

# Valeo Siemens eAutomotive Germany GmbH ("VSeA")

## GENERAL CONDITIONS OF PURCHASE

### 1. General / Scope of Application

1.1 These General Conditions of Purchase (hereinafter called the "Conditions") apply exclusively to all purchases of VSeA. General business terms and conditions of the supplier conflicting with or deviating from, contradicting and/or supplementing these Conditions shall be excluded and may only be recognized if and to the extent that VSeA expressly agrees to them in writing. Acceptance or payment of goods, materials, parts, equipment, works and services from the supplier (hereinafter called "Supplies") does not constitute agreement or acknowledgement even if the acceptance or payment is made with knowledge of conflicting or supplementary terms and conditions of the supplier.

1.2 These Conditions are exclusively applicable to and binding for business transactions with companies and entrepreneurs within the meaning of §14 German Civil Code (BGB), with legal entities governed by public law and with special trusts under public law.

### 2. Formation of Contract

2.1 All orders, contracts and supplements or modifications thereto shall be made and placed in writing. Oral agreements of any nature whatsoever must be explicitly confirmed by VSeA in writing in order to become effective and valid.

2.2 The written form requirement is deemed to be complied with if communications are made by telefax, electronic data transmission (e.g. EDI) or SAP purchase order as pdf document provided by email.

2.3 All Supplies must be the subject of a purchase order issued by VSeA (hereinafter called the "Order"). The Order incorporates by reference not only their content but also these Conditions, the Technical/Functional Specifications and documents that contain other agreed contractual provisions. In case of deviations between these Conditions and the terms of the Order the latter shall prevail and have priority.

2.4 The Supplier shall confirm the Order in writing within five (5) working days. If no rejection or confirmation is received at VSeA, the Order shall be deemed to be accepted.

2.5 Any Order the receipt of which is not acknowledged but performed by the Supplier, in full or in part, shall be considered accepted by the Supplier.

2.6 Any alteration, amendment or addition to the Order shall only become valid and effective if and to the extent that VSeA explicitly accepts and acknowledges it in writing.

2.7 The quantities of Supplies specified in a delivery forecast are merely indicative and shall not constitute a firm commitment by VSeA to purchase Supplies, unless explicitly agreed upon otherwise. Delivery instructions/schedules issued by VSeA will

include fixed volumes and binding dates of delivery for the Supplies, unless unacceptable for the Supplier.

### 3. Delivery

3.1 All delivery dates and periods specified in the Order shall be binding for the Supplier.

The Supplier shall not make early deliveries without VSeA's explicit prior permission in writing. Punctual compliance with the delivery date or period is determined by the date of receipt of the Supplies by VSeA. Deliveries shall be made according to the Incoterm (Incoterms in the version being applicable at the date of the issuance of the Order) as specified in the relevant Order (DAP, unless otherwise agreed upon).

3.2 The Supplier shall pack the Supplies for transport and storage in such way that the delivery of the Supplies in proper condition is ensured and made in accordance with current Automotive standards, e.g. VDA or similar. The Logistics Protocol, Packaging Specification and other documents referred to in the Order shall apply.

3.3 The Supplier shall not make partial deliveries without VSeA'S express prior permission in writing.

3.4 If the Supplier anticipates difficulties, impediments or delays with respect to production, transport or delivery in compliance with the delivery time or period or similar circumstances that may interfere with the Supplier's ability to deliver punctually or to deliver the agreed quality, the Supplier shall immediately and without undue delay notify VSeA in writing.

3.5 The unconditional acceptance of a delayed delivery of Supplies does not constitute a waiver of claims to which VSeA is entitled due to the delayed delivery; likewise, full or partial payment does not constitute an acknowledgment or acceptance that the corresponding delivery of Supplies was made in accordance with the Order, with these Conditions or otherwise.

3.6 Each and every packaging unit down to the smallest packaging unit must be labeled according VDA 6.3 standard, unless otherwise agreed.

3.7 Each delivery shall include a packing note or delivery note with details of the contents as well as the complete Order number. Notice of dispatch shall be provided immediately with the same information.

3.8 In case of deviations between Order and delivery documents in terms of quantity and product the results documented by VSeA shall apply.

