

General Terms and Conditions of Purchase - J.S.T.

J.S.T. Deutschland GmbH – Küferstrasse 15 – 73650 Winterbach / Germany

I. VALIDITY

1. The following Terms and Conditions apply to all legal relationships – including future transactions – between J.S.T. and the Supplier. The Supplier shall not enforce its own terms and conditions of sale and delivery. Any terms and conditions of the Supplier which contradict or diverge from these Terms and Conditions of Purchase of J.S.T. shall apply only if accepted in writing by J.S.T. Neither silence on the part of J.S.T. nor the unconditional acceptance of the Supplier's performance, nor payment of such performance shall constitute acceptance of the Supplier's terms and conditions.

2. J.S.T.'s Terms and Conditions of Purchase apply only to entrepreneurs pursuant to Section 14 BGB (German Civil Code), public-law corporations or special public-law funds pursuant to Section 310 BGB. Entrepreneurs pursuant to Section 14 BGB are natural persons or legal entities or non-incorporated companies with legal capacity acting in performance of their commercial or self-employed occupation at the time of conclusion of the legal transaction.

II. ORDER OF PRIORITY OF CONTRACT ELEMENTS

The rights and obligations of J.S.T. and of the Supplier shall be governed by the following elements in the following order of priority:

- a) individual agreements, individual orders and framework agreements;
- b) supply agreements;
- c) these General Terms and Conditions of Purchase;
- d) other statutory regulations.

III. CONCLUSION OF CONTRACT, AMENDMENTS/ORDERS

1. Orders and amendments/addenda to orders and calls for delivery shall be binding only when placed or confirmed in writing by J.S.T.

2. Any verbal agreements made prior to or on conclusion of contract must be confirmed in writing. The parties have not entered into any subsidiary verbal agreements.

3. If the Supplier fails to give written acceptance of the order within five (5) working days of receipt, J.S.T. shall be entitled to revoke the order.

4. J.S.T. shall be entitled to demand modifications in the design and execution of the purchased item insofar as reasonable for the Supplier. The parties shall agree on appropriate mutually acceptable provisions with regard to

the effects of such modifications, in particular in respect of any additional/reduced costs and delivery dates.

IV. PRICES, TERMS OF PAYMENT

1. The agreed prices are fixed prices. Unless otherwise agreed, the quoted prices are inclusive of postage and packaging free place of delivery (Incoterms 2000: DDP) and exclusive of value added tax.

2. Unless otherwise agreed, payment (subject to receipt of goods) shall be due no later than within 60 days of receipt of invoice minus 3 % discount or within 120 days net without deduction. The period for the foregoing discount shall begin on the date of receipt of invoice, but not before receipt of the goods. In case of acceptance of goods before the agreed delivery date, the due date for payment shall be based on the agreed delivery date.

3. J.S.T. shall pay the costs of packaging only subject to its prior written consent.

4. In case of defective deliveries, J.S.T. shall be entitled to withhold payment in proportion to the value of the defective goods until such time as the Supplier has rendered due and proper performance.

5. J.S.T. shall be entitled to offset its claims – e.g. owing to complaints or return consignments – against payments.

6. All payments are made subject to verification of the invoice. All invoices must state the J.S.T. order data. such as order number, incl. item number, J.S.T. article number, Supplier's delivery note and Supplier number. All invoices must be issued in duplicate.

7. Invoices for consignments from the economic area of the EU (European Union) must include a statement by the Supplier pursuant to EEC Regulation No. 1207/2001 as proof of origin. The foregoing shall not apply to suppliers from the Federal Republic of Germany who are entitled to issue a long-term declaration.

8. In case of failure to comply with these regulations, invoices shall be deemed not issued until clarification or completion by the Supplier. J.S.T. shall notify the Supplier immediately of any incorrectly issued invoices.

9. Payments shall be effected at the discretion of J.S.T. in cash, by bank transfer or cheque, to the payment address stipulated by the Supplier.

10. The Supplier is not entitled to assign any claims it may have against J.S.T. nor to have such claims collected by third parties without the prior consent of J.S.T. J.S.T. shall not be entitled

to refuse its consent without good cause. If the Supplier assigns its claim against J.S.T. to a third party without the consent of J.S.T. in contravention of the foregoing provision, the assignment shall nevertheless be effective. J.S.T. shall however be entitled at its discretion to remit payment to the third party or to the Supplier in discharge of its obligations.

