GENERAL TERMS OF TRADE FOR ELECTRONIC DATA INTERCHANGE (LK-webEDI, basis SAP/ICH) of commercial documents

1 OBJECT, PURPOSE AND VALIDITY

1.1 Object of the Contract

The object of this General Terms of Trade are the framework conditions for the electronic transfer of commercial information between companies of the Kostal Group (in the following named Kostal) and suppliers. Other General Terms of Trade of the suppliers for data exchange via Internet are not valid even if they were not refused.

1.2 Purpose and Validity

This agreement rules the technical data transfer for the exchange of information as data files, i.e. all LK-webEDI messages that have been implemented technically from both parties. It is also valid forsubstitutions of LK-webEDI communication in case of exceptions in the LK-webEDI service, as they are regulated expicitely in this General Terms of Trade. The effects of commercial information transmitted by other means are not affected by this present agreement. This LK-webEDI agreement is valid for Kostal worldwide. If there are misinterpretations in the english version of LKweb- LK-webEDI Terms and Condition, only the german version LK-webEDI Allgemeine Geschäftsbedingungen is valid.

2 TECHNICAL ARRANGEMENTS

2.1 Information Technology, Operation & Method of Transmission

The following documents will be exchanged via LKwebEDI-platform:
- order release (of Kostal) and advanced shipping notice (ASN, of supplier).

In case of a consignment agreement the following further information will be exchanged:
- consignment stock
- demands; demand Forecast information (substitutes order release)
- in case of a vendor managed inventory the control parameter minimum and maximum stock level

The access to LK-webEDI-platform is available by the following Internetbrowser:
Microsoft Internet Explorer, Version 5.0 et seqq.

The introduction is done by a trainee presentation organised by Kostal. A specific arrangement about character and coverage does not exist. Referring to the trainee the supplier receives the account data to the LK-webEDI-platform of Kostal logistics. Via data download (CSV-format) the supplier may can integrate the information directly in his own MRP-system. For the converting of data out of the LK-webEDI-platform the supplier is completely responsible.

2.2 Contact Personnel

Each party to the contract will advise the other party to the contract of his contact personnel who are responsible for LK-webEDI operation (as email address).

2.3 Maintenance of Communication Service

Each party to the contract will take the responsibility for enduring maintenance and reliable processes by permanent investigation of systems and processes. Each party to the contract is obliged to an enduring support of the LK-webEDI service. The LK-webEDI functionality will be adapted to future technological developments.

2.4 Real Operation

Real operation begins after the realised trainee in co-ordination with Kostal logistics, maximum 2 weeks after the trainee. At the begin of the real operation overlapping fax transmissions will accompany for 2 weeks. During this phase of implementation the only valid information is delivered by messages using the previously established transmission techniques. After these 2 weeks the legal validity of the messages is passed onto the LK-webEDI transmissions. Also, at this point of time the parallel paper messages will be discontinued.

3 TRANSMITTING INFORMATION

3.1 Responsibility for security, correctness and accuracy

Within their own areas, the parties to the contract will provide measures which ensure the correctness of the transmitted information. In particular, the parties to the contract undertake to carry out the necessary security and monitoring actions to protect the LK-webEDI transmissions from access by unauthorised third parties, as well as modification, loss or destruction. The party to the contract making a transmission must ensure that the information is accurate. All messages received must be checked to see whether they are from a legal sender and whether they have been directed to the actual recipient.

3.2 Archiving and protocolling

Each message which has been sent or received must be stored in its exact format for at least 20 (twenty) working days. In addition, a protocol file must be maintained, in which a data-record of each message is stored, which contains at least the date, time, partner and type of message. Furthermore the messages must be retained as a document in accordance with the relevant trade and taxation regulations (at least six years). If there was agreed a diverging period, this extended period is the only valid one. In case of conflicting opinion, both partners have the right to get an extract of the protocol or - if the archiving period has not passed - also a printout of the message or its relevant parts.

3.3 Protecting information against loss

To protect information against loss, the sender must allocate a clear and sequential number of Kostal to each document transmitted.

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4 DEALING WITH EXCEPTIONS

4.1 Action in the event of a system failure

If data connections between the parties to the contract should fail, the other party to the contract must be informed without delay. If one party is temporarily unable to use EDI, data exchange shall be carried out as previously, following mutual agreement (e.g., printed paper documents). To avoid multiple bookings of the same documents or other disorders in the process, there has to be agreed by phone about the handling of the last LK-webEDI transmission, the paper documents and the following EDI transmissions.

4.2 Action in case of rejections or errors

If a check on an LK-webEDI message leads to its rejection or to the detection of an error, the recipient must advise the sender as quickly as possible. Following receipt of such a message, the recipient takes no action until he has received appropriate instructions from the sender.

4.3 Liability for unauthorised transmission of messages

Anyone receiving messages where there is a suspicion of misuse at the sender's premises or elsewhere, must immediately inform the sender's contact personnel of his / her suspicions. Each party to the contract is liable for the unauthorised transmission of messages sent from his data processing system.

5 GENERAL REGULATIONS

5.1 Legal Effect of Information transmitted by electronic means

If there was agreed to send the messages as written documents, this requirement is regarded as fulfilled also by sending LK-webEDI messages. LK-webEDI messages have the same binding effect as written information.

5.2 Charges

Each party to the contract will pay the cost of the necessary electronic data in his own premises, as well as for the necessary connections to the data transmission services. The cost of a transmission is paid by the sender. For the account to the LK-webEDI-platform the supplier will be charged once per customer plant with 900,- €.

5.3 Confidentiality; data protection

Each party to the contract is individually responsible for compliance with legal data protection regulations. The basic principles relating to data processing and data storage must be complied with. With regard to the confidentiality of electronically transmitted data, the same principles apply as for data transmitted in any other way. Messages and information must be protected in all computers against unauthorised access.

5.4 Duration of the Contract; Cancellation

This contract is concluded for an undefined period and comes into force at that point of time, when the first message of the agreed message type has been send and technically confirmed. The contract can be cancelled by either party to the contract with a period of notice of 3 (three) months, with expiry at the end of the month. Either party to the contract is entitled to withdraw unilaterally in writing and with immediate effect from the contract where good and sufficient reason exists. Good and sufficient reason applies in particular where the other party to the contract infringes grossly against his obligations arising from this contract and does not re-establish the contractual conditions within a reasonable period, despite requests; or where a significant change occurs in the commercial circumstances of one party to the contract, so that the other party to the contract cannot reasonably expect him to adhere to the contract. Cancellation has to be send as written form by means of a registered letter to the receiver of the cancellation.

5.5 Legal Clause

If any condition of this General Terms of Trade is or becomes ineffective, or if a loophole appears in any term of the contract, this does not affect the validity of the other terms and conditions of this contract. In these circumstances, the parties to the contract will seek regulations which come as close as possible in their commercial effect to the ineffective terms and conditions. Changes to this agreement become valid only when they have been agreed in written form as required by legal regulations. Kostal reserves all rights to change this General Terms of Trade.

5.6 Law applied and Place of Venue

German law is required. For all disputes concerning this LK-webEDI agreement, the parties of the contract agree about Lüdenscheid (Germany) and Hagen (Germany) as exclusive places of venue.
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