3.9 VSeA reserves the right to refuse or reject, by any appropriate means of communication, some or all of the Supplies delivered. Failure to issue any such reservation or complaint upon acceptance of the delivery shall not constitute final acceptance or the delivered Supplies nor a waiver of claims to which VSeA is entitled.

3.10 Unless otherwise stated in the supplementary Conditions of Purchase for Software

VSeA shall be entitled to receive, together with the delivery of the Supplies, the rights of use, unrestricted in terms of time and territory, the software which is part of the scope of the Supplies. VSeA's permissible right of use includes, in particular, duplication, loading and running the software. It also encompasses sublicensing, renting and every other form of passing the software on to companies affiliated with VSeA within the meaning of §15 German Stock Corporation Act (AktG).

3.11 Unless otherwise stated in the Supplementary Conditions of Purchase for Software VSeA shall also be entitled to use such software, including the software documentation, with the agreed performance characteristics and to the extent necessary for the VSeA of the Supplies in accordance with the Order or agreement. VSeA also has the right to make a reasonable number of backup copies.

#### **4. Force Majeure**

Force majeure event shall mean the occurrence of an event or condition that is beyond a party's reasonable control and which cannot reasonably be foreseen including natural disasters or catastrophic events such as epidemics, nuclear accidents, fire, flood, typhoons or earthquakes, war, riots, sabotage or revolutions, but not strikes, labor disputes or lockouts of the Supplier's or its subcontractor's personnel. A force majeure event shall discharge the affected party from its obligations for the duration of such event for a maximum period of six (6) weeks. After such maximum period both parties shall be entitled – notwithstanding other rights – to withdraw from the contract.

#### **5. Invoices**

The details of the invoice shall comply with the details of the VSeA Order. The Supplier shall issue and send an invoice showing the invoice number, quantities, part and other references to the postal mailing/electronic or SAP address stated in the Order; the invoice must not be enclosed with any shipments.

#### **6. Payment Terms / Pricing**

6.1 The prices stated in the Order are binding. Unless otherwise agreed in writing the prices are based on the Incoterm (Incoterms in the version being applicable at the date of the issuance of the Order) as specified in the relevant Order (DAP, unless otherwise agreed upon) and do not include value added tax (VAT) where applicable, any applicable import charges as well as costs and charges of packaging.

6.2 Unless otherwise agreed in writing, payment of invoices shall become due and payable no later than sixty (60) days net from the date of both receipt of the invoice and delivery of the Supplies.

6.3 Interest on maturity pursuant to §353 German Commercial Code (HGB) shall be excluded. In the event of default of payment the statutory provisions shall apply provided that VSeA shall only be liable for default interest in the amount of 5% (five percent) points above the base interest rate pursuant to §247 German Civil Code (BGB).

6.4 VSeA is entitled to exercise its statutory rights of set-off and rights of retention as well as the defense of non-performance.

6.5 The Supplier's right to set-off and retention shall be excluded unless the respective claim is undisputed, has been finally confirmed by a court order or verdict or is contractually reciprocal to VSeA's claim

#### **7. Transfer of Risk, Title and Ownership**

7.1 The Supplier shall bear all risks of loss of or damage to the Supplies as per the applicable Incoterm.

7.2 Transfer of title and ownership shall occur upon delivery to VSeA as per the point of delivery defined in the applicable Incoterm.

7.3 Title to tooling, moulds, patterns, samples, models, profiles, drawings, standard specification sheets, printing templates and materials and equipment (hereinafter called the "Equipment") ordered by VSeA which shall remain in the Supplier's possession in order to produce the Supplies for VSeA or in possession of an approved sub-supplier shall be transferred upon payment of 80% (eighty percent) of the purchase price for the Equipment. Equipment kept in the possession and custody of the Supplier or any of its sub-suppliers shall be labeled as VSeA's property at all times with a permanent label stating "Property of VSeA; No attachment or seizure allowed". VSeA has the right to transfer this ownership at its sole discretion to third parties.

7.4 If the Supplier reserves ownership in the delivered Supplies such reservation shall only apply to the extent that it relates to VSeA's payment obligations for the respective Supplies. In particular, VSeA does not acknowledge any extended or expanded reservation of ownership, which shall be excluded.

#### **8. Place of Performance**

The place of performance is the place to which the Supplies are to be delivered in accordance with the Order or where the service is to be rendered in accordance with the Order.

