

1. Definitions

- 1.1 "MUSASHI EUROPE" is the company designated in the offer and/or purchase order as the "Purchaser": Musashi Europe GmbH, Musashi Bad Sobornheim GmbH & Co. KG, Musashi Bockenau GmbH & Co. KG, Musashi Grolsheim GmbH & Co. KG, Musashi Luechow GmbH, Musashi Hann. Muenden Holding GmbH, Musashi Hann. Muenden Forging GmbH, Musashi Hann. Muenden Machining GmbH & Co. KG, Musashi Leinefelde Forging GmbH & Co. KG, or Musashi Leinefelde Machining GmbH & Co. KG.
- 1.2 "Contract" is any binding agreement made pursuant to Sec. 3;
- 1.3 "Goods" are both material and immaterial goods, including software, any pertinent documentation and packaging; the term "goods" also comprises "services", unless agreed otherwise in these Terms and Conditions;
- 1.4 "Services" are services and work rendered to MUSASHI EUROPE by Supplier under the contract;
- 1.5 "Supplier" is any natural or legal person (including any affiliated companies) entering into a contract with MUSASHI EUROPE.
- 1.6 "Subcontractors" are companies supplying goods or rendering services to Supplier.

2. Scope of application

- 2.1 These General Terms and Conditions of Purchase along with the respective order placed by MUSASHI EUROPE conclusively stipulate the terms and conditions on which MUSASHI EUROPE purchases or orders goods. Any General Terms and Conditions of Supplier shall not become part of the contractual relationship. They shall not apply even if deliveries are accepted without reservation or if they are not expressly disclaimed.
- 2.2 Individual agreements with Supplier shall take precedence over these General Terms and Conditions of Purchase. The content of such agreements shall be laid down in a written contract. Any legally relevant declarations and notifications submitted by Supplier after conclusion of the contract (e.g. setting of deadlines or withdrawal) must be made in writing to be effective.
- 2.3 These General Terms and Conditions of Purchase, as amended from time to time, shall also apply to any future contracts on the supply of goods without having to refer to them again in each individual case. Supplier will be informed of any amendments without delay.
- 2.4 Any references to the application of statutory provisions are only made for the purpose of clarification. Even without such clarification, the statutory provisions shall apply at all times and, if applicable, in addition, unless they are directly amended or expressly excluded in these General Terms and Conditions of Purchase.

3. Conclusion and content of contract

- 3.1 In the absence of an agreement to the contrary, Supplier shall confirm the order in writing within one week or execute the order without reservation (acceptance). If Supplier fails to object to the order within one week of receipt, the order shall be deemed accepted, unless MUSASHI EUROPE cancels the order within that week.
- 3.2 When Supplier accepts valid orders of MUSASHI EUROPE, either by confirming the order, delivering the goods or executing the services, a binding contract shall be established. Such a contract shall be subject exclusively to the provisions of these General Terms and Conditions of Purchase, the corresponding purchase order and any annexes. MUSASHI EUROPE's General Terms and Conditions of Purchase shall not be amended by either tacit agreement or acceptance of the goods or other practices or trade customs.
- 3.3 Supplier shall bear all costs incurred in preparation for concluding the contract, in particular the costs of preparing cost estimates.

4. Essential significance of deadlines, contractual penalty

- 4.1 Meeting the agreed deadlines is essential for the contractual purpose and all dates agreed in the contract shall be binding. Should Supplier expect any difficulties in meeting a deadline or fulfilling other obligations, Supplier shall notify MUSASHI EUROPE in writing without delay.
- 4.2 In the event that Supplier is in default, MUSASHI EUROPE shall be entitled to claim a contractual penalty amounting to 0.3% of the net price per full working day, but not exceeding 5% of the net price of the delayed goods in total. MUSASHI EUROPE shall be entitled to claim the contractual penalty in addition to the performance and as a minimum amount of any compensation payable in accordance with the statutory provisions; the right to assert further claims for compensation shall remain unaffected. If MUSASHI EUROPE accepts the delayed performance, the contractual penalty may be claimed up until the final payment. The obligation to pay the contractual penalty shall not apply if Supplier has no fault in the delay.

