

## General Conditions of Purchase

### 1. Scope

- 1.1 These Conditions of Purchase apply exclusively between entrepreneurs, towards legal persons under public law or special funds under public law and to all orders placed and contracts concluded by us - hereinafter "order", governing the purchase of goods, services and work performance - hereinafter "delivery". Any conditions set by our suppliers that are deviating from or are supplementary to these Conditions of Purchase will not be accepted and shall not be binding for us. These Conditions of Purchase shall also be exclusively valid if we do not object to the incorporation of our supplier's conditions in a particular case or if, in recognition of contrary or supplementary terms and conditions by the supplier, we accept his delivery without reservation.
- 1.2 These Conditions of Purchase also apply to all future business relations with the supplier, even if not explicitly and separately stipulated.
- 1.3 If anyone clause of these Conditions of Purchase is or becomes invalid or unenforceable, the validity of the remaining stipulations shall not be affected. In such case the invalid or unenforceable provisions shall be replaced by lawful provisions coming as close as possible to the purpose pursued by the invalid or unenforceable provisions.

### 2. Completion of contract

- 2.1 Any agreement with the supplier and all orders shall be considered binding for us only if they are set forth in writing. Any modification, addition or subsidiary agreement before, at or after the conclusion of the contract also requires our written consent. The writing requirement may only be waived in written form. Fax, email or electronic data transmissions shall be equivalent to the written form.
- 2.2 If the supplier does not accept our order within two weeks of receipt in writing the consent is assumed and supplier hereby waives any and all rights to object such order and we shall be entitled to revoke the order. Delivery on call shall be binding unless the supplier objects within three (3) working days of receipt. Any deviation from, modification of or supplement to our orders shall only be effective if explicitly and separately indicated as deviation, modification or supplement and expressly approved by us.

### 3. Quotation

- 3.1 The supplier shall issue his quotation in accordance with the purchaser's inquiry. Anything which diverges from this inquiry must be explicitly pointed out. The quotation shall be free of charge and without obligation for the purchaser.

### 4. Prices and payment

- 4.1 Prices specified in the order are fixed prices. Prices include "free delivery" as well as any packaging, transport, insurance and other costs of delivery, unless stipulated otherwise in writing. VAT must be shown separately, otherwise it will be deemed to be included in the price.
- 4.2 In case the supplier is responsible for erection, assembly and / or commissioning and no other provisions have been agreed upon in writing, the supplier shall bear all necessary costs, such as travel expenses and provision of tools.
- 4.3 Invoices will be processed only if we receive them by separate mail. Each order must be invoiced separately. Invoices must include the order number specified in our order, order date, supplier number and

our item number, all highlighted for easy readability. The invoice must not be enclosed with the goods.

- 4.4 Invoices must be made out in EURO, payments will be made in EURO.
- 4.5 Payments will be made subject to our own discretion by bank transfer or cheque and/or bill of exchange after acceptance of delivery and receipt of an orderly invoice as well as after receipt of all documents pertaining to the delivery. Unless otherwise agreed upon in writing, we shall pay within 90 days without discount.
- 4.6 The supplier shall not be entitled to assign or otherwise dispose of his claims wholly or partly against us without our prior written consent.
- 4.7 We shall be entitled to claim statutory setoff and retention.

### 5. Delivery and delivery time

- 5.1 Delivery dates specified in the order or otherwise agreed upon are binding and must be strictly met.

The supplier shall promptly notify us in writing of emerging delays in meeting delivery dates and deadlines, explaining the reasons for the delay and specifying how long they are expected to prevail.

- 5.2 Deliveries by instalments and premature deliveries shall be allowed only with our express consent. Payment claims, however, shall be due no earlier than on the delivery date originally agreed upon.
- 5.3 Unless otherwise agreed upon, deliveries must be accompanied by a delivery note, stating our particulars, especially number and date of purchase order, the material number, the number, weight and dimensions of the goods delivered, plus the unloading point and the delivery address. This shall likewise apply for consignment notes and other documents accompanying the merchandise.
- 5.4 On-site deliveries are only possible at previously arranged times.
- 5.5 Acts of God that render a delivery by our supplier or the acceptance or use of delivery in our or at our supplier's business impossible or substantially more difficult shall postpone our acceptance duty, as is appropriate with respect to our actual demand. In cases of Acts of God concerning us or our supplier we shall also have the choice to wholly or partly cancel the contract.