#### **9. Delay**

9.1 In the event that the Supplier fails to deliver the Supplies at the date stated in the Order, notwithstanding any other rights VSeA may have, if the Supplier cannot prove that it is not responsible for the delay VSeA is entitled to a penalty for delay for each commenced working day of delay amounting to 0.3% (zero-point-three percent) but not exceeding a total of 5% (five percent) of the net value of the Order being in delay. VSeA reserves the statutory rights in the event of delay, in particular the right to claim higher damages caused by the delay which it might be entitled to pursuant to statutory law. Penalties paid shall be deducted from such exceeding damages claims.

9.2 The penalty set forth in section 9.1 may be claimed by VSeA irrespective of whether a reservation of rights is made at the time of acceptance of delivery,

services or rectification, provided that the reservation is made by VSeA until the date of final payment.

9.3 The Supplier shall notify VSeA immediately and without undue delay in writing as soon as any circumstance occurs or as soon as any circumstance becomes recognizable that could affect timely delivery of the Supplies.

## **10. Liability for Defects**

10.1 The Supplier shall be liable for defects during the periods prescribed by statute and shall be obliged to bear the costs of all expenses arising out of or in connections with the liability for defects according to the statutory provisions. Other statutory claims available to VSeA shall remain unaffected.

10.2 VSeA has the right to select the type and nature of supplementary performance. The Supplier may refuse the type of supplementary performance, which VSeA selected, provided that such performance is only possible at disproportionate expense.

10.3 In the event that the Supplier fails to commence rectifying the defect immediately after VSeA's request to remedy it or fails to remedy it within reasonable time set by VSeA, in urgent cases, especially to prevent danger or to prevent greater damage, VSeA is entitled to undertake such rectification by itself or to have it undertaken by a third party at Supplier's expense.

10.4 In case of defects in title, the Supplier shall also hold VSeA harmless from any third party claims possibly existing, unless the Supplier is not accountable for the defect in title.

10.5 The limitation period for claims based on defects is at least three (3) years – except in cases of fraudulent misrepresentation – unless longer periods are provided for by law or agreed between VSeA and Supplier. The limitation period commences at the time when the Supplies are delivered (as per the applicable Incoterm).

10.6 If the Supplier performs its obligation to effect supplementary performance by supplying a substitute product or part, statute of limitations of the goods delivered in substitution shall start to run anew after delivery thereof, unless such performance cannot be considered acknowledgement of warranty claims by Supplier.

10.7 Should VSeA incur expenses as a result of the defective delivery of Supplies, in particular transport, carriage, sorting, labor costs, assembly and disassembly costs, costs of material or costs incoming goods inspection, such costs shall be borne by the Supplier based on the statutory requirements.

10.8 The Supplier shall be liable for the breach or fault of its subcontractors and sub-suppliers as it is for its own fault.

10.9 Upon receipt of VSeA's written notification of a defect the statutory limitation period of warranty claims is suspended until the Supplier (i) notifies VSeA that the defect has been remedied or (ii) finally rejects the claims.

## **11. Epidemic Failure**

In case of an epidemic failure (frequency of errors significantly above the error frequency rate specified or to be expected normally), VSeA shall be entitled to demand that all Supply items in the series concerned be replaced free-of-charge, regardless of whether the defect has already become apparent or not with regard to an individual item of that series. In addition, the Supplier shall compensate VSeA for any additional costs and expenses that it may have incurred as a result of the epidemic failure (such as, but not limited to, the costs and expenses for inspections of incoming goods, logistics, etc.). Other claims available to VSeA shall remain unaffected.

## **12. Notification of Defects**

12.1 An examination of the Supplies will be conducted by VSeA upon delivery only to establish whether there is any obvious damage, in particular transport damage and discrepancies in terms of the identity of quantity of the delivered Supplies, as labeled by the Supplier, except as otherwise agreed with the Supplier in writing in a Quality Assurance Agreement.

12.2 VSeA will give notice of any defects found without undue delay after discovery.

12.3 To this extent the Supplier agrees and acknowledges to waive the objection of late or delayed notification of defects.

