

General Terms and Conditions of Purchase of the GKN Companies in Germany

Applicable in business transactions of the user (hereinafter referred to as "we") with business enterprises, legal entities under private or public law and special funds under public law (hereinafter referred to as "supplier").

1 General

- 1.1 Exclusively our General Terms and Conditions of Purchase stipulated in this document (hereinafter referred to as "(our) Terms and Conditions of Purchase") shall apply to the rendering of performances (services) and the production of works for us, as well as our supply with goods by the supplier (hereinafter collectively referred to as "objects of performance").
- 1.2 General Standard Terms and Conditions of Business of the supplier that are contradictory to, or deviate from, our Terms and Conditions of Purchase will not be accepted, unless we have expressly agreed to their application in writing. Our Terms and Conditions of Purchase shall even apply if we order, accept or pay for objects of performance of the supplier in awareness of other terms and conditions of the supplier deviating from our Terms and Conditions of Purchase.
- 1.3 Our Terms and Conditions of Purchase shall also apply to all future business transactions with the supplier, without this requiring separate agreement.

2 Contract conclusion and contract amendments

- 2.1 Declarations geared to the conclusion and the amendment respectively supplementation of contracts shall only be valid if made in writing. Our calls for deliveries may, however, also be issued by electronic remote data transmission (e.g. EDI, e-mail or fax).
- 2.2 Verbal agreements following conclusion of the contract, especially deviations from our Terms and Conditions of Purchase, including this stipulation requiring written form, shall only be valid if confirmed by us in writing.
- 2.3 Unless expressly agreed otherwise in writing in individual instances, quotations shall be binding and not paid for by us.
- 2.4 If the supplier fails to accept our order within two weeks of receipt, we shall be entitled to revoke it. Calls for deliveries shall become binding if the supplier fails to contradict them within two weeks of receipt.
- 2.5 We can demand changes to the design and execution of the object of performance within the framework of what is reasonable for the supplier. At the same time, a reasonable, mutual agreement must be reached regarding the associated effects, particularly as regards the remuneration and deadlines.

3 Supplier's obligation to examine, duty to warn and duty of care

- 3.1 Without being requested to do so, and without delay, the supplier shall warn us in writing if the object of performance is not suitable for fulfilling the intended purpose of which he was notified by us, or which is otherwise apparent to him.
- 3.2 Information, data and details made available to the supplier by us – e.g. in specifications and drawings – shall be checked by him for accuracy and completeness immediately after receipt. He must notify us, in writing and without delay, of any errors or incompleteness determined by him in the process.
- 3.3 The supplier shall inform us in writing of changes in the nature of the composition, the processed material, the design or the applied manufacturing process (including the machines and tools used), compared to similar objects of performance previously supplied to us. He may not make such changes before we have issued our written consent.

- 3.4 Safety-relevant defects detected by the supplier at a later time – e.g. in the context of product monitoring – are to be reported to us in writing, without delay and without being requested to do so, even after the end of the warranty period.

4 Quality standards and environmental protection

- 4.1 The objects of performance shall be manufactured or rendered in high quality and in compliance with the state of the art in science and technology and the best industry standards. The supplier shall notify us, in writing and without delay, of any deviation of the agreed specifications from the state of the art in science and technology. The objects of performance shall be safe, marketable and suitable for the presupposed purpose, and shall comply with the agreed specifications in every respect.
- 4.2 The supplier shall ensure that the objects of performance comply in every respect with the applicable statutory requirements of the countries in which they are rendered – in the case of performances or services – or produced or stored – in the case of goods and works – and/or from which or to which they are supplied and/or in which they are used.
- 4.3 When delivering and/or when rendering performances, the supplier shall observe all applicable standards, laws and legal regulations, particularly the applicable environmental protection, hazardous substance, dangerous goods, accident prevention, and occupational health and safety regulations, as well as complying with the generally recognised rules of safety engineering and occupational medicine.
- 4.4 The supplier shall inform us about the necessary official permits and declaration obligations in connection with the import and operation of the objects of performance, and point out any special treatment and disposal requirements that are not commonly known.
- 4.5 The supplier agrees to apply the principles of the quality assurance and environmental management systems according to ISO 9001 and 14001 when executing his performances and deliveries.
- 4.6 In addition, the supplier agrees to adhere to the principles of the United Nations Global Compact (<http://www.unglobalcompact.org>) and the International Labour Standards of the International Labour Organization (ILO) of the United Nations (<http://www.ilo.org>), and also to observe statutory and official bans and restrictions on substances.
- 4.7 If agreement has been reached on a Production Part Approval Process for the purpose of sampling series parts, this process shall be implemented correctly and complied with permanently. For the duration of supply of the object of performance in question, any deviation whatsoever from this Production Part Approval Process shall require our prior, express written consent.
- 4.8 Waste material generated during the production and delivery or rendering of objects of performance shall be disposed of correctly by the supplier.
- 4.9 Substances constituting a water hazard shall be stored and handled in such a way that no threat to soil, water and drainage systems occurs.
- 4.10 We reserve the right to perform supplier audits – also involving representatives of our customers and/or external auditors.

