

# General Purchase Conditions of Grundig Business Systems GmbH ("GBS")

## 1. Orders and Confirmations

- 1.1 Our orders are based exclusively on these purchase conditions. Alterations and amendments of these purchase conditions are only valid if so agreed upon by an individual agreement. Any counter-statements by the supplier with reference to his own general terms and conditions are hereby contradicted.
- 1.2 Confirmation and/or execution of the GBS order will imply the acceptance of these GBS conditions. If the supplier is not willing to accept these Grundig conditions, the order must be returned immediately, and will be regarded as cancelled. In case of delay in returning the order, the supplier will be liable for all damages, directly and indirectly, arising from such delay.
- 1.3 In case the supplier does not confirm the order and does not reserve the acceptance of the order within one week from the order date, the order may be withdrawn by Grundig.

## 2. Order Number, Part Number

- 2.1 Order confirmations, invoices, dispatch notes and any other correspondence must show: complete Grundig order/delivery schedule number and Grundig part number of each purchased part
- 2.2 If these particulars are not clearly specified or are omitted in spite of the Grundig request, invoices will not be regarded as having been received until clarification and completion by the supplier.

## 3. Delivery Schedules, Delay of Delivery

- The goods and/or services ordered must arrive at the specified places on the prescribed delivery dates. If the supplier finds, that he is unable to meet the agreed delivery dates, he must inform Grundig immediately, stating the reason for the delay and its probable duration. If goods do not arrive at the stated places on the specified dates, and any period of grace granted by Grundig has expired, Grundig is entitled to cancel the contract wholly or partially, and to claim for the damages caused by this breach of contract. No advance notice of Grundig's intention will be necessary.

### 3.1 Penalty

If the agreed period for the delivery of goods and/or services ordered is exceeded for reasons other than those of mobilisation, war, riot, strike, lockout, or another unforeseeable circumstance, Grundig may claim a penalty of 1 % of the agreed price for the delivery delayed per each day up to an overall total of 5 %. Grundig's other rights in case of delay will not be affected by claiming such penalty.

## 4. Prices, Transfer of Risk

- 4.1 Unless otherwise stated, prices are to be understood as for delivery free at Grundig factory or other prescribed places of delivery, and including packing.
- 4.2 Delivery is to be understood DDP (according Incoterms) at Grundig factory at Bayreuth/Germany. Any additional expenses for accelerated transportation, necessary to meet the delivery dates, must be met by the supplier.

## 5. Force Majeure

In the event of any cause beyond Grundig's control including but not limited to natural catastrophes, riots, civil commotion, restriction, regulation, order act, omission, or operation by any local or municipal authority or government department, as well as transport disturbances, strikes, lock-outs, or any other disturbances whatsoever, whether in the Grundig organisation or in that of the Grundig suppliers, leading to suspension or restriction of Grundig production or preventing Grundig from the agreed collection of goods ordered, Grundig shall be released from its obligation for the duration and to the extent of their effect as far as Grundig is unable to eliminate such disturbances by any appropriate measures. In such events any claims of supplier for any damages are excluded. If Grundig is prevented from collecting the goods, the supplier must arrange for appropriate storage of the goods at his own expense and risk until taken over by Grundig.

## 6. Acceptance of Goods

The goods ordered must be in accordance with the agreed quality / drawings / specifications and the samples approved by Grundig. The supplier must not make any alterations without notifying Grundig in advance and without Grundig's prior given consent. The conditions for acceptance of goods to be tested by random sampling will be separately agreed.

## 7. Payment Terms

At Grundig's option invoices may be settled within 30 days after receipt of the invoices and the goods less 3 percent, or within further 60 days net.

The 30 days period is considered to be met if  
- at payment by cheque this is sent off on the last working day of settlement week, (basic date plus days of period),  
- at payment by remittance, this is handed over to the bank on the first working day after expiry of settlement week.

## 8. Non-Assignment

The assignment of any claims resulting from the contract to third persons is subject to Grundig's previous approval. Supplier undertakes to inform Grundig forthwith about intended assignment of claims against Grundig due to any extended property rights of pre-suppliers or due to any bails given by supplier.

## 9. Liability for Faults

- 9.1 Faults are subject to the legal regulations as far as these purchase conditions are not stipulating something different.
- 9.2 Payments may not be regarded as acceptance that goods are free of defects.
- 9.3 Grundig will be allowed a period for the inspection of goods supplied of 20 working days and a period for the notification of defects of further 10 working days.
- 9.4 All costs arising from Grundig's inspection and assorting of defective goods must be defrayed by the supplier. If the defects are discovered only in the process of manufacturing or operation, Grundig is entitled to claim for compensation of all the costs for additional or needless manufacturing or operation activities caused by the defective goods.
- 9.5 Unless otherwise agreed, the guarantee period shall be 24 months from the date of goods received by Grundig. Where defects have to be reworked by the supplier, or where goods have to be replaced by him, the guarantee period shall restart from receipt of reworked goods or the replacement of goods.
- 9.6 The provisions specified above for the treatment of defective goods shall also apply in cases where wrong goods are supplied.
- 9.7 In case of eligible complaints GBS inherently invoices a fixed expenditure rate at the standard amount of € 150.- per each complaint to the supplier; independently from the reason of the complaint. Any other compensation claims fully remain unaffected by this compensation fee.