### 6. Place of performance, passage of risk, acquisition of ownership

- 6.1 The place to which, according to the order, the goods have to be delivered or where the service is to be performed shall be the place of performance. Place of performance for our payments is our registered office.
- 6.2 On supplier's account and at supplier's risk the delivery shall be properly packed and made, free "place of delivery", to the address named by us and/or performed there. The risk of accidental perishing or accidental deterioration of delivery will pass on to us only with receipt of delivery by us or by a forwarding agent appointed by us at the place of performance or after final acceptance of the delivery, whichever comes later, even if we have agreed to pay the freight charges.
- 6.3 With the passage of risk at the place of performance or with delivery to a forwarding agent independently appointed by us we shall acquire ownership of the goods without reservation of any rights for the supplier.

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### 7. Liability for defects and other liability

- 7.1 We will inspect the delivered goods on the basis of accompanying documents only for identity and quantity as well as for visible transport damage. Section 377 of the German Commercial Code ("HGB") is not applicable. We will notify the supplier about defects of the delivered goods only once discovered in the ordinary course of our business within an appropriate time of at least 5 working days after the defect has been detected. If we comply with the aforesaid, the supplier hereby waives his right to object to the notification of defects on grounds of delay.
- 7.2 Unless stipulated otherwise in this paragraph, the supplier shall be liable according to the applicable legal provisions, in particular for defects of the delivery, whereas this liability is in no way limited or disclaimed with respect to cause or amount, and insofar shall indemnify and hold us harmless from and against any third party's claims.
- 7.3 We shall in principle be entitled to choose the type of subsequent performance. Any rights granted by law to refuse the type of subsequent performance chosen by us remain unaffected.
- 7.4 If the supplier fails to remedy the defect promptly upon our request, we shall - in urgent cases, in particular to avert danger or major damage - have the right to rectify the defects ourselves at supplier's cost or have this done by a third party without any obligation to grant a grace period.
- 7.5 Unless otherwise agreed upon or governed by legal provisions that call for extended periods, claims for defects shall lapse 24 months after selling the final product to the consumer, but no later than 30 months after the delivery was received by us, or in case of work performance 30 months after the written final acceptance. This shall not apply to deliveries used in buildings; in that case claims will lapse after 5 years. If a claim is made against us by a customer in connection with the purchase of consumer goods and if this claim is based on the defect of an item delivered by the Supplier, our right of recourse shall not expire until the lapse of a five-year period, calculated from the date on which the relevant item was delivered.
- 7.6 In addition, the supplier shall exempt us from any third-party claims related to deficiencies in title. For deficiencies in title a limitation period of 10 years shall apply.
- 7.7 If a defective delivery or delivery which likely does not comply with legal or regulatory requirements causes any additional costs, such as inspections, packaging, labelling, shipping, media campaigns, regulatory consultant or legal fees or reasonable recalls or field actions that are necessary in our opinion, supplier shall bear and pay upon first written demand any such costs.

### 8. Product liability

- 8.1 Supplier assumes full responsibility for, indemnifies and holds us harmless from and against any liabilities and third party claims arising out of the death of or injury to any person or damage to property, if and to the extent the causes for this lie in the supplier's domain. Within the scope of this provision the supplier is also obligated to reimburse to us all expenses that are incurred by or in connection with a recall action or any other measure initiated by us, competent governmental agencies, our distributors, end-customers, e-commerce partners or retailers.

### 9. Industrial property rights and regulations

- 9.1 The supplier guarantees that neither his delivery nor its use (including the reasonably foreseeable mis- and abuse) of delivered goods infringe upon industrial property rights or other rights of third parties nor violate legal or official regulations of whatever kind,

including but not limited applicable safety, labelling, chemical, export, import or other regulatory requirements in any jurisdiction where the deliveries are manufactured, processed, offered, promoted, soled or used. The supplier in particular guarantees that the goods delivered by him do not contain CFC, PCB or asbestos. The supplier shall undertake to provide, at our request, all relevant IMD system data at no charge.

