier or such third party with a discharging effect.

X. Notification of defects

- 1) After the receipt of the delivery, SD will undertake an identification test and a quantity check according to the delivery document and check if there are apparent damages in transport or other recognizable external damage. If SD discovers a flaw during this process, SD will immediately notify the supplier. Any flaws not identified in the course of such an inspection will be notified to the supplier by SD, within a reasonable period, if they are noticed according to the conditions of a proper business flow. In this respect, the supplier will waive the claim of late notification of defects.
- 2) Any payments made before the defects were discovered, or acceptance of the goods and other releases do not constitute an acceptance that the delivery is free of defects and do not release the supplier from his warranty.

XI. Claims for Defects

- 1) If not otherwise agreed, the supplier has to ensure that the delivered goods are free from defects, according to the law and the following provisions:
 - a) The supplier guarantees that all goods (I.) correspond to the specifications and other set requirements; (II.) are free from defects in construction, manufacturing and material; (III.) present market-based quality and (IV.) are adapted for special purposes at which they are purchased. If it is established that goods do not correspond with the requirements mentioned above, those goods will be considered as "defective goods".

- b) If the defect is, despite compliance of paragraph X. (Notification of Defects), discovered not until after start of production, SD can demand the delivery of flawless goods and the reimbursement of the costs accrued by this (e.g. haulage and logistical costs), as well as development or installation costs (including labour and material costs) and other necessary costs like appraisal, sorting and other additional costs. If the goods are already located at SD or customers of SD in the process of creating or distributing or in the final customer's use, the setting of a deadline for subsequent performance will be considered as expendable. If the goods are already obstructed and delivered to SD's customer, the supplier will receive parts for the purpose of testing, as far as SD gets those for investigation, from its customers. The supplier acknowledges the discovery of a flaw on the basis of the parts presented by SD's customer or a third party delegated by him (e.g. a workshop) as a proof of the defect, even without further presentation of the defective goods.
- 2) The warranty period for the delivered goods shall be thirty-six (36) months, with the exception of goods, that are used in products and/or vehicles for the north American market (USA, Canada, Mexico), where the warranty period shall be forty-eight (48) months. If SD's customer makes warranty claims on his part, at the end of these deadlines the deadlines mentioned above shall extend to a further six (6) months. The warranty period will, in each case, be calculated from the registration date of the final product (vehicle or machine) on or with goods that have to be retrofitted from the installation of SD's product on. However, the absolute warranty period shall in both cases, from the delivery of the goods on, be sixty (60) months.
- 3) Further claims for damages and expenses because of the delivery of defective goods, are, according to applicable laws, due to SD. Claims emerging from the German Product Liability Act, remain unaffected.

XII. Recall and other Field Activities

If there is, on personal or due to governmental decision, a recall, any other field or workshop activity or a customer care campaign (hereinafter collectively referred to as "recall"), because of SD and/or the manufacturer of the vehicles (or other final products), in which the goods, or products, components or systems, containing the goods, have been installed, the supplier shall be liable to SD for all defects connected with this recall, if the recall is referable to the delivery of defective goods or other infringement of the delivery contract caused by the supplier.

XIII. Liability

- 1) If no other liability regime has been created elsewhere in these Terms and Conditions, the supplier shall be liable in accordance with statutory provisions.
- 2) If a third party asserts claims that are effective from strict liability against SD and that are based on the delivery or performance of the supplier and can be also asserted by the third party against the supplier, the supplier shall indemnify SD internally, to the same extent as if it were directly liable to the third party.

XIV. Insurance

The supplier commits himself to take out and maintain an employer's liability insurance with an extended product liability with expansion and installation cost coverage and a recall cost insurance for motor vehicles, with a proper limit of indemnity of at least 5 million EUR for each damaging event. The proof of this insurance, regarding both, services and limit of indemnity, shall be furnished to SD by the supplier before conclusion of the contract, with a written confirmation by the insurer. The supplier shall prove the existence of such coverage, unsolicited, annually, with a written, appropriate confirmation by his insurance. Further compensation claims remain untouched from this.