V. DELIVERY AND PERFORMANCE

- 1.** The Supplier shall be responsible for delivery and shipment to the place of delivery stated by J.S.T. at its own expense and risk. Incoterms 2000 shall apply to all delivery clauses. The Supplier shall bear any additional expenses resulting from express shipment in order to comply with delivery deadlines.
- 2.** The Supplier shall notify J.S.T. and the consignee stated by J.S.T. of all deliveries on the day of shipment. All shipping documents, delivery notes and packing slips must state J.S.T. order data, such as order number, item number and J.S.T. article number. Delivery notes must be included in duplicate with all consignments.
- 3.** If deliveries have been agreed "ex works", J.S.T. and the consignee stated by J.S.T. must be given due notice of the dimensions and weight of the consignment. If the carrier is commissioned by the Supplier for the account of J.S.T., it must be stated that the transport insurance will be covered by J.S.T. The Supplier shall inquire of J.S.T. in advance which carrier is to be commissioned.
- 4.** If the goods are shipped in reusable packing which is to be returned to the Supplier carriage paid, J.S.T. shall be entitled to reimbursement amounting to the value of the packaging.
- 5.** If the goods produced by the Supplier on behalf of J.S.T. are intended for export, the Supplier shall be obliged to issue a written declaration of the origin of the supplied goods for customs purposes using the printed form prescribed by J.S.T. The foregoing declaration must be issued for J.S.T. no later than on delivery of the first consignment. The Supplier is obliged to notify J.S.T. immediately of its own accord of the origin of any newly supplied items or any change in the origin of the goods. The Supplier shall be liable for any disadvantages sustained by J.S.T. owing to incorrect or delayed issue of the Supplier's declaration. If necessary, the Supplier shall prove the accuracy of its declaration of origin by means of a confirmed information sheet issued by the Supplier's customs authority.
- 6.** The ordered goods must arrive at the agreed place of delivery on the agreed delivery date or

within the agreed delivery period. Compliance with the delivery date or delivery period shall be based on receipt of the goods by J.S.T. or the consignee stipulated by J.S.T.

- 7.** The Supplier shall notify J.S.T. in writing immediately if it realises, after confirmation of order, that it will be unable to meet the agreed delivery dates. If J.S.T. is obliged to render preliminary payment, J.S.T. shall be entitled to refuse payment if it becomes apparent after conclusion of contract that J.S.T.'s right to counter-performance is in jeopardy owing to inadequate performance capacity on the part of the Supplier. J.S.T. shall not be entitled to withhold payment if the consignment has been effected or security has been provided for the consignment. J.S.T. shall be entitled to set a reasonable deadline by which the Supplier shall be obliged to deliver the consignment conditionally upon payment or the provision of security at its discretion. If the foregoing deadline expires without performance by the Supplier, J.S.T. shall be entitled to withdraw from the contract.
- 8.** J.S.T. shall be entitled to refuse acceptance of any goods delivered prior to the agreed delivery date and to return the prematurely delivered goods or to have them stored by a third party, both at the expense and risk of the Supplier.
- 9.** The Supplier shall notify J.S.T. in writing immediately of any impending delay in performance, stating the reasons and anticipated duration of the delay.
- 10.** In case of default in performance J.S.T. shall be entitled to demand a penalty from the Supplier, amounting to 0.5% for each full week of default, but a maximum of 5 % of the total value of the goods affected by the delay. The agreement or enforcement of such a penalty shall not affect J.S.T.'s right to claim compensation for default. Any penalties paid shall be offset against claims for compensation. The penalty can be enforced until payment of the goods delivered which were delivered behind schedule.
- 11.** Industrial action, civil commotion, government or official orders and any other unforeseeable and unavoidable incidents shall release the Supplier and J.S.T. from their performance obligations for the duration of the disruption and to the extent of its effects. The foregoing shall also apply if such incidents occur at a time when the affected party is already in default. The party affected by such incidents shall immediately inform the other party in full and take all reasonable action within its power to keep the effects of such incidents to a minimum.

VI. QUALITY AND DOCUMENTATION

1. The Supplier shall ensure in good time that it obtains all data and information about the circumstances and conditions required for performance of its contractual obligations as well as the intended purpose of the goods to be supplied. The Supplier shall be responsible for ensuring that its deliveries encompass all performance required for safe and cost-effective use of the goods, that the goods are fit for their intended purpose and comply with best practice. When rendering performance, the Supplier shall comply with all relevant standards, laws and legal regulations, in particular the relevant environmental, dangerous goods and accident prevention regulations, as well as generally accepted regulations on safe operation and occupational health and safety.