- 9.2 Supplier will indemnify, defend and hold harmless, us and our affiliates, partners, directors, officers, employees and agents, from and against any and all actions, claims, demands, judgments, losses, costs, liabilities, damages, any type of liability for environmental contamination and clean-up cost, additional insurance costs and premiums, other expenses and/or fees (including reasonable attorneys' fees) of whatever kind ("Claims") that are incurred by or asserted against us related to or arising from any actual or alleged: (a) infringement of any patent, trademark, copyright, trade secret, industrial design right, or other proprietary right, by reason of the manufacture, use or sale of the deliveries, except to the extent the infringement results directly from a design furnished by us; (b) defect in any delivered products; (c) noncompliance by supplier of its representations, warranties, or obligations under this contract, in particular Paragraph 9.1 above; or (d) negligence or fault of supplier in connection with the design or manufacture of products or wrong or in-complete installation, shipping, use, maintenance, environmental health or safety instructions, including any reasonably required post-sale warnings. Supplier will not make any admissions on behalf of us or enter into a settlement without our prior written consent. The indemnification obligations of Supplier under this paragraph are not exclusive and shall not impair or exclude our rights or remedies under law, and such rights and remedies of us are cumulative.
- 9.3 WE WILL NOT BE LIABLE FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOSS OF REVENUE, OR COST OF CAPITAL. Our liability on any claim of any kind for loss or damage arising out of or in connection with resulting from this contract from the performance or breach thereof shall in no case exceed the price allocable to the products which gives rise to the claim.

### 10. Reservation of ownership, tools

- 10.1 We shall reserve the ownership of goods provided by us (e.g. parts, components, semi-finished goods).
- 10.2 Reservation of ownership shall also apply to goods resulting from the processing, mixing or combining of our goods in their full amount, whereas these processes are performed on our part so that we are considered as manufacturer. If third-party ownership rights extinguish after processing, mixing or combining with goods from those parties, we shall acquire joint ownership at a ratio of the objective value of those goods.
- 10.3 Tools made available to the supplier as well as tools manufactured by the supplier himself or ordered at a third party on our behalf, to the costs of which we have contributed, shall remain our property or shall pass into our ownership upon manufacturing and/or acquisition by the supplier and must be clearly indicated as our property.
- 10.4 The supplier shall hold our tools in custody on our behalf at no charge, insure them adequately and furnish evidence of insurance cover at our request. The supplier shall use the tools exclusively for the purpose of manufacturing parts for us, unless otherwise agreed upon. We hereby grant our prior approval to manufacture parts based on orders placed by other companies of the Freudenberg Group.