## **13. Product Liability / Recall / Field Actions**

13.1 In the event a product liability claim or action is asserted against VSeA by a third party the Supplier shall indemnify VSeA and hold VSeA harmless from such third party claims and actions if and to the extent the damage was caused by a defect in the product, part, material or Supplies delivered by the Supplier. In cases of liability based on fault this only applies, however, if the Supplier is at fault. Insofar as the cause of the damage falls within the area of responsibility of the Supplier, the Supplier must prove that it is not at fault.

13.2 In the context of and based on the conditions of section 13.1 the Supplier is also obliged to reimburse those expenses incurred from or out of or in connection with a recall, field action or other service action or defect-removing or preventative measure taken and conducted by VSeA at VSeA's discretion or any of VSeA's customers.

13.3 In the cases of sections 13.1 and 13.2 above the Supplier's liability shall comprise all costs and expenses including costs of any legal action including reasonable attorney fees to the extent that the recall, action or other measure is to the result of a defect in a product, part, material or Supply delivered by the Supplier.

13.4 In all other respects the provisions of statute shall apply.

13.5 Prior to any action or measure which is partially or wholly due to a defect in a Supply delivered by the Supplier VSeA will notify the Supplier and give the Supplier the opportunity to collaborate and discuss with VSeA the efficient conduct of such action or measure, unless a notification of or collaboration by the Supplier is not feasible or possible because of the particular urgency.

#### **14. Third Party Rights**

14.1 The Supplier shall ensure that its Supplies are free from any third party intellectual or industrial property rights which conflict with the intended use of the Supplies by VSeA and that no further licenses, approvals, consent or payments are required in association with the intellectual or industrial property rights of third parties so that VSeA can use the contractual Supplies as stipulated in the contract or in the relevant Order. The Supplier is obliged to verify the title to and inform VSeA of any possible conflicting industrial and intellectual property rights regarding the Supplies.

14.2 The Supplier shall fully indemnify VSeA and hold VSeA harmless from and against any and all legal actions, demands, costs, charges, losses, expenses and claims of third parties suffered by VSeA arising out of or relating to an actual or potential infringement of industrial or intellectual property rights of a third party pursuant to the statutory requirements. Such obligation includes necessary expenses in connections with handling and defending a third party claims (including reasonable attorney fees). VSeA will inform the Supplier without undue delay following it becoming aware of such a claim.

#### **15. Right of Withdrawal / Termination**

15.1 VSeA has the right to withdraw from contract or the Order if (i) – based on the contract or the Order – VSeA is as an exception obliged to perform in advance and after the formation of the contract it becomes obvious that there is or threatens to be a fundamental deterioration in the financial circumstances of the Supplier and as a result of this deterioration the performance of a supply obligation to VSeA is at risk and (ii) the Supplier has not supplied VSeA with the Supplies concurrently with VSeA's payment of the agreed purchase price within fourteen (14) calendar days after a respective notification by VSeA to the Supplier.

15.2 If there is a contract or Order for performance of a recurring obligation, section 14.1 shall apply by analogy provided that the right of withdrawal shall be replaced by an extraordinary right to terminate the contract or the Order without notice.

14.3 If the Supplier rendered partial performance VSeA may cancel the whole contract or Order pursuant to the statutory requirements if VSeA has no interest in its partial performance.

15.4 If VSeA withdraws from or terminates the contract or the Order based on any of the aforesaid provisions, the Supplier shall indemnify and hold harmless VSeA for the loss or damage incurred as a result of this unless the Supplier is not responsible for the circumstances which triggered the cancellation or termination.

15.5 Statutory rights and claims shall not be limited by the provisions set forth hereinabove.

#### **16. Subcontracting / Assignment**

16.1 Assignment of any claim by the Supplier shall only be allowed upon prior written approval from VSeA.

16.2 The Supplier shall perform its obligations and duties towards VSeA via its own company and with its own employees. The Supplier shall notify VSeA about any involvement of sub-supplier and subcontractors prior to such involvement in writing. If and to the extent that the Supplier is allowed to use a subcontractor on the basis of the foregoing, the Supplier shall remain fully and exclusively responsible towards VSeA for the performance of the Order and the compliance with all laws, regulations, specifications and provisions set forth in the Order and the ensuing documents and these Conditions. Subcontracting to third parties without VSeA's prior written consent shall entitle VSeA to terminate the contract, cancel or withdraw from the Order at VSeA's discretion in whole or in part with immediate effect and to claim damages.

