

1. Relevant Regulations

The legal relationships between MANN+HUMMEL JAPAN and the Supplier are subject to the following terms and conditions and any other written agreements. Changes and amendments must be made in writing. Contradictory terms of delivery shall only apply if expressly acknowledged in writing by our company. We hereby expressly object to any of the Supplier's notes or references as to the validity and applicability of his general terms and conditions.

Apart from these Terms and Conditions of Purchasing, the supplier quality assurance agreement, the terms of use for the supplier portal and the supplier management manual shall also apply and form an integral part of the agreement.

2. Ordering and Order Confirmation

2.1 Contracts, orders, agreements or changes must be made in writing in order to be binding. The written form shall also be deemed complied with if an order is made by fax, email or data transmission (EDI, Web EDI). Signing on our part shall not be required. Deviations from agreements and our orders shall be effective only with our prior written approval.

2.2 The order shall stipulate the order date, the designation of the goods ordered, the quantity, the date of delivery, the place of delivery, the purchase price, the payment date, the method of the payment and any other information we may require.

2.3 Acceptance of our order must be confirmed in writing, with indication of our complete order data, and the individual contract shall be formed upon such acceptance of the order. If the Supplier fails to accept or oppose to the order within 10 days as of receipt, the order shall be deemed accepted as it has been made. Provided, however, that we reserve the right to cancel the order on the date immediately following the expiration date of such 10-days' period.

2.4 If we consider necessary, we shall be entitled to change the quantity, date of delivery, place of delivery, or structure and/or design of the goods, and the Supplier shall be obligated to observe our request for such change within the scope of what is reasonable. The effects, in particular as to extra costs and reduced costs.

2.5 Unless otherwise agreed, the Supplier's cost estimates shall be binding and free of charge.

3. Delivery Dates / Delay in Delivery

3.1 The agreed-upon delivery dates and deadlines shall be binding. The date of receipt of the goods at the location specified in our order shall be decisive for compliance with the delivery date or deadline. The Supplier must deliver the goods in due time to the designated place of delivery, by taking into account the usual time for loading and shipping. The Supplier shall be responsible for notifying the shipping consignment to the carrier specified in our order. If a carrier other than the one specified by us is commissioned without our prior approval, the Supplier must bear any extra costs incurred as a result.

3.2 If the Supplier realizes that he cannot comply with the agreed-upon deadlines for whatever reason, he must immediately notify us in writing.

3.3 Should the Supplier exceed the agreed-upon delivery dates and deadlines, he shall be deemed in default without a reminder being required, provided that a certain date has been directly or indirectly stipulated within the scope of such agreed-upon delivery dates or deadlines.

In case of default, we shall be entitled, after the expiry of a reasonable grace period set by us, to have the service owed by the Supplier rendered by a third party at the Supplier's cost and expense, or to rescind the contract, without prejudice to our right to demand compensation for the damages incurred. The Supplier shall be obligated to reimburse us for any and all extra costs incurred as a result of delayed delivery.

3.4 In the event of a culpable deviation from the delivery and packaging provisions, or in the event of early delivery or excess delivery, we shall be entitled to claim additional expenditure for logistics in form of liquidated damages in the amount of JPY 15,000 (Japanese Yen: fifteen thousand) per delivery (notwithstanding our right to prove even higher damages in individual cases). The Supplier shall be entitled to reject or request the reduction of such liquidated damages in any event if the Supplier is able to prove that we have incurred no actual or less damages. If any actual damage however exceeds the said liquidated damages, we shall be entitled to request the Supplier to pay the actual damages by proving that we have suffered such actual damages.

3.5 Acceptance of a delayed delivery or service does not imply waiver of such claims for damages.

4. Delivery / Shipping

4.1 With each shipment, the Supplier must attach a delivery slip which includes our complete order data.

4.2 The Supplier shall furnish the proof of origin that we may request (such as supplier declarations, movement certificates) with all necessary information and provide it immediately and free of charge in duly signed form.

4.3 Unless otherwise agreed, deliveries shall be made to their destinations free of freight charges and packaging costs. In that case, the title and risk shall pass onto the buyer at the time of the acceptance of the goods upon the completion of the acceptance inspection.

4.4 The acceptance inspection of the goods shall be promptly implemented upon delivery pursuant to our acceptance inspection standards and procedures, and any deficiency in quantity or defect found upon such inspection shall be notified to the Supplier. The Supplier shall, at its own expense and within the time period designated by us, supply such deficiency or deliver the replacements, as well as retract the defective goods.