XV. Trade Mark Rights/ Usage Rights

- 1) The supplier shall warrant that the use of the goods, which is planned by SD, does not violate domestic or foreign patents, utility models, copyrights or other third party intellectual property rights ("Trade Mark Rights"). The supplier releases SD concerning all suits, damages, demands and claims arising from actual or alleged violation of Trade Mark Rights due to the usage or selling of the goods.
- 2) If the supplier's Trade Mark Rights are necessary for the usage of the goods by SD, the supplier shall concede to SD the global, irrevocable and free right to utilize, repair or recreate goods that have been delivered within the frame of a delivery contract itself or by a third party.
- 3) If a standard user software is subject of a delivery contract, the Usage Right shall be applicable (according to paragraph 2 above) and freely transferable. The supplier is obliged to allocate the necessary software to SD. A reward for multiple use is expressly excluded. The supplier warrants that the sold software will be free from viruses or similar flaws.
- 4) If a delivery contract contains development work, that are satisfied by SD, be it through single payment or via the parts price, all design and development outputs shall become property of SD. The supplier shall grant SD the irrevocable, non-exclusive, free, global license with the right to assign sublicences, to use all trade mark rights of the supplier, which arise out of such development work or which SD wisely needs for the usage of design and development outputs, or to cause them to be used.

XVI. Product Identification

- 1) The supplier shall indicate the goods in the by SD predefined or agreed manner.
- 2) Goods, that are provided with a protected trademark for SD or an appropriate equipment or that are packaged in the original box, may the supplier only deliver to SD or to a third party, specified by him. A right for the use of the trademark that goes beyond this is not granted to the supplier. If appropriately labeled goods are returned as defective, the supplier must dismantle the said articles at his own cost.
- 3) With the breach of any obligations mentioned above, SD retains the right to terminate the order with immediate effect and to demand the surrender of what has acquired from the breach and a compensation for damage suffered by SD.

XVII. Provided Property

- 1) All tools, stencils, matrices, measuring instruments, appliances, forms, samples and associated Software, drawings and other related documentation ("tools"),

equipment or material that (I.) are provided to the supplier by SD or its customer, (II.) paid by SD or to amortize, (III.) and all replacements or additions, attachments, supplies and maintenances ("Provided Property") are and remain property to SD or its customer, and are provided to the supplier on a loan basis only, unless otherwise agreed in writing.

- 2) The supplier shall only use the Provided Property for production of goods in the frame of a delivery contract with SD and not use for other purposes or allow others such usage, without a prior written consent by SD.
- 3) Provided Property must be marked clearly as property to SD or its customers and stored securely and separated from the supplier's property. The supplier shall keep the Provided Property in good condition at its own expense and replace it, if needed. The supplier shall bear the risk for the Provided Property, if it's in custody or under the supplier's control; the supplier must insure it, at his own expense and at a height which corresponds with the recovery costs in case of loss, that have to be paid to SD or its customer. The supplier hereby surrenders all his payment claims against the insurer to SD and SD accepts this surrender. The supplier must act carefully and safely with the Provided Property and keep any demands, liability, costs and defects, that arise from or are connected with the installation, the use, the storage or the reparation of the Provided Property, harmless. SD or its customer are entitled to enter the supplier's company ground during the usual business hours and to control the Provided Property and notations regarding this.
- 4) The supplier shall agree to the fact that SD has the right to remove the Provided Property or demand its surrender at all times and without cause. Following such a demand by SD, the supplier must surrender the Provided Property immediately and prepare it for shipping, or deliver it to SD or its customer. SD will refund him the appropriate shipping charges. The supplier has no right of retention regarding the Provided Property, neither because of outstanding debts still due, nor because of another reason.

XVIII. Supply of Spare Parts

The supplier must ensure SD's demand of spare parts during and fifteen (15) years after the ending of the serial delivery, for goods that flow in a product for a vehicle. During the insistence of the delivery contract, the price is the at a time current producer price which is set in the delivery contract, and during the 15-years-timeframe the price at the ending of the serial production added further costs for packing and process, on which an agreement has to be reached. If required by SD, the supplier shall provide service literature and other materials, without the enforcement of additional costs, to support SD's sales activity of spare part.

