Standard Terms and Conditions of Purchase

1. Scope

1.1 The following terms and conditions of purchase shall apply exclusively to all commissions, orders and contracts (referred to below as "order") that we place from and with entrepreneurs, legal entities under public law or special funds under public law as defined in s. 310(1) BGB (German Civil Code), regarding the purchase of goods and work and services (referred to below as "deliveries"). We hereby object to terms and conditions of our suppliers that deviate from or supplement these terms and conditions of purchase; they are not binding on us. Our terms and conditions of purchase shall also apply exclusively even if we do not object to the inclusion of our supplier's terms and conditions in an individual case, or accept delivery from the supplier without reservation in the knowledge of the supplier's contrary or supplementary terms and conditions.

1.2 These terms and conditions of purchase shall also apply to all future business with the supplier, even if they are not expressly agreed again.

1.3 Invalidity of individual provisions of these terms and conditions of purchase shall not affect the validity of the other provisions. An invalid provision shall be replaced by a legally permissible rule that most closely approaches the economic aims pursued by the invalid provision.

2. Conclusion of contracts

2.1 All agreements between the supplier and us and all orders shall only be binding for us if they are out in writing or in text form. Every amendment, supplement or ancillary agreement before, on, or after conclusion of a contract shall also require our confirmation in writing or in text form. This requirement of the written form may only be waived in writing or in text form.

2.2 We shall have the right to revoke, if the supplier does not accept our order in writing or in text form within a period of one (1) week after its receipt. Calls for deliveries shall be binding if the supplier does not object within three (3) working days from receipt. Amendments, supplements or other deviations from our orders shall only be effective if they are referred to expressly and separately and we agree to them expressly.

3. Prices and terms of payment

3.1 Unless otherwise expressly agreed in writing, prices referred to in the order are fixed prices. Prices cover delivery DDU as well as packaging, suitable transport insurance to be taken out by the supplier and all other costs of the delivery. VAT is not included in the price. Unless otherwise expressly agreed, all Incoterms that we use refer to INCOTERMS 2010 published by the International Chamber of Commerce (ICC).

3.2 If the supplier has taken over installation, assembly or commissioning, and unless otherwise agreed in writing, the supplier shall pay all necessary supplementary costs, such as travel expenses and the costs of providing tools.

3.3 Invoices will only be processed if they are sent to us by separate post. Each order shall be invoiced separately. Collective invoices shall also be permissible following our prior written consent. Invoices must show clearly the order number contained in our order, the order date and our article number.

3.4 Invoices shall be issued in euros and payments will be made solely in euros. The supplier shall provide us with the correct IBAN and the corresponding BIC for the respective account, as well as its VAT registration number.

3.5 Payments shall be made at our option by bank transfer or by cheque or bill of exchange after acceptance of the delivery and receipt of an auditable invoice, as well as the handover of all documentation that forms part of the scope of delivery. If agreed in advance, settlement by us with the credit note method is also possible in accordance with applicable tax regulations. Unless otherwise expressly agreed in writing, we shall pay net within 30 days.

3.6 Without our prior written consent the supplier is not entitled to assign its claims against us in whole or in part or to dispose of them otherwise.

3.7 We shall be entitled to rights of setting off and retention in the scope permitted by law.

4. Delivery date and terms of delivery

4.1 Dates referred to in the order or otherwise agreed are binding and must be complied with exactly. The supplier shall notify us without delay in writing of an emerging delay to or overrun of agreed dates and time limits, and shall state the reasons and the probable duration.

4.2 Part deliveries and deliveries ahead of schedule are only permissible if we have expressly declared our agreement. However, claims for payment shall be due at the earliest on the originally agreed delivery date.

4.3 Unless otherwise agreed, along with the delivery note deliveries must be accompanied by a works test certificate in accordance with EN 10204 or an equivalent internationally recognised test certificate showing the parameters agreed with the supplier. First deliveries, in particular those with sample status, must be accompanied by complete first sample documentation.

4.4 Deliveries are only possible at the times designated in the order or otherwise agreed. All persons in vehicles must be checked in on entry to a Corteco plant. It is strictly prohibited to bring children or animals to Corteco. Safety shoes must be worn at loading and unloading points. Instructions from safety personnel must be complied with.