5 REACH

- 5.1 The supplier shall ensure and warrant that we are supplied in accordance with Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the registration, evaluation, authorisation and restriction of chemicals (hereinafter referred to as "REACH"), in the version valid from time to time.

- 5.2 The supplier shall guarantee that all chemical substances (hereinafter referred to as "chemicals") supplied to us as such, in a preparation, or as part of a supplied product, have already been duly and promptly registered with, authorised by or notified to the European Chemicals Agency, as well as correctly labelled in accordance with REACH.
- 5.3 The supplier agrees to collaborate with us and the European Chemicals Agency in order to ensure that all registrations, authorisations and notifications are performed in accordance with REACH, and also to continuously supply us with all the information and documents necessary for compliance with REACH. In particular, we are to be notified, also in future, of all chemicals listed in the version of Annex XIV to REACH valid from time to time that are contained in objects of performance previously supplied or yet to be supplied.
- 5.4 Regarding the chemicals and their use by us, the supplier shall guarantee that a Safety Data Sheet or an exposure scenario will be duly prepared and handed over to us by the time of delivery at the latest.
- 5.5 The supplier shall be liable to us for ensuring that all obligations specified in Paras. 5.1 to 5.4 are also complied with by his sub-suppliers.

6 Place of performance

Unless agreed otherwise in individual instances, the place of performance shall be the registered offices of our enterprise.

7 Delivery, scope of supply, deadlines, default in delivery

- 7.1 Unless otherwise agreed, deliveries shall be made free at factory gate, duty paid, at the place of delivery to be indicated by us (DDP, Incoterms 2010).
- 7.2 Objects of performance shall be delivered correctly and using appropriate, adequately labelled packaging. Pertinent packaging and shipping instructions, or those prescribed by us, shall be observed. All deliveries shall be accompanied by delivery notes or packing slips indicating the Order No. and any other marking demanded by us in the purchase order. An advice note shall be sent to us on the date of shipping at the latest. The supplier shall bear any additional costs incurred by us as a result of failure to comply with the above regulations.
- 7.3 The supplier shall bear the risk of accidental loss, destruction or deterioration until the time of completion of delivery.
- 7.4 The supplier shall be responsible for taking out goods-in-transit insurance at his own discretion, and he shall bear the corresponding premiums.
- 7.5 Agreed dates and periods shall be binding. Decisive for their observation shall be: for goods, their receipt by us; for performances and services, their successful completion, and for works, their provision in a condition suitable for acceptance.
- 7.6 If the supplier has assumed installation or assembly work, he shall, subject to agreements to the contrary, bear all necessary incidental expenses, such as transport and travel costs, provision of tools, and separation allowances.
- 7.7 If the supplier foresees difficulties regarding production, supplies of input materials, compliance with the delivery date or similar circumstances that could prevent him from delivering or performing on schedule or in accordance with the agreed quality, he shall inform us of such in writing without delay. This shall, however, not relieve him of any liability arising from default in delivery.
- 7.8 If the supplier is in default regarding delivery or performance, we shall be entitled, against deduction from any compensation for damages, to demand a contractual penalty of 0.5% per calendar week or part

thereof – but no more than a total of 5% – of the remuneration attributable to the overdue portion of the delivery or performance. We expressly reserve the right to raise more extensive claims due to default (including the right to withdraw and/or to compensation for loss of profits and business interruption). We shall be entitled to demand the contractual penalty until the time of submission of the final accounts/the final payment. The unconditional acceptance of the delayed delivery or performance shall not constitute a waiver of the claim to the contractual penalty. Section 341 Para. 3 BGB (German Civil Code) shall not apply.

- 7.9 Advance and partial deliveries shall be generally impermissible, unless we have expressly consented to them or we can reasonably be expected to accept them.
- 7.10 Subject to other forms of proof, the values determined by us [during incoming goods inspection/following receipt of the goods] shall be authoritative as regards quantities, weights and dimensions.
- 7.11 If the programming or provision of software is part of the object of performance, the scope of performance and supply owed shall particularly also include comprehensive programming, installation and user information. Regarding the software, we shall have not only the right of use to the legally admissible extent (Sections 69a ff. UrhG – Copyright Act), but also the right of use with the agreed features to the extent necessary for use of the product in conformity with the contract. We may also make backup copies without express agreement.

