

KOSTAL Indirect Purchasing Conditions (issued 09/2022)

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I PREFACE

The legal basis between the supplier on the one part and KOSTAL Automobil Elektrik GmbH & Co. KG and/or its affiliated companies on the other part (hereinafter referred to as the “buyer”, shall be based on these conditions and on any other written agreements.

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 indirect purchasing conditions shall apply exclusively. Other conditions shall not become part of the contract even if the buyer has not expressly objected to them.

The buyer and buyer's affiliates may purchase goods from the supplier and the supplier's affiliates under the terms and conditions of this framework agreement by issuing orders directly to the supplier or such supplier affiliates.

In no circumstances will the supplier or buyer or any of their respective affiliates be jointly or severally liable for the obligations of another affiliate which has entered into such obligations.

The term “Affiliate(s)” describes any entity covered by German law under § 15 AktG or which now or in the future directly or indirectly controls, is controlled by, or is under common control or ownership with a

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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>

II ORDERS

- 1 Orders not issued by the purchasing department or the shared services center (SSC) are not valid unless confirmed in writing by the buyer's purchasing department.
- 2 Orders and confirmations or approvals shall be binding only if issued in writing by either postal mail, telefax or by data transmission (including e-mail).
3. If the supplier does not accept the order within two (2) weeks of receipt or specifically refuses it the buyer shall be entitled to cancel it.
4. 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. In all cases, before beginning these activities, the supplier must state in detail the additional costs involved and submit these as a quotation to the buyer.
5. If a party to the contract discontinues payments or if a petition for insolvency proceedings with regard to its assets is issued, or if judicial or extra-judicial insolvency proceedings are applied for, the other party shall have the right to withdraw from the part of the respective individual agreement that has not yet been fulfilled

III PROOFS OF ORIGIN; SECURITY DECLARATIONS; EXPORT RESTRICTIONS

1. In the event of the first delivery, the data of origin must be communicated in writing in the form of a supplier declaration no later than at the time of the first delivery.
2. Moreover, for the delivery of goods from non-EU countries, with which the EU has concluded trade and preferential agreements for obtaining exemption from customs duties for importers, the supplier shall provide the required documentation (e.g. proofs of preference) on the commercial invoices, EUR.1 documents or A.TR movement certificates for importation free of customs duties at the time of the delivery. Certificates of origin must be provided upon request. The trade origin (Country of Origin) must be stated in each commercial invoice issued by the supplier.
3. The supplier shall warrant 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) at the buyer's request.
4. In the event that the relevant supplier's documents mentioned above are not submitted by the time of importation and the buyer therefore must unnecessarily pay customs duties, the buyer shall also reclaim such customs duties from the supplier.
5. Moreover, missing documents will be included in the supplier evaluation.
6. In the event of free-of-charge deliveries, the supplier is obliged to state in the pro forma invoice the value reflecting the usual market price as well as make the following note: "For Customs Purposes Only". The invoice or the delivery note must also state the reason for the free-of-charge delivery (e.g. free-of-charge sample shipment).
7. The supplier must support the buyer by all means required for the reduction or minimization of the buyers payment obligations with regard to customs or costs for customs clearance.
8. Without being asked to do so the supplier shall inform the buyer if his deliveries are subject, entirely or in part, to import or export restrictions. The supplier shall be obliged to notify the buyer in the commercial documentation of any permit requirements or restrictions on the (re-)export of his goods

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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 must also inform the buyer in time, before the first delivery, if his goods are subject to BAFA permits and must inform the buyer immediately of changes (technical changes, legal amendments or public authority findings). Any information shall be sent to the address compliance@kostal.com.

IV PRICES AND PAYMENT

1. Agreed prices are fixed prices.
2. Payment is to be effected upon actual receipt of the goods in accordance with the contract, or upon successful 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 applies. 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 payment shall be made within 14 days less 3% discount or at 30 days nett.
3. In cases where premature delivery is accepted, payment becomes due in accordance with the agreed delivery date.
4. In the event of defective delivery the buyer shall be entitled to withhold payment pro rata until correct performance is fulfilled.
5. The buyer is entitled to offset his due counter-claims.
6. The supplier shall not enforce any retention rights for deliveries of goods or rendering of work or services or revoke any right of use.

V 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 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.
3. 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.
4. 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.
5. The delivery documents must contain the buyer's order and material numbers, the revision status, gross and net weights, delivery quantity, number of packages, packaging the numbers and quantities of packaging materials used and the delivery note number (KOSTAL Logistics Guideline: <https://www.kostal.com/en-gb/download/vertragsdokumente>).

VI 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. The supplier undertakes to compensate the buyer for any damages caused by the delay. This shall include above all the extra costs for freight, production (additional setting-up costs, surcharges for

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extra work, etc.), covering purchases, etc., and redress for claims for damages from the buyer's customers.

VII SUSTAINABILITY (ENVIRONMENTAL PROTECTION; ENERGY EFFICIENCY, HEALTH & SAFETY AT WORK)

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 also DIN ISO EN 14001. Appropriate verification of certifications shall be provided on demand.
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 his 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 substances (substances of very high concern) the supplier is obliged to inform the buyer in writing of this in advance of the conclusion of any individual agreement.
4. The supplier guarantees that the products supplied do not contain any legally prohibited materials or exceed permissible concentrations of hazardous substances.
5. The supplier is responsible for the disposal of the components/materials he supplies in accordance with statutory regulations applicable to his extent of delivery. If requested by the buyer the supplier shall submit a conclusive concept for dismantling, recycling and the non-hazardous disposal of the products he supplies.
6. 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 and to prove this by presenting a corresponding certificate. Deviations from the requirements can be agreed in writing jointly and in agreement.
7. 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.