2. The Supplier shall continuously monitor the quality of its deliveries and performance. For that purpose, the Supplier shall establish and maintain a quality assurance system pursuant to ISO/TS16949 or ISO 9001. The Supplier shall likewise endeavour to establish an environment management system, if possible pursuant to ISO EN 14001.

3. Any modification of the supplied goods and/or the production process shall require the prior written consent of J.S.T. First samples shall be tested in accordance with the VDA publication "Sicherung der Qualität von Lieferungen Lieferantenauswahl Produktionsprozess – und Produktfreigabe Qualitätsleistung in der Serie" (quality assurance of deliveries, supplier selection production process and product release, quality of series-produced products). The Supplier is entitled to begin series production only on acceptance of the samples by J.S.T. Irrespective of the above, the Supplier shall ensure continuous quality monitoring and quality improvement of the goods. The parties shall inform each other of any potential for quality improvement. The Supplier undertakes to sign a Quality Management Agreement on request by J.S.T. Such a Quality Management Agreement shall then become an integral part of these Terms and Conditions of Purchase.

4. If stated on the order, the material data shall be entered in the IMDS (International Material Data System at www.mdsystem.com/index.jsp) no later than 14 days after dispatch of the order (order date), using the relevant JST designation and JST article number. The J.S.T. IMDS ID is stated on the orders.

VII. CONFIDENTIALITY

1. The Supplier undertakes not to disclose any non-manifest commercial and technical information (e.g. illustrations, drawings,

calculations), which comes to its notice in the course of business with J.S.T. to any third party, for as long as and to the extent that such information is not available to the public. The foregoing obligation shall continue to apply after termination of the agreement between the parties. The Supplier is not entitled to reproduce such information or use it for commercial purposes – except for deliveries to J.S.T. – without the prior written consent of J.S.T.

2. All technical drawings, standards, printed forms, models, sections, tools, moulds, hardware, software, data, know-how etc. provided by J.S.T. shall remain the property of J.S.T., must be treated as confidential and may not be disclosed to third parties. Nor is the Supplier entitled to offer, supply or otherwise disclose products manufactured by means of the foregoing documents, information and tools, either directly or in connection with other products, to third parties without the written consent of J.S.T. The foregoing shall also apply mutatis mutandis to all documents and information which refer to or represent the performance (work results) to be rendered by the Supplier pursuant to the supply agreement, in particular the results of any development work. Any misuse of the above items shall entitle J.S.T. to claim compensation for damage and to withdraw from the contract as a whole or in part without any obligation to pay compensation to the Supplier.

3. Drawings, models, templates, samples, software etc. must not be handed over or otherwise made accessible to third parties. The reproduction of such items is permissible only within the scope of operational requirements and the provisions of copyright law.

4. On request by J.S.T., all information deriving from J.S.T. (inclusive of any copies and/or records) or items provided on loan (e.g. models, templates etc.) shall be returned in full immediately or destroyed. J.S.T. reserves all rights, such as title and copyright, to such information.

5. The Supplier shall impose the above obligations on any subcontractors.

6. The Supplier is entitled to use the business relationship with J.S.T. for advertising purposes only with the prior written consent of J.S.T. Inquiries should be addressed to J.S.T. Deutschland GmbH, Winterbach.

VIII. INDUSTRIAL PROPERTY RIGHTS

1. The Supplier shall assume an absolute and independent guarantee that the supply and use of the ordered goods and/or any other performance to be rendered in accordance with the supply contract (work results), in particular the results of

any development work, do not infringe any third-party property rights in Germany or abroad and shall indemnify J.S.T. for all claims filed against J.S.T. owing to any infringement of industrial property rights. The Supplier shall indemnify J.S.T. and J.S.T.'s customers for third-party claims on the first written request. The period of limitations for such claims shall be 10 years, beginning on the date of conclusion of contract. In case of any infringement of third-party claims, in addition to claims for compensation J.S.T. shall further be entitled to all statutory and contractual rights against the Supplier resulting from defects in quality and title; the foregoing shall also apply to any parts which the Supplier has procured from third parties.

2. When using third-party industrial property rights pursuant to licensing agreements for a restricted territorial area, the Supplier shall ensure that use of the rights is permissible in all countries in which corresponding property rights exist.

3. Insofar as the Supplier is the holder of industrial property rights governing use of the products or work results supplied or which are necessary for use of the work results supplied, the Supplier shall grant J.S.T. irrevocable worldwide rights free of charge – i.e. the right of use is deemed fully settled by the agreed remuneration for the supply of the products or work results – to the extent necessary for use and exploitation of the supplied products or work results or essential parts thereof. The foregoing right shall explicitly entitle J.S.T. to grant sub-licences to third parties to the extent necessary for use and exploitation of the supplied products or work results. The foregoing provisions shall apply mutatis mutandis to know-how.