8 Pricing, terms of payment, ban on assignment

- 8.1 Unless otherwise agreed, all prices shall be free at factory gate, duty paid (DDP, Incoterms 2010), including transport, packaging and any insurance. Any value-added tax that might apply shall be indicated separately.
- 8.2 Any increase in the supplier's prices or remunerations shall only be effective following our prior, express written consent.
- 8.3 If no special agreement has been reached, the supplier's invoices shall be settled either within 15 days, less a 3% discount, or within 90 days without discount, starting from the due date of the remuneration claim, delivery and/or acceptance of the object of performance and receipt of the invoice and completion of the objects of performance.
- 8.4 Payments made by us shall be subject to verification of the invoices.
- 8.5 Without our prior, written consent, the supplier shall not be entitled to assign his claims on us, or to have them collected by third parties.

9 Defects of quality and recourse

- 9.1 The objects of performance shall be accepted subject to examination for freedom from defects, particularly for accuracy, completeness and fitness. We shall be entitled to examine objects of performance supplied, insofar and as soon as this is convenient in the ordinary course of business. Discovered defects shall be reported by us without delay after discovery. In this respect, the supplier shall waive the objection of late notification of defects.
- 9.2 If defects of quality occur before the start of our production process, i.e. before processing or installation of the objects of performance, we must first give the supplier the opportunity to sort out defective objects, and to remedy the defects or supply replacements, insofar as this is not unreasonable for us. If the supplier is unable to do so, or if he fails to do so without delay, we can withdraw from the contract in this respect, without giving any further period of grace, and return the objects of performance at the risk and expense of the supplier. In urgent cases, particularly in order to avert acute dangers or avoid greater losses or damage, we can, after informing the supplier, rem-

edy the defects ourselves, or have them remedied by third parties, at the expense of the supplier. If the same object of performance is repeatedly supplied with defects, we shall be entitled, following a written warning notice, to also withdraw from the contract for the non-fulfilled scope of supply in the event of a further, defective delivery.

- 9.3 If the defect is not discovered until after the start of our production process, we can either demand subsequent fulfilment and reimbursement of the transport, installation and dismantling costs necessary for the purpose of subsequent fulfilment (labour and material costs) in accordance with Section 439 Paras. 1, 3 and 4 BGB, or reduce the purchase price or the remuneration.
- 9.4 We shall generally be entitled to the right to choose the method of subsequent fulfilment. The supplier shall be entitled to the right to refuse the method of subsequent fulfilment chosen by us in accordance with the prerequisites of Section 439 Para. 2 BGB.
- 9.5 Likewise, in the event of a culpable breach of duty going beyond the delivery or rendering of defective objects of performance (e.g. relating to duties to provide clarification, to provide advice or to examine), we can demand compensation for the consequential damage or loss resulting from the defect, including the compensation for consequential damage or losses to be reimbursed to our customers by us.
- 9.6 Subject to longer statutory periods of limitation for claims for defects of quality, such claims shall become statute-barred 36 months after the passing of risk. For objects of performance intended for a motor vehicle, the period of limitation for claims for defects of quality shall be either 48 months from the date of first-time registration of the vehicle or 60 months from the passing of risk, whichever comes first. If this motor vehicle is delivered to, or used in, one of the countries belonging to NAFTA, the period of limitation for claims for defects of quality shall be either 60 months from the date of first-time registration of the motor vehicle or 72 months from the passing of risk, whichever comes first.
- 9.7 For parts of the objects of performance repaired within the period of limitation of our warranty claims, the period of limitation shall start anew at the time when the supplier has completely fulfilled our claims to subsequent fulfilment.
- 9.8 If we incur costs as a result of the defective delivery or performance of the supplier, particularly transport, travel, labour and material costs, or costs for receiving inspections exceeding the customary scope, the supplier shall bear these costs.
- 9.9 We shall be entitled to demand compensation from the supplier for expenses that we had to bear in relation to our customer because he had a claim on us for compensation for the expenses necessary for the purpose of subsequent fulfilment, particularly transport, travel, labour and material costs.
- 9.10 If a defect in quality is found within 6 months of the passing of risk, it is assumed that the defect was already present at the time of the passing of risk, unless this assumption is irreconcilable with the nature of the object or the defect.
- 9.11 The statutory provisions shall apply in all other respects.