4.5 In the event of delays to delivery we shall have the right to demand a contractual penalty for each week or part thereof in the amount of 1%, but not exceeding 10%, of the value of the order; the supplier shall have the right to prove to us that no damage or considerably less damage was caused. We reserve the right to claim further damages. We are obliged to declare the reservation of a contractual penalty no later than payment of the invoice that is received after receipt of the later delivery.

4.6 Events of force majeure that make it impossible for our supplier to deliver or for us or our customer to accept or use the delivery in our plant or on our customer's premises, or considerably impede this, shall postpone our obligation to accept reasonably in accordance with our actual demand. Events of force majeure that affect us or our suppler shall also entitle us at our option to withdraw from the contract wholly or in part.

5. Place of performance, transfer of risk, acquisition of title

5.1 Place of performance is the place in accordance with the order to which the goods are to be delivered or the work or service is to be provided. Place of performance for our payments is our registered office.

5.2 The delivery shall be delivered to or provided at the address indicated by us for the account and at the risk of the supplier duly packed for transport DDU. Even if we agree to take over the freight costs, the risk of the accidental loss or accidental deterioration of the delivery shall not pass to us until receipt by us or the carrier we contracted at the agreed place of performance, or following final acceptance of the delivery, depending on whichever is the later.

5.3 We shall acquire title to the goods without reservation of any rights for the supplier with the transfer of risk at the place of performance, or with the handover to a carrier contracted by us.

5.4. In the case of delivery of machines and plant, transfer of risk shall not take place until after their final acceptance at the place of performance.

6. Liability for defects and other liability

6.1 We check delivered goods by means of the accompanying documents only with regard to identity and quantity and for externally detectable transport damage. We shall notify the supplier of any defects to the delivery within a reasonable period of at least five (5) working days after detection as soon as they are detected in the normal course of our business. Insofar the supplier waives the defence of a delayed notice of defect (s. 377 HGB (German Commercial Code)).

6.2 Unless otherwise regulated in this Section 6, the supplier shall be liable in accordance with statutory provisions, in particular for defects to the delivery, without this liability being limited or excluded with regard to the reason or the amount and shall insofar indemnify us against claims by third parties.

6.3 We shall be entitled in principle to choose the type of rectification. The supplier may refuse the type of rectification we choose if it is only possible with disproportionate costs.

6.4 If the supplier does not start to remedy the defect without delay after our demand for the defect to be remedied, we shall have the right in urgent cases, in particular to ward off acute risks or prevent greater damage, to remedy the detected defects ourselves or to have this done by a third party at the costs of the supplier, without the necessity for a prior period of grace to be set.

6.5 Unless otherwise agreed, or if statutory provisions provide for longer periods, claims for material defects shall expire by limitation 24 months after sale of the final product to the consumer but at the latest 30 months after delivery to us. In cases of work, the period of limitation shall be 30 months from the written final acceptance. The limitation period shall not occur until after 5 years if the delivery was used in accordance with its normal application for a construction and if it caused the latter's defectiveness. This rule shall not affect further statutory rights.

6.6 In the event of defects of title the supplier shall in addition indemnify us against claims by third parties. A limitation period of 10 years shall apply for claims based on defects of title, including rights of indemnity in accordance with sentence 1.

6.7 If an incoming goods inspection beyond the usual scope is necessary as a result a defective delivery, the supplier shall pay the costs.

7. Product liability

7.1 The supplier shall indemnify us against all claims by third parties arising from and in connection with personal injuries and damage to property, if and insofar as the cause lies in an area under the supplier's control and organisation. In this framework the supplier shall also be obliged to reimburse us for all expenses in accordance with statutory provisions governing agency without authority that we incur from or in connection with a recall action or other measures that we carried out.

7.2 The supplier shall be obliged to maintain product liability insurance (including extended pro-duct liability and recall costs cover) with respective cover of not less than EUR 3,000,000 (three million euros) all-inclusive per case of personal injury, property and product damage; however, our claims shall not be limited to the cover.

8. Observance of patent rights and legal provisions

8.1 The supplier guarantees that its delivery and its use do not infringe industrial trademark rights or other third party rights and do not infringe statutory or official provisions of whatever kind. Our guideline "Avoiding hazardous substances" (FSS 7), which we will make available on enquiry, and the environmental standard ISO 14001 must be complied with. The supplier shall be obliged to make all relevant IMD system data, REACH, GHS and other relevant data available to us at no charge at our request.