4. The Supplier shall notify J.S.T. on request of the use of its own published and non-published industrial property rights and any applications for industrial property rights in the supplied goods.

5. J.S.T., its subsidiaries and affiliated companies shall be entitled to exclusive, unlimited, irrevocable and transferable exploitation rights in the work results, in particular the results of any commissioned development work as a whole and/or in essential parts thereof; these rights shall be deemed settled by the agreed remuneration for the supplied performance. If any work results or parts thereof are protected by copyright, the Supplier shall grant J.S.T., its subsidiaries and affiliated companies the exclusive, irrevocable, transferable, fully unlimited right to use the said work result at their discretion in any way whatsoever, in particular to reproduce, modify and/or process the work result.

6. J.S.T. shall have a pre-emptive right to the acquisition of property rights relating to any inventions made by the Supplier or its employees or in cooperation with employees of J.S.T. in the course of performance of any commissioned development work. The Supplier shall inform J.S.T. immediately of all inventions which have been reported or otherwise come to its notice and shall offer J.S.T. these inventions free of charge. The Supplier shall have sole responsibility for any remuneration due to its employees pursuant to German law on employee inventions. The Supplier is obliged to assist J.S.T. and to issue all statements necessary for the acquisition and granting of industrial property rights at its own expense.

7. If J.S.T. is not interested in acquiring industrial property rights pursuant to Article VIII 6., the Supplier shall be entitled to apply for industrial property rights in its own name and at its own expense. In that case, the Supplier shall grant J.S.T. free of charge a non-exclusive, worldwide, irrevocable license to all industrial property rights based on this invention. If the Supplier intends to allow such rights to lapse, it shall submit a prior written offer for J.S.T. to take over these rights free of charge. The Supplier shall submit prior written notification to J.S.T. if it intends to transfer such a right to a third party. In that case, J.S.T. shall be entitled to a pre-emptive right to the industrial property right on reasonable terms and conditions. The foregoing right can be exercised by J.S.T. within 2 months of receipt of the written notification. In the case of transfer of industrial property rights to a third party pursuant to Article VIII 7., the Supplier shall ensure that the third party acknowledges the rights to which J.S.T. is entitled pursuant to Article VIII 7.

8. Insofar as the Supplier uses the services of a subcontractor, it shall ensure that the subcontractor acknowledges the rights to which J.S.T. is entitled pursuant to Articles VIII 5. to VIII 7.

IX. WARRANTY CLAIMS AND DEFECTIVE PERFORMANCE

1. The Supplier shall be fully liable for flawless work, superior quality and appropriate execution of performance, the use of good, perfect quality raw materials, and compliance with the warranted quality.

2. The goods must always comply with generally accepted technical standards, occupational health and safety regulations, as well as accident prevention regulations as specified in particular in industrial standards, statutory regulations and other accepted technical documents. J.S.T. shall be entitled to conduct random inspections, also at

the place of production. Confirmation of receipt of goods does not preclude complaints relating to any defects in quality or quantity of the goods which are established after receipt of the goods.

3. Unless otherwise stated in the following provisions, the statutory regulations concerning defects in quality and title shall apply. This shall not affect the provisions stated in Article VIII. In case of defective delivery, J.S.T. shall be entitled to demand subsequent performance at its discretion either in the form of remedy of the defect or replacement delivery or – subject to satisfaction of the statutory requirements – a reduction in the purchase price or rescission of the contract. J.S.T. explicitly reserves the right to claim compensation.

4. In case of any risk to operational safety or of exceptionally high damage, or if the Supplier is in default with remedy of the defect, J.S.T. shall be entitled to remedy the effect itself or to have it remedied by a third party after prior notification of the Supplier. Any costs sustained in that respect shall be borne by the Supplier.

5. The Supplier shall be liable for all expenses and costs sustained in connection with subsequent performance (remedy of the defect or replacement delivery). All subsequent performance (remedy of the defect or replacement delivery) shall be effected carriage paid to the place of use.

6. The Supplier shall bear the costs of any inspection of parts of a consignment or the entire consignment which becomes necessary owing to defective delivery.