5. Invoices / Payment Terms

5.1. When issuing invoices, the Supplier must include in his invoices our complete order data (order no., date, delivery slip no.). In case of noncompliance with this provision, the Supplier shall be responsible for any consequential delays in invoice processing and payment. Depending on the buyer. The invoices shall be sent to our main office.

We reserve the right to return invoices with incomplete or inaccurate order data or with inaccurate or incomplete billing address to the Supplier.

5.2. Payment shall be made by way of money transfer (unless a special arrangement has been made) within 60 days from the day of receipt of the goods, but no earlier than as of receipt of the invoice.

5.3. Even in case of acceptance of early deliveries, maturity shall depend on the initial agreed-upon delivery date.

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- 5.4. We reserve the right to verify and acknowledge deliveries and invoices. In case of faulty delivery we shall be entitled to retain payment in the amount of the outstanding delivery until proper fulfillment.
- 5.5. Notwithstanding these Terms and Conditions or any individual contract, if we have any monetary claim against the Supplier, we are entitled to set off any monetary obligation owed to the Supplier (such as purchase price payment) with any monetary obligation owed by the Supplier to us.
- 5.6. Without our prior written approval, the Supplier shall not be entitled to assign or pledge any claim against or obligation to us, or to have his receivables collected by third parties. Should the Supplier assign such claims to a third party without our approval, such assignment shall nevertheless be valid. We shall be free to decide, however, whether we will make payment with discharging effect to the Supplier or to such third party.
- 6. Supplier's Master Data**
- 6.1. The prerequisite for entering into a business relationship with a Supplier is that such Supplier has a DUNS number. An order can only be placed with Suppliers who, at the time of ordering, are registered with our supplier portal with their DUNS number.
- 6.2. The master data of our Suppliers is managed through the supplier portal at <https://b2b.mann-hummel.com>. The Supplier shall undertake to keep his data in the portal always up to date. The Supplier shall undertake to verify his datasets at least once per year.
- 7. Force Majeure**
- 7.1. Force majeure, wars, natural disasters, official measures (such as confiscation, ban on exports) and other unforeseeable, inevitable and serious events shall release the contractual partners from their duties for the duration of the disturbance and to the extent of their effect. The contractual partners shall be obligated to immediately provide all necessary information within the scope of what is reasonable and to adapt the obligations in good faith to the changed circumstances.
- 7.2. Should such event last longer than two months, the contractual partners may rescind the respective agreement (or the yet unfulfilled contractual obligations) or terminate the respective agreement without notice.
- 8. Notice of Defects**
- We shall promptly notify the Supplier in writing of any defects of delivery as soon as we become aware of such defects in our proper course of business, and the Supplier shall waive the defense of late notice of defects.
- 9. Defects of Quality**
- 9.1. Warranty claims for parts intended for automobiles or commercial vehicles shall expire within 24 months as of first-time registration of the vehicle or installation of the spare part, but no later than after 30 months as of delivery to us. For all other parts and delivery items, the warranty claims shall expire after 24 months as of delivery to our customers, unless other periods have been expressly stipulated in writing.
- 9.2. As regards quantity and quality, delivery must comply with the agreed-upon terms and conditions, the intended use, our quality requirements, the relevant environmental provisions, the JIS standards applicable on the day of delivery, state-of-the-art technology, the relevant provisions and directives issued by the authorities and industrial associations as well as with legal provisions and regulations.
- 9.3. In case of defects of delivery, including the absence of an agreed-upon property, the Supplier shall, at our own option and notwithstanding our other legal remedies, be obligated to either (i) promptly remove the defect free of charge or deliver parts that are free of defects (incl. in each case the necessary expenses), or (ii) grant us a reasonable discount. Should the Supplier be unable to do either (i) or (ii) above, or should he fail to promptly comply with such obligation, we may rescind the contract and return the goods to the Supplier at latter's own risk and cost. Moreover, the Supplier shall perform reasonable analyses and corrections to remove the cause of the defect in order to prevent such defect from reoccurring.
- In urgent cases, we shall be entitled to remove or have the defects removed by a third party at the Supplier's cost and expense, notwithstanding our other claims. The costs incurred in this connection shall be borne by the Supplier.
- 9.4. Should the Supplier repeatedly deliver defective goods or should he repeatedly provide defective services, we shall be entitled, after a written warning, to rescind the contract even in respect of deliveries that have not yet been made if the Supplier continues to make defective deliveries or provide defective services.
- 9.5. In case of the circumstances described in Article 9.3 above, notwithstanding which remedy is chosen by us, the Supplier shall be obligated to reimburse to us any and all pertinent costs for repairs or for the replacement of defective goods (incl. parts costs, material costs, travel expenses, transportation, handling, sorting, installation, demounting, and labor costs). For each handling of a warranty case, the Supplier shall be obligated – insofar as he is responsible for the defect – to pay liquidated damages in the amount of JPY15.000 (Japanese Yen: fifteen thousand) for each defective part (notwithstanding our right to claim higher damages in individual cases). The Supplier shall be entitled to reject or request the reduction of such liquidated damages in any event if the Supplier is able to prove that we have incurred no actual or less damages. On the other hand, if any actual damage exceeds the said liquidated damages, we shall be entitled to request the Supplier to pay the actual damages by proving that we have suffered such actual damages.
- 9.6. Should we assume any obligation vis-à-vis our customers in our capacity as supplier, which obligation would result in a longer or further liability for defects or warranty, the Supplier shall be obligated to have such regulation also apply for himself after the prior written notification and as of the time of such notification.
- 10. Liability**
- 10.1 Unless otherwise agreed herein, the Supplier shall be obligated to pay for any and all damages, including any consequential damages directly or indirectly attributable to the Supplier. Except for such damage arising from the breach of the warranty, in principle, liability for damages shall only apply if the Supplier, his representatives or his assistants and vicarious agents deliberately or negligently causes the damage. The Supplier's liability for damages shall be excluded in as far as we have effectively limited liability vis-à-vis our customer. We strive to agree on limitations of liability also for the benefit of the Supplier to the extent permitted by law.