16.3 VSeA is entitled to assign or transfer, in full or in part, VSeA's own rights under the Order to an affiliated company or to a company that takes over some of all of its activities, operations or business.

#### **17. Tools and Raw Material**

17.1 Any tools, materials, parts, containers and special packaging provided by VSeA free of charge as well as any materials derived therefrom (hereinafter called the "Material") shall remain VSeA property. These may only be used as designated.

17.2 Material shall be stored and labeled by the Supplier as property of VSeA and at no costs to VSeA. The use of such Material is only to be made as designated and is restricted to the performance of the respective Order. The Supplier shall be liable for damage to or loss of such Material and shall supply replacements in the event of reduction of value, loss or damage if the Supplier is responsible for such loss or damage.

17.3 Material shall not be made available to any third party nor used for any other purposes than those contractually agreed except with VSeA's prior written consent, nor pledged, used as security or copied. Material shall be protected against unauthorized access or use.

17.4 Notwithstanding any other rights VSeA may have, VSeA is entitled to demand that such Material is to be returned at any time following a respective prior written notification by VSeA to the Supplier, whether the Supplier is in breach of the duties set forth herein or not.

17.5 Any processing or transformation of the Material shall take place for VSeA as manufacturer within the meaning of Sec. 950 German Civil Code (BGB) without constituting any obligation of whatever kind of nature to VSeA. VSeA shall immediately become owner of the new or transformed product proportionate to the value of the Material in the new or transformed product. Should VSeA lose its ownership rights in the new or transformed product, Supplier shall transfer the title in the new or transformed product to the extent of the value of the Material to VSeA. The Supplier shall keep such products in a safe condition and storage for VSeA free of charge.

17.6 If the value of the security existing for VSeA exceeds the value of VSeA's claims by more than 10% in the aggregate, VSeA will release security at VSeA's discretion to this extent on request by the Supplier.

## **18. Work Conduct**

Persons who carry out work on the premises of VSEA in fulfillment of the Order or agreement must observe the applicable regulations. VSeA's liability - to the Supplier - irrespective of the legal basis (contract, tort, indemnity or any other area of law) - for accidents suffered by these persons on VSeA's factory premises is excluded. The aforementioned limitation of VSeA's liability does not apply if VSeA is liable pursuant to product liability law, in cases of willful intent, gross negligence, injury to life, body or health, or breach of material contractual obligations, i.e. obligations that actually enable the proper execution of the contract in the first place and which the Supplier can regularly and fully expect to be met. Compensation for breach of material contractual obligations is, however, restricted to foreseeable losses arising from the type of contract, provided no willful intent or gross negligence is involved, there is no injury to life, body or health, and VSeA is not liable under product liability law. To the extent that VSeA's liability is excluded or limited, this also applies to the personal liability of the employees, servants, members of staff, representatives of the VSeA and those employed by the VSeA in the performance of its obligations.

## **19. Insurance**

The Supplier shall take out and maintain in effect an insurance policy with a reputable insurance carrier in accordance with the terms and conditions set by VSeA and shall provide VSeA an insurer's affidavit of this upon VSeA's request. Coverage under this insurance policy shall be no means and under no circumstances be interpreted or understood as a limitation of Supplier's liability in any way whatsoever.

## **20. Confidentiality and Documentation**

20.1 All information made accessible or available to the Supplier by VSeA, by its affiliates or representatives, in particular of a technical, industrial, production-related, business and/or financial nature is confidential, unless to the extent such information (i) becomes publicly known or comes to public knowledge in a manner other than through breach of this confidentiality agreement by Supplier, (ii) has been known by Supplier before it received it from VSeA, (iii) has been received from a third party without being bound by a confidentiality obligation in relation to such third party or (iv) is approved for release by written consent of VSeA. This shall apply regardless of how this information was made accessible, either verbally, in writing or in other manner, including among others constructions, drawings, descriptions, specifications, electronic media, software and corresponding documentation, samples and prototypes.