10 Liability and recall

- 10.1 In the event of a claim being made on us on grounds of product liability, the supplier shall be obliged to hold us harmless against such claims, insofar as, and to the extent that, the damage or loss was caused by a fault in the object of performance supplied by the supplier.
- 10.2 In cases of fault-based liability, however, this shall only apply if the supplier is at fault.

- 10.3 Insofar as the cause of the damage or loss lies within the sphere of responsibility of the supplier, he shall bear the burden of proof in this respect.
- 10.4 The supplier shall assume all costs and expenses in these cases, including the costs incurred in assertion of our legal rights or recall campaign.
- 10.5 The supplier shall be liable for recalls and comparable service measures implemented by us and/or our customers or their customers, particularly such as the precautionary replacement of (potentially) defective parts of a motor vehicle in the framework of a workshop visit, insofar as this recall or this service measure serves to repair or replace defective objects of performance of the supplier delivered to us. The costs associated with recalls or service measures of this kind – including the costs billed to us by our customers – shall be borne by the supplier.
- 10.6 The statutory provisions shall apply in all other respects.

11 Defects of title

- 11.1 The supplier shall be fully liable for all claims arising, in the event of contractual use of the objects of performance, from the violation of third-party industrial property rights, applications for industrial property rights, and proprietary rights (hereinafter referred to as "protective rights").
- 11.2 If a third party raises claims for violation of protective rights resulting from contractual use of the objects of performance by us, or by one of our customers, the supplier shall, at our option and at his expense, either obtain a right to contractual use by us or our customer in relation to the affected objects of performance, or modify these objects of performance, in a manner reasonable for us or our customer, in such a way that the protective right is no longer violated. Should both fail, be unreasonable for us or our customer, or be refused by the supplier, we shall be entitled – notwithstanding possible claims for damages or reimbursement of expenses – to the right to withdraw from the contract or reduce the remuneration.
- 11.3 Beyond this, the supplier shall hold us and our customers fully harmless against all third-party claims relating to protective rights arising from contractual use of the objects of performance, and refund to us and our customers all consequential losses caused by the third-party claims relating to protective rights, such as loss of production and use, or loss of profits.
- 11.4 A period of limitation of 10 years from the passing of risk shall apply as regards defects of title.

12 Insurance cover

The supplier shall maintain sufficient (business/Industrial) liability insurance, including indirect losses and consequential losses, as well as liability under guarantees, product liability and recalls, up to the end of the warranty period and, upon request, provide us with written proof of such at any time, particularly in the form of written confirmation from the insurer.

13 Performance of work on our company grounds

- 13.1 Persons rendering performances for the supplier on our company grounds, or on the grounds of an affiliated company of us within the meaning of Section 15 AktG (German Stock Corporation Act) (hereinafter referred to as "GKN company"), shall comply with the provisions of the respective factory regulations, as well as the local safety, accident prevention, occupational health and safety, and other protective regulations. The persons are to be provided with the necessary personal protective equipment by the supplier, and instructed to use it. Particularly for activities presupposing special qualification (e.g. transport, machine operation), the supplier shall exclusively delegate personnel having sufficient professional qualifications.