8.2 The supplier shall be obliged to indemnify us against all claims against us by third parties on the occasion of or in connection with the delivery or its use. Clause 6.6 sentence 2 shall apply.

8.3 The supplier's obligation to indemnify shall also cover all expenditure that we incur under or in connection with claims by a third party.

8.4 If machinery or plant that are covered by the EU Machinery Directive 98/37/EC are delivered, pursuant to the EU Machinery Directive 98/37/EC the supplier must include a risk analysis in accordance with EN 1050 without charge.

8.5 The supplier acknowledges that, as manufacturers of goods and articles, we are a downstream user as defined in the European Chemicals Regulation No 1907/2006 (REACH) and guarantees that it will comply with all REACH provisions, in particular those that are necessary to process, sell or distribute goods within the EU, in particular: (a) to preregister, register or licence chemical substances or preparations in the legally required scope, (b) to realise internal measures that document compliance with REACH, (c) to ensure that all use of chemical substances or preparations in goods (including packaging material) that we or our customers have indicated or notified to the supplier is covered by the corresponding (pre-)registration or licence, (d) to inform us without delay whether a substance or a preparation that was pre-registered should or can be registered finally within the corresponding transition period, and (e) not to sell or deliver goods of any kind that contain prohibited substances of high concern ((a) to (e) together "REACH conformity").
The supplier acknowledges that breaches of REACH conformity in principle lead to a defect of the substance, the preparation or other goods or articles, as defined in the applicable law, and shall indemnify us against all claims, liabilities, expenditure and losses (together "claims") that were caused by the supplier as a result of a breach of the above-mentioned REACH conformity, and shall support us at its own expense in our legal defence against claims of this nature.

8.6 The supplier shall be obliged to keep evidence of origin of the goods, i.e. the supplier must not only provide us in good time with the required declarations on the origins of the goods in accordance with commercial law and preferential agreement regulations, but also notify a change of origin without delay and without being requested to do so. Where applicable, the supplier shall provide evidence of its information on the origin of the goods by means of an information sheet confirmed by its customs office. If the supplier fails to comply with this obligation, it shall be liable for all ensuing losses and commercial disadvantages.

8.7 The supplier guarantees that it will provide the service owed in accordance with Clause 1.1 itself and that it will only use subcontractors (referred to below as the subcontractor chain) with our prior written consent.

In addition, it guarantees that both it and all contractors in the subcontractor chain that it is permitted to employ, as well as any temporary employment firms commissioned by the latter, will pay the workers they employ the minimum wage in accordance with the Minimum Wages Act (referred to below as the MWA), as may be amended from time to time. In addition, the supplier confirms that its company and the companies in the subcontractor chain that it employs are not excluded from awards of public contacts in accordance with s. 19 MWA.

We shall already have the right in the framework of checking the supplier's offer to demand on a random basis without a tangible cause submission of current wage accounts in an anonymised form (wages and salaries lists) for employees employed by the supplier and the subcontractor chain. The supplier may also provide us with evidence of compliance with the MWA in its own company and along the subcontractor chain on demand through prompt submission of current confirmation by a suitable objective expert (for example, an account).

If a claim is submitted against us by an employee of the supplier of the subcontractor chain on the basis of an actually existing claim for payment pursuant to the MWA, the supplier shall be obliged to pay us a contractual penalty in the amount of EUR 250.-- on first demand for each claim. The contractual penalty that is to be paid shall be set off against any claim for damages by the contractor and shall be limited per order to a maximum of not more than 10% of the respective order value and to a maximum of EUR 25,000.-- per calendar year. The obligation to pay the contractual penalty shall not exist insofar as the supplier is not at fault; the supplier shall bear the burden of proof for this.

If a claim is submitted against us by an employee of the supplier of the subcontractor chain on the basis of an actually existing claim for payment pursuant to the MWA, we shall have the right to extraordinary cancellation without notice of orders in accordance with Clause 1.1.

The supplier shall be obliged to indemnify us at first demand against all claims against us by third parties in connection with infringements of the MWA. However, this shall not apply if we ourselves and/or our employees or vicarious agents are proven to have infringed the MWA provisions in this individual case intentionally or through gross negligence.