7. In case of repeated defective deliveries of the same items, after setting a reasonable deadline in writing, J.S.T. shall be entitled to withdraw from the contract also in respect of non-fulfilled scope of delivery if the Supplier fails to render subsequent performance in due time, i.e. within the deadline specified, or again delivers defective goods, unless the defect is minor. The Supplier shall otherwise be liable for all direct and indirect damage sustained by J.S.T. owing to defective delivery. Insofar as the Supplier uses the services of third parties in discharge of its obligations, the Supplier shall be liable for these third parties in the same way as for agents employed in discharge of its own performance. In case of remedy of defects by the Supplier or replacement deliveries, the period of limitations for warranty claims shall commence again from the beginning.

8. The warranty period shall be 48 months as from transfer of the delivered item to the end user, but no more than 60 months as from arrival of the consignment at the place of performance.

9. The foregoing provisions shall not affect J.S.T.'s right of recourse against the Supplier pursuant to Sections 478, 479 BGB.

X. LIABILITY

1. If someone is killed or injured, or sustains damage to health owing to a defect in a product manufactured or supplied by the Supplier or damage is caused to any other object which is by nature normally intended for use or consumption and was used by the injured party primarily for that purpose, the Supplier shall be obliged to reimburse the injured party and / or J.S.T. for the damage sustained and for any consequential damage irrespective of fault. If any claims are filed against J.S.T. owing to such damage, the Supplier shall indemnify J.S.T. – irrespective of fault – for any such third-party claims and shall reimburse J.S.T. for the costs of defending such claims, subject to the proviso that J.S.T. notifies the Supplier of such claims immediately and enables the Supplier to contest such claims in or out of court without first seeking recourse to the courts itself. If the product has to be recalled from the market or a warning issued owing to a defect in the product, the Supplier shall reimburse J.S.T. for all expenses and costs sustained by J.S.T. in that connection inclusive of the value of any products which J.S.T. is obliged to recall.

2. The Supplier's liability shall otherwise be governed by the statutory regulations.

XI. ITEMS PROVIDED BY J.S.T

1. All items provided to the Supplier by J.S.T. are intended solely for use in orders placed by J.S.T. and shall remain the property of J.S.T. The Supplier is not entitled to dispose of such items or any parts made from these items. Insofar as the items provided are not required for orders placed by J.S.T., they shall be returned to J.S.T. If the items provided by J.S.T. are processed by the Supplier, J.S.T. shall be entitled to co-ownership of the finished goods at the level of the value of the items provided by J.S.T. in relation to the total value of the goods.

2. The Supplier is obliged to perform preventive maintenance on tools, moulds etc.

XII. COMPLIANCE WITH BEST PRACTICE

1. The Supplier is obliged, in particular in case of long-term supply agreements, to ensure that ordered items always comply with best practice. Any planned technical modifications must be submitted to J.S.T. for approval. Throughout the term of the agreement, J.S.T. shall be entitled to demand technical and design modifications.

2. The Supplier shall take any changes in costs resulting from such modifications into account and notify J.S.T. thereof immediately. The Supplier shall credit any reduction in the cost of the supplied items owing to increases in production or rationalisation to J.S.T. and notify J.S.T. thereof immediately.
3. The Supplier is obliged to render performance with the utmost care, on the basis of best technical and scientific practice as well as its own knowledge and experience, and in compliance with the relevant statutory regulations.

XIII. RIGHT OF CANCELLATION

J.S.T. shall be entitled to cancel the contract in case of insolvency on the part of the Supplier pursuant to Section 17 German Insolvency Code or overindebtedness pursuant to Section 19 German Insolvency Code or if a petition in insolvency is filed against the Supplier.

XIV. TITLE

Any goods (in particular tools) manufactured by the Supplier specifically for an order placed by J.S.T. shall become the property of J.S.T. as from the time of confirmation of order by the Supplier and must be clearly marked as such. In

case of insolvency, the Supplier shall be obliged to hand over the goods (if necessary in the form of semi-finished products) immediately on demand by J.S.T.

XV. GENERAL PROVISIONS

1. The contractual relationship between the parties shall be governed by German law. The provisions of the UN Convention on Contracts for the International Sale of Goods shall not apply.
2. Place of performance for deliveries and services is the place of destination stipulated by J.S.T. Place of performance for payments is Winterbach, Germany.
3. Unless any other sole legal venue is prescribed by law, the legal venue for any disputes shall be Schorndorf (Württemberg), Germany.
4. The foregoing shall not affect the provisions of Section 127 BGB. Notification by means of telecommunications equipment, (such as fax, e-mail or remote data transmission) shall accordingly also satisfy the written form requirement.
5. J.S.T. informs the Supplier that personal data is captured and processed in connection with business transactions in compliance with the statutory regulations.