VIII QUALITY; DOCUMENTATION REQUIREMENTS

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. 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.

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IX DUTY TO INSPECT AND REPORT DEFECTS

The buyer shall be obliged to perform 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.

X 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.

XI WARRANTY

1. The supplier guarantees 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. Up-dating obligations must also be satisfied. If the supplier is unaware of the intended purpose he shall inform the buyer of this and request this information. In addition, the supplier guarantees 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 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, defect analysis, reimbursement of expenses, extra costs for covering purchases, material, scrapping, etc., and claims for damages by third parties.
5. The warranty period ends 24 months following receipt of the goods.
6. If a complaint arises which cannot be resolved within the warranty period, the supplier waives in so far his right to plead the statute of limitations.

XII 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, 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 extent that he, his representatives or his sub-suppliers contributed pro rata to the damage.
4. In the case of 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.
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

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inspections, the supplier shall support the buyer actively at his own expense and make available all the necessary documents, witness statements, etc..

XIII CONFIDENTIALITY; SECURITY OF INFORMATION

Unless otherwise agreed, the supplier undertakes as follows to observe confidentiality and to ensure the security of information:

1. All technical and commercial information which come to his knowledge through the business relationship shall be treated as business secrets. These include among other things models, drawings, templates, samples, data sheets, calculations, software and factory standards. These may be made known to others only within the framework of the contractually agreed purposes. Reproduction and disclosure to third parties is prohibited without the express written consent of the buyer.
2. The supplier may not derive any licence, authorization for reproduction, right of use or other rights from the disclosure of any kind of information by the buyer. All rights, in particular to registering industrial property rights (e.g. patents), remain reserved by the buyer.
3. The supplier shall oblige its employees and sub-suppliers to observe confidentiality.
4. The buyer and his representatives agree to observe confidentiality in the same way with regard to the supplier during visits or audits.
5. The supplier shall be obliged to secure all the buyer's information and data by means of state-of-the-art technology immediately and 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 also apply.
6. 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.

XIV 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.

XV COMPLIANCE

1. The supplier undertakes that, within the business relationship with the buyer, he 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, within the business relationship with the buyer, he will not make any agreements or coordinated practices with other companies who have the purpose or effect of avoiding, restricting or forging competition according to applicable anti-trust laws.
3. The supplier will ensure that he complies 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

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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 will ensure that he maintains his entrepreneurial responsibility towards society and to establish a CSR (corporate social responsibility) management system.
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 of measures taken to clarify the matter, and to disclose the delivery chain affected in justified cases. If the suspicion proves to be justified, the supplier must inform the buyer within due time of what measures they have taken within the company in order to avoid breaches 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 reserve the right to withdraw from existing contracts or to terminate such contracts with immediate effect.

XVI FORCE MAJEURE

1. Labour disputes, riots, official measures and other unforeseeable and serious occurrences of force majeure shall free 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 within the framework of what is reasonable and to adapt their obligations to the changed circumstances in accordance with good faith.
2. If the supplier calls on a circumstance listed in section 1 above he must provide proof of this. In addition the supplier must show that he is keeping to a minimum the damages caused by the event. This also includes preventive actions in the case of threatening events.
3. If it is foreseeable that the disruption caused for the supplier by force majeure 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.

XVII TRANSFER OF RIGHTS

1. Liabilities of any one of the individual companies in the KOSTAL Group or of sub-suppliers shall apply 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 carried out by third parties or to relocate the production location unless he has received written approval for this 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 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 with the supplier without the buyer's permission.

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XVIII SUPPLIER MANAGEMENT

1. The supplier recognizes the KOSTAL code of conduct for suppliers and business partners (go to <https://www.kostal.com/en-/de-de/download/vertragsdokumente>) complies with the principles described therein and makes every effort to implement these standards with his supplier, sub-suppliers and associated companies.
2. The supplier shall act to prevent the direct or indirect financing of armed groups. In this context, he shall observe applicable legal requirements with regard to "conflict resources" and meet these accordingly. Moreover the supplier shall 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 shall promptly modify the delivery chain. The KOSTAL conflict minerals policy shall also apply (<https://www.kostal.com/en-/de-de/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. Insofar as the supplier delivers products or services to buyer which have an influence of the buyers product quality the supplier is subjected to regular supplier assessments.

XIX APPLICABLE LAW; COURT OF JURISDICTION

1. The law of the Federal Republic of Germany applies without the reference standards of international private law and excluding the applicability of the provisions of the UN convention on contracts for the international sale of goods.
2. The exclusive place of jurisdiction for all disputes arising from the contractual relationship is Lüdenscheid, Germany.

XX SEVERABILITY CLAUSE

If one condition in these KOSTAL purchasing condition is or becomes ineffective, the parties undertake to agree in its place a legally effective condition which comes closest to the recognized wishes of the parties. If it is not possible to determine a condition of this kind the condition is replaced by a condition derived in accordance with XIX "Applicable Law". The overall effectiveness of the other conditions remains unaffected, however, from the ineffectiveness of a single condition.