- 10.2 If claims are asserted against us by third parties based on liability regardless of negligence or fault, the Supplier shall indemnify us against such liability if he is responsible for the damage to the extent of his liability for such damage.
- 11. Product Liability**
- 11.1 If claims are asserted against us based on product liability, the Supplier shall undertake to indemnify us against such claims if and insofar as the damage was caused by a defective delivery item. The Supplier shall bear the full burden of proof insofar as he is responsible for the cause of the damage.
- 11.2 In such cases the Supplier shall be obligated to bear any and all costs and expenses, including the costs of litigation (if applicable), and to indemnify us in that respect.
- 11.3 The Supplier shall maintain any records concerning the manufacture, processing, shipment and distribution of any goods for 10 years from the date of delivery of such goods.
- 11.4 In case of a product recall due to a defective product delivered by the Supplier, we shall notify the Supplier to give him the opportunity to agree with us on the procedure and performance of the recall, unless prior notification of the Supplier is impossible because of the urgency of the matter. The Supplier shall bear the cost of the recall to the extent he is liable therefor, if and insofar as such recall is the result of a defective item delivered by the Supplier.
- 11.5 The Supplier undertakes to take out the necessary product liability insurance at his own expense and responsibility, which also covers the recall costs. At our request, the Supplier must prove that he has taken out such insurance by submitting the insurance certificate.
- 12. Quality, Environment and Documentation**
- 12.1. When making deliveries, the Supplier must comply with the generally accepted rules of technology and safety regulations as applicable from time to time. Insofar as we have provided the Supplier with drawings, samples or other provisions or documents, he shall comply therewith as regards the design and characteristics of the delivered item. Changes to the delivery item or to an already approved production process, or its relocation to a different place, require written notification in due time by the Supplier and our prior express written consent.
- 12.2. The following regulations shall apply for the delivery of production material. Changes to these regulations in individual cases must be made in writing.
- 12.3. The Supplier shall maintain or develop a quality management system based on ISO9001: 2008 in the version as applicable from time to time. Certificates from an accredited office or second-party certification and equal QM systems, such as VDA Volume 6, Part 1, may be approved after prior review on our part. The Supplier shall provide us with a copy of the current certificate, and after expiry of the validity date of such certificate shall send us a new certificate with further request. The Supplier must promptly notify us if the certificate is revoked.
- 12.4. Prototyping will be performed in accordance with "Quality Assurance of Supplies" (VDA Document, Volume 2) and/or according to PPAP (AIAG), in their most current versions. In addition to prototyping, the Supplier must enter all material data in the material database IMDS (International Material Data System: <http://www.mdssystem.com>); the approved and accepted IMDS entry of all relevant material data is part of and prerequisite for approval of the prototypes.
- 12.5. Regardless of a successful sampling, the Supplier must constantly check the quality of delivery items and must perform re-qualification tests on a regular basis. The contractual partners must keep each other informed of the possibilities of further quality improvement.
- 12.6. The Supplier shall comply with any and all environmental protection laws applicable for him. Continuous improvement of operational environmental protection and the avoidance of environmental pollution shall be ensured systematically according to generally accepted rules.
- 12.7. When making deliveries to the European Union, the Supplier shall be obligated to comply with the requirements of Regulation (EC) No. 1907/2006 of the European Parliament and of the Council dated 18 December 2006, concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Products that do not fully comply with the requirements of REACH must not be supplied to MANN+HUMMEL.
- 12.8. The Supplier shall obligate his subcontractors in accordance with this Article 12.
- 13. Intellectual Property Rights**
- 13.1. The Supplier warrants that we will not infringe on any intellectual property right (including applications for such intellectual right) by reselling the supplied products or by deploying or using them as contractually agreed. He shall indemnify us against any and all third-party claims resulting from the use or infringement of such rights.
- 13.2. The contractual partners shall be obligated to promptly notify each other of any infringement risks and alleged infringement cases they become aware of and to give each other the opportunity to amicably counter any such claims.
- 14. Retention of Title**
- We shall not accept or acknowledge any extended or prolonged retention of title by the Supplier. The agreement on such retention of title shall require separate written approval on our part.
- 15. Confidentiality**
- 15.1. The contractual partners undertake to treat with confidentiality (as a business secret) any and all business and technical details that have been disclosed by one contractual partner to other contractual partner within the scope of their business relationship, and one contractual partner will not disclose those details to any other third parties without the prior written approval of the other partner. Provided, however, that the foregoing shall not apply to any of the following: (i) publicly known information at the time of the disclosure between the contractual partners; (ii) information that becomes publicly known, without any fault or breach of these terms and conditions, after the disclosure between the contractual partners; (iii) information already known to the receiving contractual partners at the time of the disclosure between the contractual partners; (iv) information duly obtained from a third party not related to the disclosing contractual partner before the disclosure between the contractual partners; or (v) information independently developed by the receiving contractual partner without regard to the disclosure between the contractual partners.
- 15.2. Drawings, models, templates, samples, tools, appliances and similar items disclosed or provided by us (including those created by the Supplier based on any of such items)