5. Deliveries

- 5.1 In the absence of an express written agreement to the contrary, all deliveries shall be made FCA works of Purchaser in accordance with Incoterms 2010 with the exception that FOB (named port) in accordance with Incoterms 2010 shall apply to sea transport. The delivery shall be deemed executed upon delivery in accordance with the respective applicable Incoterms 2010 clause.
- 5.2 Partial deliveries and deliveries before the agreed delivery date are not permitted. MUSASHI EUROPE reserves the right to refuse acceptance and return the goods at Supplier's expense and risk if the delivery method, delivery date or the agreed delivery costs are not observed. MUSASHI EUROPE will not accept any costs of production, installation, assembly or other work in connection with the goods incurred by Supplier prior to delivery under the contract.
- 5.3 Supplier shall package, label and dispatch the goods in accordance with the custom and practice of a prudent businessman so as to avoid any damage during transport and to enable efficient unloading, processing and storage of the goods.
- 5.4 The order number, along with the date, unloading site and material number, shall be stated in order confirmations, delivery notes, freight documents, parcel labels, wagon labels, invoices and any other correspondence. Delivery notes shall be handed over in quadruplicate along with the delivery.

6. Prices, terms of payment

- 6.1 All prices stated in the contract are fixed prices incl. packaging and any necessary licences. All prices are quoted inclusive of the statutory value-added tax, unless this is shown separately.
- 6.2 Upon delivery of goods and/or acceptance of services, but no later than two months following delivery or acceptance, Supplier shall issue an invoice that meets all relevant legal and fiscal requirements. Invoices shall be sent in triplicate separately by post, with duplicates having to be clearly identified as such.
- 6.3 Payment will be made within fourteen (14) days with 3% discount or within thirty (30) days of approval/acceptance of the goods and receipt of a proper invoice.
- 6.4 MUSASHI EUROPE and its affiliated companies shall be entitled to set off receivables due from Supplier against Supplier's receivables due from MUSASHI EUROPE or its affiliated companies at any time.

7. Quality assurance

- 7.1 To the extent that the contractual relationship is based on a quality assurance agreement, Supplier shall manufacture the goods in the quality stipulated therein.
- 7.2 Supplier is not permitted to make any modifications to the goods, in particular changes in procedures or design, changes in manufacturing processes (including geographic location) as well as changes in the mechanical form or fit, functionality, environmental compatibility, chemical properties, service life, safety or quality without obtaining MUSASHI EUROPE's prior consent.

- 7.3 The supplier of products and services that are used directly in the creation of added value undertakes to maintain IATF 16949 and ISO 14001 certification and demonstrate this by sending unsolicited valid certificates. The supplier of all other products or services undertakes to permanently apply a quality management system in accordance with the current ISO 9001 standard. Proof can be provided by sending valid ISO 9001 certificates or by 1st/2nd party audits.
- 7.4 MUSASHI EUROPE shall be entitled to demand verification of Supplier's quality management system and to satisfy itself as to the type of execution of the tests and inspections on site, if applicable, also at subcontractors as well as to conduct an audit in Supplier's company.

8. Agreed quality

- 8.1 Supplier guarantees to MUSASHI EUROPE that:
- the goods are suitable for the intended purpose of use and that they are new, marketable, of good quality and free from any defects in design, material, construction, manufacture and installation;
 - the goods strictly comply with the specifications, approved samples and all other requirements arising from the contract;
 - all licences required for the goods are available and valid and that the scope of the licence properly covers the intended use of the goods;
 - the goods are free from any burdens and third-party rights, in particular from any encumbrances;
 - all goods are developed, manufactured and delivered in accordance with the applicable statutory provisions and regulations and all services are rendered in accordance with the applicable statutory provisions and regulations, in particular, if applicable, the Product Safety Act, the environmental, occupational health and safety as well as accident prevention regulations, the labour law and the Minimum Wages Act;
 - the goods are provided with all information and instructions required for proper and safe storage, use, processing, resale and disposal;
 - the goods do not violate any patent rights or copyrights (including image rights and moral rights), trade secrets, trademarks or other proprietary rights of third parties in Germany or abroad.
- 8.2 In the event of any inconsistencies, in particular in the event of inconsistencies between the contractual specification and mandatory statutory provisions or the state of the art, Supplier shall notify MUSASHI EUROPE without delay. In this case, MUSASHI EUROPE and Supplier shall seek an amicable solution.
- 8.3 The contractual warranty period for delivered goods shall be 36 months from the delivery of the goods by MUSASHI EUROPE to its customers, but not exceeding 48 months from delivery by Supplier. The warranty period for services shall be 36 months, unless a longer warranty period is prescribed by law.
- 8.4 In the event of remedy of defects or substitute delivery within the warranty period, the warranty period for repaired or replaced goods shall be 24 months from the new delivery or acceptance, but shall not expire before the original warranty period.