20.2 Confidential information in terms of section 20. above may only be used, duplicated and exploited by the Supplier in connection and for the

purposes of the Order and may only be made available to those persons in the Supplier's business facility who necessarily need to be involved in the use thereof for the purposes of delivery of Supplies to VSeA and who are also bound by equivalent confidentiality obligations as set forth herein. The Supplier undertakes to take measures necessary to ensure that confidential information is not made accessible to any third party, also not to a subcontractor or sub-supplier without VSeA's explicit prior written consent. At VSeA's request, all information originating from VSeA must be, without undue delay, returned to VSeA in full or destroyed.

20.3 VSeA reserves all rights to such information (including copyright and the right to file for industrial property rights such as patents, utility models etc.).

20.4 Products manufactured on the basis of documentation drafted by VSeA such as drawings, models, or manufactured with VSeA's tools or with tools modeled on VSeA's tools, may neither be used by the Supplier itself nor offered or supplied to third parties. This also applies equivalently to VSeA's print Orders.

20.5 This obligation of confidentiality as set forth hereinabove shall remain effective for five (5) years after the Order is terminated or has expired, irrespective of the reason for termination.

## **21. Export Control, Customs, Embargoes, REACH, RoHS**

21.1 The Supplier shall comply with all applicable export control, customs and foreign trade regulations.

21.2 The Supplier shall be obliged to inform VSeA about any applicable license requirements or restrictions for the Supplies under German, European, U.S. or other relevant export control law and customs regulations, as well as the export control laws and customs regulations of the country of origin of the Supplier, in its business documents and to send the following information on Supplies subject to license requirements to VSeA in good time prior to the first delivery under each Order:

- i. Material number
- ii. Part, product, service, good description
- iii. All applicable export list numbers including the Export Control Classification Number pursuant to the U.S. Commerce Control List (ECCN)
- iv. Country of origin of the Supplies (non-preferential origin) and - upon VSeA's request - the Supplier's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case on non-European suppliers)
- v. Statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) Code of the Supplies
- vi. A contact person in its organization to resolve any inquiries or requests

21.3 The Supplier shall also be obliged to inform VSeA without undue delay of any changes to the license requirements applying to the Supplies it delivered to VSeA, as a result of technical changes, changes to the law or governmental determinations or orders.

21.4 The Supplier shall be obliged to comply with all German, EU, U.S. or any other governmental trade restrictions and embargoes relating to its business operations with VSeA in the execution of any Orders; the Supplier shall also ensure that all of its subcontractors and sub-suppliers comply with this obligation equivalently.

21.5 Should the Supplier deliver products, parts or goods, substances of which are set out in the "List of Declarable Substances" applicable at the time of the Order or which are subject to statutorily imposed substance restrictions and/or information requirements (e.g. REACH, RoHS) the Supplier shall declare such substances in the web database BOMcheck no later than the date of first delivery of Supplies under each Order.

21.6 Should the delivery contain goods which – according to international regulations – are classified as dangerous goods, the Supplier shall inform VSeA hereof in a form agreed between the Supplier and VSeA but in no case later than the date of Order receipt.

21.7 The Supplier shall be liable for any expenses and/or damages incurred by VSeA due to any breach of the obligations set forth in this section, unless the Supplier can prove that it is not responsible for such breach.

## **22. Compliance**

22.1 The Supplier undertakes, within the framework of its business relationship with VSeA, not to engage, actively or passively, nor directly or indirectly, in any form of bribery, not to offer or grant, promote or accept any advantage, neither in its business operations nor when dealing with governmental officials, which are in breach of applicable domestic and international anti-corruption or bribery regulations.

22.2 The Supplier undertakes, within the framework of its business relationship with VSeA, not to make any agreements with other companies to agree on concerted practices with other companies, aiming to or bringing about a prevention, restriction or distortion of competition under applicable domestic or international antitrust or competition regulations.

22.3 The Supplier acknowledges its obligation that it will comply with the applicable laws governing the general minimum wage and shall ensure that its sub-suppliers and subcontractors are equally engaged by them. On request, the Supplier shall provide evidence of compliance with the aforesaid duty.

22.4 The Supplier shall comply with the respective statutory provisions governing the treatment of employees, environmental protection and health and safety at work and to work on reducing the adverse effects of its activities on human beings and the environment. In this respect the Supplier shall set up, maintain and further develop a management system in accordance with ISO 14001 to the extent reasonably possible. Furthermore, the Supplier shall comply with the principles of the UN Global Compact Initiative relating to the protection of international human rights, the abolition of forced labor and child labor, the elimination of

discrimination when personnel is engaged and employed and the responsibility for the environment.