9. Reservation of title, tools

9.1 We reserve title to goods (e.g. parts, components, semifinished products) that we make available.

9.2 Reservation of title shall be extended to cover as well to their full value products that are created by processing, mixing or combining our goods, whereby these procedures are carried out for us so that we are regarded as the manufacturer. If third party ownership rights continue to exist on processing, mixing or combining with goods belonging to the third party, we shall acquire co-ownership in the product in the ratio of the objective value of the goods.

9.3 Tools made available to the supplier and tools made by the supplier on our behalf or ordered from third parties for which we assumed a share of the costs shall remain our property or shall become our property with production or acquisition by the supplier, and shall be clearly marked as our property and stored separately from other goods.

9.4 The supplier shall be obliged to hold tools for us separately in safe custody without charge, to insure them sufficiently and to satisfy us of the insurance cover on demand. Unless otherwise agreed, the supplier undertakes to use the tools exclusively for manufacturing parts intended for us. We hereby approve the manufacturing of parts on the basis of orders from other companies in the Freudenberg Group.

9.5 The supplier shall service and maintain supplied tools at its own expense. At the end of the contract, the supplier shall surrender the tools to us without delay on demand, without a right of retention. When tools are surrendered, they must be in apparent good order and condition corresponding to their previous use. The supplier shall be responsible for costs of repairs. The supplier may not in any case scrap tools without our prior written consent.

10. Quality assurance

The supplier shall be obliged throughout the whole of the business relationship to maintain a quality management system that conforms to the specifications of the standards TS16949, DIN EN ISO 9000 ff., QS9000 etc., to monitor it at regular intervals through internal audits and, if deviations are detected, to initiate the necessary measures without delay so that perfect quality of all deliveries to us is ensured. We shall have the right to review the supplier's quality assurance system at any time following prior notification. The supplier shall permit us on request to inspect certification and audit reports, as well as test procedures that were carried out, including all test records and documentation concerning the delivery.

11. Confidentiality, documents

11.1 The supplier may not disclose to third parties any information, formulas, drawings, models, tools, technical records, process methods, software and other technical and commercial expertise and working results achieved in relation to this (referred to below as "confidential information") that we make available or that the supplier finds out about us, and may use them in its own operations solely to carry out deliveries to us and shall make them accessible only to such persons who have to have knowledge of the confidential information in the framework of the business relationship and who have been obliged to secrecy in accordance with these provisions. This shall continue to apply beyond the term of the business relationship, as long and insofar as the supplier cannot furnish proof that it was already aware of the confidential information at the time it was acquired, or that this was publicly known or became publicly known subsequently through no fault of the supplier.

11.2 All documents (e.g. drawings, illustrations, test specifications), samples and models etc. that we make available to the supplier in the framework of the business relationship shall remain our property, and shall be handed over to us at our option on demand at any time, but at the latest at the end of the business relationship (including any existing copies, transcripts, extracts and reproductions), or destroyed at the supplier's expense. The supplier is insofar not entitled to a right of retention.

11.3 Disclosure of confidential information shall not establish any rights of the supplier to industrial property rights, expertise or copyright, and shall not represent prior publication or a prior right of use for the purposes of applicable patent, design and utility model statutes. All types of licence shall require a written agreement.

12. Applicable law and venue

12.1 The laws of the Federal Republic of Germany shall apply exclusively with exclusion of its private international law, the United Nations Convention on the International Sale of Goods (CISG.) and other bilateral and multilateral agreements that serve the harmonisation of international sale of goods.

12.2 Weinheim, Bergstrasse is the exclusive venue for all claims arising from our business connection with the supplier, in particular from contracts, or regarding their validity. This venue shall also apply for disputes regarding the creation and legal force of the contractual relationship. However, we have the option to sue the supplier at any other general or special venue as well.

12.3 If the supplier's registered office is located outside the Federal Republic of Germany, we shall also be entitled at our option to have all disputes arising from or in connection with our business relationship with the supplier, including with regard to the validity of contracts, determined conclusively in accordance with the rules of arbitration of the Deutsche Institution für Schiedsgerichtsbarkeit e.V. (DIS) to the exclusion of the general courts. On demand by the supplier we shall exercise this option before the start of proceedings. The court of arbitration is based in Frankfurt a. M, Germany. On demand by the customer we shall exercise this option before the start of proceedings. Unless the supplier requests English as the language of the proceedings, arbitration proceedings shall be held in German.