## 10. Code of Conduct

- 10.1 The contractor agrees to comply with national environmental laws, labour laws and contracts, regulations concerning competition, and other provisions applying to the contractor.
- 10.2 He agrees to transact all deliveries in full accordance with the current versions of the RoHS and REACH guidelines; SVHC candidate list (Art. 57, "REACH" 1907/2006/EC).
- 10.3 He agrees to act in accordance with the principles of the UN Global Compact, the ILO Convention, and other international norms. In particular, the seller will respect human rights. His employees have the right to join or form unions or similar organisations. He will neither avail himself of nor allow child labour.
- 10.4 Further, the contractor will refrain from direct or indirect involvement in price rigging, cartels, corruption, or other practices that limit competition or are otherwise illegal.
- 10.5 The contractor agrees to act in accordance with the principles of the "Wall Street Reform and Consumer Protection Act", Chapter 1502 (Dodd-Frank Act). That means that the contractor will check his entire supply chain for any use of so-called conflict minerals such as tantalites, wolframites, cassiterites, or gold. These substances are extracted, in some cases under inhuman conditions, from mines financed or supported by armed groups in the Democratic Republic of the Congo or adjacent countries. In addition to minerals from eastern Congo, "conflict minerals" may also be minerals from other parts of the world. If conflict minerals are in use anywhere in the supply chain, the client is to be notified immediately. Moreover, in that case, immediate substitution measures must be begun and promptly completed.

## 11. Product Liability

In case of any claim raised against Grundig resulting from Grundig's manufacturer liability, infringement of legal security regulations, or anything else based on domestic or foreign law, the supplier has to defend, hold harmless and indemnify Grundig against any such claim, if such claim is caused by a failure of the supplier. In case Grundig has to fulfil claims of third parties, the supplier will have to reimburse Grundig's expenditures if and to the extent Grundig is entitled to request acquittance.

## 12. Return Consignments

Defective goods or goods not ordered will be returned at supplier at supplier's expense and risk.

## 13. Confidentiality

Supplier will keep strictly confidential all information, data, and reports – whether in written, oral, visual, machine readable or in any other form – which he has received from Grundig. Drawings, designs, patterns, models, and tools received from Grundig will remain Grundig's property. Grundig will be entitled to cancel the contract and to seek injunctive or other equitable relief to remedy or prevent any breach or threatened breach of this confidentiality obligation.

## 14. Industrial Patent and Trade-Mark Rights

- a. The supplier assumes full and exclusive responsibility for securing that the delivery and use of ordered goods do not infringe any patent or other intellectual proprietary right of a third party, neither in Germany nor abroad, and he has to defend, hold harmless, and indemnify Grundig against any claim raised against Grundig in connection with an infringement of such a right. In case of infringement of any such right of third parties, Grundig is entitled, besides of claiming indemnification, to assert any legal and contractual claims for material and immaterial damages. That refers also to goods which the supplier received from subcontractors.
- b. If utilizing of intellectual proprietary rights of third parties on account of license agreements confined to a certain territory, supplier must take care to secure utilization in all countries where corresponding rights exist.
- c. As far as supplier disposes of proprietary rights referring to the application of the supplied goods designed for a special use, he is granting Grundig the right of their royalty-free utilization to the extent of his supplies.

## 15. Moulds, Tools, Jigs, and Fixtures

- a. All tools, moulds etc. wholly or partially paid by Grundig, shall be kept by the supplier in good order and condition, and ready for use at any time. Supplier undertakes to contract insurance with an extent of cover congruous to the replacement value of those properties at his own expense, at least against the risks of fire, burglary and water.
- b. If delivery problems come to Grundig's notice, Grundig is entitled to require the supplier to hand over to Grundig all such items free of charge, and the supplier shall have no right of retention, regardless whether such items are Grundig's property or not. Scrapping of mentioned properties is only allowed after written confirmation by Grundig.

## 16. Delivery of Spare Parts

The supplier of goods, which are resold by Grundig, unprocessed or processed, assumes the obligation to deliver such goods or spares for assembled units, at least for another eight years after the last serial shipment to Grundig, if so ordered by Grundig.

## 17. Materials provided by Grundig

- 16.1 Supplier is obliged to store materials provided by Grundig separately and sign it as Grundig's property and to contract insurance with an extent of cover congruous to the replacement value of those properties at his own expense, at least against the risks of fire, burglary and water. Without particular permission provided materials may only be used for manufacturing products ordered by Grundig, through which Grundig will become manufacturer and therefore owner of the new product. If several of such manufacturers clauses accumulate, Grundig is co-manufacturer and therefore co-owner of the new product in accordance with value of our Grundig's materials provided compared to total value of processed material of all co-manufacturers. Supplier must return surplus of materials provided by Grundig without being asked.
- 16.2 Supplier is furthermore allowed to request delivery of material, which was provided to a third party on Grundig's account, only to his own address or an address named by Grundig. With handing over materials provided to supplier, it will then immediately become Grundig's property. Supplier will keep safe such materials for Grundig free of charge.

## 18. Severability

If any provision of these Purchase Conditions should, for any reason, be invalid, this will not affect the validity of the remaining provisions. Supplier and Grundig are obliged to replace any invalid condition, as far as permitted, by such condition as being most appropriate to the needs of the invalid provision.

## 19. Withdrawal

Grundig is entitled to withdraw from the contract, wholly or partially and without compensation, if solvency or delivery capability of the supplier or validity deteriorates in such a way that, in Grundig's opinion, the fulfilment of the contract seems to be endangered, which will be especially assumed, if the supplier suspends payment, goes bankrupt, if a legal or extra-judicial arrangement has been instituted against him, or if opening of bankruptcy proceedings has been dismissed for insufficiency.

## 20. Applicable Law, Place of Jurisdiction

- a. The legal relationship between supplier and Grundig shall be governed by the laws of Germany, excluding the provisions of the United Nations Convention on the International Sale of Goods.
- b. Place of jurisdiction will be Bayreuth/Germany. Grundig shall also be entitled to take action in the courts of supplier's general place of jurisdiction.