must not be used for any purpose other than the designated purposes thereof, or surrendered or otherwise made accessible to unauthorized third parties. Duplication or reproduction of such items shall only be permitted within the scope of business requirements and the free use as stipulated in the applicable copyright regulations.

- 15.3. The Supplier shall cause any of the Supplier's employees, officers and subcontractors, who may possibly handle any of the information or items specified in Paragraphs 15.2 and 15.3, to duly observe the provisions of this Article 15.
- 15.4. Either of the contractual partners may use, for its commercial advertisement, its business relationship with the other contractual partner, the other contractual partner's name or logo only with prior written approval of the other contractual partner.
- 15.5. The provisions of this Article 15 shall survive the expiration or termination of these Terms and Conditions.

16. Production material

Material, tools, samples, models, patterns, drawings and other production materials as well as confidential information provided to the Supplier or paid by us shall be and remain our property. The Supplier shall promptly return the above items if so requested by us.

The Supplier undertakes to treat them as confidential and to use them for deliveries to third parties only with our prior written approval.

17. General Provisions

- 17.1. Should one of the contractual partners stop making payments or becomes insolvent, or should any attachment, provisional attachment or provisional injunction proceeding be instituted or otherwise any compulsory execution, public auction or coercive tax collection be enforced against his assets, or should any petition for the commencement of bankruptcy, civil rehabilitation, company reorganization be filed against him, or should he commence the liquidation procedures, or should any governmental authority revoke or suspend his business, should he be reasonably found that his credit or business has been materially changed to cause his performance hereunder extremely difficult, the other contractual partner shall be entitled to rescind that portion of the agreement which has not yet been fulfilled, without any reminder or other procedures required.

In such case, any and all monetary obligations of the contractual partner subject to any of the above proceedings, etc. shall automatically become due, and such contractual partner shall immediately pay those monetary obligations to the other contractual partner.

- 17.2. The Supplier shall promptly notify to us if any of the followings occurs or will highly likely occur: (i) any material change in his business, such as change of the address, representative, trade name or the like; (ii) any material change in his management, such as transfer of the business, merger or the like; or (iii) any other matters stipulated in the first paragraph of Paragraph 17.1.
- 17.3. If any of the provisions contained in these Terms and Conditions and other agreements is or becomes invalid, it shall not affect the validity of the remaining contract. The contractual partners shall be obligated to replace such invalid provision with a valid provision that best reflects the economic success of the invalid provision.

- 17.4. The place of performance for all deliveries shall be the plant indicated in the order.

- 17.5. Unless otherwise agreed, the laws and only the laws of Japan shall apply. Application of the United Nations Convention of 10 April 1980 on Contracts for the International Sale of Goods shall be excluded.

- 17.6. If any dispute arises between the contractual partners in relation to or in connection with these Terms and Condition, such dispute shall be brought to the competent court having jurisdiction over the registered place of our main office.