22.5 In the event of a suspected violation of the obligations under section 22.1 to 22.4 the Supplier shall investigate any possible violation without undue delay and inform VSeA of the investigation measures initiated or taken. If the suspicion proves to be reasonably justified, the Supplier shall inform VSeA within a reasonable period of time of the corrective and remedial measures that it has taken or will take internally within its organization in order to prevent violations in future. In this context, the Supplier is also solely responsible to ensure equivalent effective processes and measures to be implemented and taken by its subcontractors and sub-suppliers, which are used in the performance of its obligations towards VSeA.

22.6 The Supplier shall in particular comply with the rules and regulations set forth in the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act (UKBA) as well as all other international anti-corruption laws and conventions.

22.7 The Supplier is responsible to ensure and maintain a professional Quality Management System in accordance with ISO and shall protect personal data in accordance with applicable data privacy laws.

22.8 The Supplier shall provide necessary organizational structures, instructions and take measures, particularly with regard to the following: premises security, packaging and transport, business partner, personnel and information in order to guarantee the security in the supply chain according to the requirements of respective internationally recognized initiatives based on the WCO SAFE Framework of Standards. The Supplier shall protect the Supplies delivered to VSeA or provided to third parties designated by VSeA against unauthorized access and manipulation. The Supplier shall only deploy reliable personnel for those Supplies and shall obligate any subcontractors and sub-suppliers to take equivalent security measures.

22.9 The Supplier is responsible to ensure and maintain a professional and effective Compliance Management System in accordance with ISO 37001.

22.10 In the event of a breach of any of its obligations as set forth in this section hereinabove, the Supplier shall indemnify VSeA hold VSeA harmless from and against all and any third party claims and shall be obliged to reimburse any fines imposed on VSeA and any costs and expenses incurred by VSeA (including reasonable attorney fees) out of or in connection with such breach unless the Supplier can prove that it is not responsible for such breach of its obligations.

22.11 In addition to the rights and remedies which VSeA may have, if the Supplier fails to comply with these obligations within a reasonable period of time VSeA reserves the right to withdraw from or terminate contracts, cancel Orders or to terminate them with immediate effect at VSeA's sole discretion. However, provided that Supplier's breach is capable of remedy, VSeA's right to terminate, cancel or withdraw is subject to the proviso that such breach has not been cured by the Supplier within a reasonable period of time set by us.

## **23. Audits**

23.1 VSeA is entitled to undertake comprehensive but reasonable audits at Supplier's premises during normal business hours upon giving reasonable advance notification.

23.2 The Supplier shall cooperate with and assist in such an audit. In particular, the Supplier shall grant VSeA access to the production facilities and other premises and provide the relevant and reasonably requested documents, information and access to relevant persons.

23.3 If the audit reveals that the Supplier does not comply with the agreed quality standards the Supplier shall immediately take all necessary measures in order to meet the agreed standards.

23.4 Any rights which VSeA may have against the Supplier shall not be affected by the audit or any measures taken during or as a consequence of such audit. The Supplier shall by no means be released from any of its obligations because an audit has been conducted.

#### **24. Miscellaneous**

24.1 If one of the provisions or sections of these Conditions should be or become invalid or ineffective,

this shall not affect the validity and effectiveness of the other provisions and sections of these Conditions.

24.2 Should VSeA not exercise its rights under these Conditions this shall not constitute a waiver of any rights under these Conditions or a change to the Order.

24.3 The contractual relationship is subject to the laws of the Federal Republic of Germany. The application of the UN Convention of Contracts for the International Sale of Goods (CISG) is excluded.

24.4 The venue for all legal disputes arising either directly or indirectly out of contractual relationships based on these Conditions shall be Nuremberg, Germany. However, VSeA shall be entitled to take legal action against the Supplier at a court with jurisdiction over the registered office of the Supplier or at the court with jurisdiction over the place of performance or at any other competent court, at VSeA's sole discretion. The aforementioned provisions of Sec. 24.4 shall not apply if an exclusive place of jurisdiction is given pursuant to statutory law.