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- 10.5 The supplier shall ensure proper maintenance and repair of the tools provided at his own cost. At the end of contract the supplier shall surrender the tools without delay at our request while no right of retention may be derived by him. Upon surrender the tools must be in apparent good order and condition corresponding to their earlier use. Costs of repair shall be borne by the supplier. In no case must the supplier scrap the tools without our prior written approval.
- 11. Quality assurance**
- 11.1 The supplier shall during the entire business relation maintain a quality management system that ensures the proper quality of deliveries, monitor the system by internal audits in regular intervals and promptly take action if any deviation has been detected. Upon prior notice we shall be entitled to conduct audits at the supplier's premises. The supplier shall support and assist us in conducting these audits and shall, in particular, allow us and (or our customers or governmental representatives of any jurisdiction where the products are manufactured, promoted, sold or used to inspect the procedures, documents and records which are necessary in order to assess the quality management system, supply chain, code of conduct and ethical sourcing requirements of us and our customers and end-customers, provided that it's closure of secret documents, records and procedures will be subject to FHCS's commitment to keep information strictly confidential.
- 11.2 The supplier warrants that goods, services and work performance sold to us fully conform to our specifications. The supplier needs to ensure that he has an authorized specification on hand before production of goods or performance of services and work. If specifications cannot be provided by us on re-quest and explicitly confirmed by us goods, services and work performance shall at least conform to generally accepted market standards.
- 12. Confidentiality, documents**
- 12.1 Any information, formulations, drawings, models, tools, technical records, procedural methods, software as well other technical and commercial know-how made available by us or acquired by the supplier through us, and also any work results thus obtained (hereinafter "confidential information") shall be maintained in secrecy by the supplier towards third parties, may be used in the supplier's business exclusively for deliveries to us and be made available only to such persons as need to have access to confidential information in connection with the business relation and have therefore been obligated to maintain secrecy. The supplier will implement and upon our request provide written evidence that reasonable measure have been implemented to protect the confidential information. This provision also extends beyond the duration of contractual relations so long as the supplier fails to prove that the confidential information was known to him already or was in the public domain at the time it was acquired or was made public later without his fault.
- 12.2 Any documents (e.g. drawings, figures, test specifications), samples, models etc. made available by us to the supplier or developed by the supplier for us during the business relationship will remain in our ownership and must be surrendered to us on our request at any time, no later than at the end of the business relationship (including any copies, extracts and replicas), or by our choice must be destroyed at supplier's cost. The supplier, thus, has no right of retention thereto.
- 12.3 The disclosure of confidential information and any possible transmission of documents, samples or models shall establish no right for the supplier to industrial property rights, know-how or copyrights and constitutes no prior publication and no right of prior use according to the Patent and Utility Model Law.
- 13. Applicable law, place of jurisdiction and compliance**
- 13.1 Supplier guarantees not to deal with or otherwise cooperate with any terrorist or any criminal individuals, entities or organizations. Supplier will in particular establish reasonable organizational measures to implement the EC-regulations No. 2580/2001 and 881/2002 as well as other respective requirements under US or international laws and regulations. Such measures shall include – without limitation – adequate software solutions. As soon as a good has left our facilities, supplier alone shall be responsible for the aforesaid compliance and will indemnify us for any and all claims or related costs, including reasonable attorney or consultant fees or administrative penalties and/or damages resulting from the violation of the respective laws and regulations by the supplier, its affiliates, employees, officers and/or any of its agents.
- 13.2 Supplier acknowledges that we are as a manufacturer of products a downstream user in means of the EC-regulation No. 1907/2006 ("REACH") and warrants to comply with any and all obligations REACH imposes on supplier, or which are – with regard to REACH – necessary to sell, process or trade the goods sold by us within the EC, including without limitation: (a) necessary pre-registration, registration or authorization of chemical substances or preparations, (b) implementation of internal organizational measures to document REACH compliance, (c) coverage of any use(s) of chemicals or preparations in the goods (as well as in any packaging materials) specified by us or any of our customers towards the supplier within (a) and (b), (d) information without delay whether a substance or preparation which has been pre-registered will not be finally registered or authorized within the respective transition period and (e) no sale of any good containing prohibited Substances of Very High Concern (SVHC) ((a) to (e) together "Warranties").
- Supplier acknowledges that any breach of a Warranty is in terms of the applicable laws assumed to result in a "defect" of the respective substance, preparation or other good and supplier will hold us harmless against, and will defend and indemnify us against and will support at suppliers expense any respective proceedings regarding any and all claims, liabilities, expenses and damages caused by the Supplier as a result of breaching the aforesaid Warranties.
- 13.3 The business relations with our suppliers shall be exclusively governed by the laws of the Federal Republic of Germany to the exclusion of its private international law as far as it refers to the applicability of another legal system. The UN Convention on the International Sale of Goods (C.I.S.G.) and other international conventions on uniform law on the sale of goods shall not be applicable.
- 13.4 Supplier will not offer to give or give anything of value, directly or indirectly, to any of our or our affiliates' employees or representative, directly or indirectly, or for the purpose of obtaining or retaining orders for products. Supplier will comply with all applicable anti-corruption laws, including, without limitation, the German, EU, U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, and that neither it nor any of its subcontractors, vendors, agents or other associated third parties will engage in any form of commercial bribery, nor directly or indirectly provide or offer to provide, anything of value to or for the benefit of, any official or employee of a governmental authority or of any government-owned, government-controlled or government-affiliated entity to obtain or retain any contract, business opportunity or other business benefit, or to influence any act or decision of that person in his/her official capacity.
- Supplier will at its expense comply with all federal, state, provincial, local and foreign laws, orders, rules, regulations and ordinances, including import and export laws and regulations, that may be applicable to Supplier's performance of its obligations under this contract; and shall identify and procure required permits,

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certificates, licenses, insurance, approvals and inspections in performance of this contract. At our request Supplier will certify in writing its compliance with laws and regulations. Supplier will indemnify and hold us harmless from and against any liability, claims, demands or expenses (including, without limitation, legal or other professional or expert fees) arising from or relating to Supplier's noncompliance of any laws and regulations or requirements under this contract. Any provision which is required to be a part of this Supplier shall provide us with material safety data sheets for products and all other information required to comply with applicable laws.

- 13.5 For all claims from business relations with our suppliers, in particular the delivery, the contract or its validity, the place of jurisdiction shall be, of our choice, the place of performance (Point 6.1) or Weinheim/Bergstraße. We shall, however, of our choice, be entitled to proceed against the supplier in any other general or special legal venue.
- 13.6 If a supplier's place of business is located outside of Germany, we shall be entitled to have all claims, disputes or differences arising out of, or in connection with business relations finally settled under the rules of arbitration of the Zurich Chamber of Commerce by one or more arbitrators appointed in accordance with said rules. The place of arbitration shall be Zurich, Switzerland. The arbitration proceedings shall be conducted in the English language. The award rendered by the arbitrator(s) shall be final and binding upon the parties concerned.