XIX. Non-disclosure

The affiliates commit themselves to treat all details that are commercial, technical and not obvious, and that they become acquainted with through business relations, as a business secret. Drawings, models, stencils, samples and similar items must not be dedicated or otherwise disclosed to an unauthorized third party. The duplication of such items is only permissible in the frame of operational requirements and copyright issues.

Subcontractors must be placed under a similar obligation. The supplier shall only advertise with the business connection, with a prior written consent by SD.

XX. Reservation of Ownership

The property of the delivered goods is transferred to SD upon complete payment. Every extended or amplified Reservation of Ownership by the supplier is excluded.

XXI. The Supplier's Tools

- 1) The supplier bestows the irrevocable option to gain ownership and property of tools which are necessary and special for the production of the goods ("Necessary Tools"), against payment of their current value minus the amounts that SD already paid to the supplier or that are amortized over the commodity price, on SD. This option does not exist, if the supplier requires the necessary tools for the production of his other off-the-shelf products.
- 2) The supplier will issue SD with all technical information that SD requires for installation, assembly and other usage of the necessary tools. Technical information contain design, assembly and installation drawings and other technical documentation, test logs and results, data and other information, that refer to goods and tools. Technical information can be used and published by SD without restriction, subject to the supplier's patent and protective laws. Design or product information that are subject to a intellectual property right of the supplier can be used by SD only for its own purposes.

XXII. The Affiliates Right of Withdrawal resp. of cancellation: Information Obligation

- 1) SD obtains the right to cancel delivery contracts or parts of it at all times and without giving any reason by way of written declaration with an appropriate time limit (usually thirty (30) days). After that the affiliates will negotiate an appropriate payoff, with the objective of refunding the agreed serial price for already completed goods minus saved expenses as well as direct costs for unfinished products and commodities, which the supplier produced or ordered in conformity with binding forecast delivery schedules. Both parties must minimize the costs at this, e.g. through other usage of material.
- 2) Every affiliate is entitled to denounce the delivery contract without notice resp. to entirely or partly rescind from the delivery contract when essential contractual obligations that are violated by the other affiliate aren't intercepted within a reasonable period, despite a written warning. For SD those can be significant missings of the deadline of the supplier that happen back to back as well as recurrent, significant violations against SD's quality specifications.
- 3) Furthermore, SD is entitled to cancel the order without notice in the following cases:
 - In the case of a significant worsening of the supplier's financial position, a default, an application of insolvency (by the supplier or by a third party, unless the motion is put forward in an illegal fashion) or an opening of the insolvency proceedings resp. a rejection of the insolvency proceedings due to a lack of assets;
 - When a significant change of ownership structures or shareholder's portions is performed in the supplier's company and a continuation of the delivery contract can't be reasonably expected by SD because of that.

- If and when SD's customer terminated the delivery contract over the product which is incorporated in the goods. The supplier is obliged to inform SD immediately and in writing about the entrance of the events mentioned here.

XXIII. General Conditions

- 1) If a condition of these conditions of purchase or the further agreements made, are or will be ineffective, the validity of these conditions of purchase or the further agreements made won't be affected. The affiliates are obliged to novate the ineffective condition with a regulation that match its economic success as much as possible.
- 2) The place of fulfillment is the place at which the goods are to be delivered according to orders.
- 3) Unless expressly agreed otherwise in the delivery contract, the delivery contract is subject to the law of the state (or the country), in which the ordering company's place of business is located. The provisions of the convention of the united nations concerning contracts for the international sale of goods (UN Sales Convention) and the conflict rules of the international private law are expressly excluded. SD and supplier agree with the sole responsibility of the legal domicile at the place of business of the ordering company in case of conflicts connected with a delivery contract. The SD company is additionally entitled to file a suit against the supplier, also at the court that is responsible for the supplier's place of business.