- 13.2 Liability for accidents suffered by these persons on the company grounds is excluded, insofar as they were not caused by wilful or grossly negligent breach of duty on the part of our legal representatives or agents.
- 14 Reservation of title, provision of materials, tools**
- 14.1 Substances, parts, containers and special packagings provided by us shall remain our property. They may only be used for the intended purpose. In the event of combination, mixing or processing of objects provided by us, we shall, in accordance with the statutory regulations, acquire joint ownership of the newly created items, which are held in custody for us by the supplier, free of charge.
- 14.2 We reserve title to tools provided or completely paid for by us. In the case of tools for which we have paid only a share of the acquisition or production costs, we shall acquire a corresponding share of joint ownership. The handover of the tools in the possession of the supplier shall be replaced by the supplier granting us indirect possession and agreeing to hold the tools in custody with the due diligence of a prudent businessman and free of charge, as well as to surrender them to us immediately at any time, following a corresponding request.
- 14.3 The supplier shall be obliged to mark tools provided by us, or at least partly paid for by us, as being our (joint) property, and to use them exclusively to produce the objects of performance ordered by us. The supplier shall be obliged to insure the tools, at replacement value and at his own expense, against fire, water pipe, windstorm, hail, flood and theft losses. He shall be obliged to promptly and correctly perform necessary maintenance and inspection work at his own expense. The supplier must immediately notify us of any abnormal occurrences.
- 14.4 At our request, the supplier shall surrender to us, completely and at any time, all tools that have been supplied or completely paid for by us.
- 14.5 At our request, the supplier shall surrender to us, and transfer to us title to, tools only partly paid for by us, in return for pro-rata payment of their residual value. The amount payable shall be determined on the basis of the residual value of the tools at the time of the request for surrender, less the proportion in relation to which we have previously acquired title.
- 14.6 Any reservation of title on the part of the supplier is rejected, insofar as it takes the form of a prolonged and/or extended reservation of title.
- 15 Spare parts**
- 15.1 The supplier shall be obliged, for a period of 15 years from completion of the last delivery of the objects of performance, to supply us with associated spare parts, or the objects as spare parts, on reasonable terms.
- 15.2 If, after expiry of the period indicated in Clause 15.1, the supplier discontinues the production and supply of the objects of performance or their spare parts, we shall be given the opportunity to place a final order, in good time and on reasonable terms.
- 16 Secrecy and surrender**
- 16.1 Regardless of the nature of their embodiment or storage, and regardless of their labelling as secret or confidential, all business and company secrets that have come to the knowledge of the supplier, as well as other commercial or technical information that belongs to us or to a GKN company, or affects us or this GKN company, and in whose secrecy there is a justified interest (hereinafter collectively referred to as "information"), are to be kept secret vis-à-vis third parties, as long as and insofar as they have not demonstrably become publicly known or accessible, and may only be made available to persons in the supplier's own company who necessarily have to be called upon to use them within the framework of contractual collaboration with us and are likewise committed to maintain secrecy.
- 16.2 Information of a written nature, as well as its embodiment in documents, parts, samples and models, is and remains our exclusive property, or that of the GKN company in question. All rights thereto are reserved, particularly the right to file applications for patents and/or utility patents.
- 16.3 Upon request, all information, together with any copies or excerpts thereof, must be completely returned to us or destroyed without delay, proof of which must be furnished to us. Electronically stored information must be deleted in such a way that it cannot be recovered.
- 16.4 To the greatest possible extent admissible by law, we accept no warranty, liability or guarantee for the completeness, timeliness, accuracy or serviceability of the information communicated to the supplier or otherwise coming to his knowledge.
- 16.5 Beyond the business relationship existing with us or another GKN company, products manufactured in accordance with documentation, drawings, samples, models and the like developed by us, or in accordance with information from us or using tools and other manufacturing resources belonging to us or at least partially paid for by us, or using tools and manufacturing resources constructed under licence, may neither be used by the supplier himself, nor offered or supplied to third parties.
- 17 Requirements for suppression of bribery and corruption**
- 17.1 The Supplier shall:
- comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption;
 - comply with obligations arising from the UK Bribery Act 2010 which apply to us as a company of an English Group of Companies; (the requirements under (a) and (b) are collectively hereinafter referred to as "Relevant Requirements")
 - comply with our Ethics, Anti-bribery and Anti-corruption Policies that are set out in its website at:
<http://www.gkn.com/corporateresponsibility/Pages/the-gkn-values.aspx>, in each case as being updated from time to time (hereinafter referred to as the "Relevant Policies");
 - have and shall maintain in place throughout the term of this agreement its own policies and procedures to ensure compliance with the Relevant Requirements and will enforce them where appropriate;
 - promptly report to us any request or demand for any undue financial or other advantage of any kind received by the Supplier in connection with the performance of this agreement;
 - within one (1) month of the date of this agreement, and annually thereafter, certify to us in writing signed by a person authorized to sign on behalf of the Supplier, compliance with this clause 17.1 by the Supplier and all persons associated with it under clause 17.2. The Supplier shall provide us with such supporting evidence of compliance as we may reasonably request.
- 17.2 The Supplier shall ensure that any natural person or legal entity that is entrusted with the production and delivery or rendering of objects of performance for us by the Supplier does so only on the basis of terms equivalent to those imposed on the Supplier in this

clause 17.1 (hereinafter referred to as the "Relevant Terms"). The Supplier shall be responsible for the observance and performance by such persons of the Relevant Terms, and shall be directly liable to us for any breach by such persons of any of the Relevant Terms.

18 Legal venue and applicable law

- 18.1 The exclusive legal venue for all legal disputes – including non-contractual disputes – and claims resulting indirectly or directly from contractual relationships based on these Terms and Conditions shall be Cologne. We shall moreover be entitled, at our option, to sue the supplier at the court of his registered offices or his branch office, or at the court of the place of performance.
- 18.2 The contractual relations shall be subject exclusively to the law of the Federal Republic of Germany, excluding the United Nations Convention on the International Sale of Goods (CISG).