9. Inspection, rejection, acceptance

- 9.1 The acceptance, inspection or payment of the goods by MUSASHI EUROPE shall not be deemed as approval without reservation and shall not release Supplier from the contractual obligations, commitments and warranties.
- 9.2 MUSASHI EUROPE shall be entitled to inspect Supplier's manufacturing process at short notice. Supplier shall take appropriate precautions to ensure the safety and facilitate the work of MUSASHI EUROPE's staff.
- 9.3 Services will be accepted by MUSASHI EUROPE after completion and corresponding notification by Supplier. Goods will be immediately inspected by MUSASHI EUROPE for external intactness and completeness. Any apparent defects will be reported without delay, usually within 2 weeks of receipt of the goods. Any latent defects will be reported without delay, usually within 2 weeks of discovery. Supplier shall have any defective goods picked up from MUSASHI EUROPE at its own expense within two (2) weeks of notification of the defect and/or render any services without delay at its own expense in accordance with the instructions given by MUSASHI EUROPE. If Supplier fails to pick up the goods within two (2) weeks, MUSASHI EUROPE shall be entitled to return or store them at Supplier's expense and risk. This shall be without prejudice to other or further contractual or statutory claims of MUSASHI EUROPE.
- 9.4 If a random inspection shows that part of a lot or a delivery of identical or similar items is not in conformity with the contract, MUSASHI EUROPE shall be entitled to refuse the acceptance of the entire delivery or entire lot without further inspection and return it to Supplier; alternatively, MUSASHI EUROPE may also perform an inspection of the entire lot or delivery, refuse the acceptance of all or particular nonconforming goods and return them to Supplier while charging the costs of the inspection to Supplier (or accept them at a reduced price).

10. Rights under warranty

- 10.1 In the event that the goods do not have the agreed quality or are otherwise not in conformity with the contract, MUSASHI EUROPE shall be entitled, notwithstanding any other statutory or contractual rights and claims (in particular other claims for compensation):
- to claim, at its option, either immediate, free-of-charge remedy of defects or substitute delivery ("cure"); and
 - to reduce the price, withdraw from the contract in whole or in part or claim compensation in lieu of performance if the cure fails after expiry of a reasonable period set by MUSASHI EUROPE; the right to claim compensation shall not be limited by the withdrawal; and
 - to effect the cure itself at Supplier's expense in particularly urgent cases where Supplier cannot be notified in time to effect the cure within the additional period.
- 10.2 Supplier shall bear all cost and expenses associated with the remedy of defects, substitute delivery and transport of the defective goods or services and shall reimburse MUSASHI EUROPE for all resulting costs and expenses (in particular any costs of inspection, fitting, removal, processing and storage). MUSASHI EUROPE may also claim the reimbursement of costs arising in connection with inspections if MUSASHI EUROPE is compelled to perform a receiving inspection going beyond the usual scope of random inspections due to the above-average occurrence of defects. In the event of defects that do not become apparent until processing or use of the goods, MUSASHI EUROPE shall be entitled to claim reimbursement of futile expenses.
- 10.3 Any further or other contractual or statutory rights or claims (including any claims for compensation) shall remain unaffected by the foregoing provisions.

11. Indemnity

- 11.1 To the extent that Supplier is responsible for any damage or loss outside the delivered goods, and claims are asserted against MUSASHI EUROPE based on statutory product liability, Supplier is obliged to indemnify MUSASHI EUROPE upon first request against any and all compensation claims of third parties to the extent that the cause of the damage lies within Supplier's sphere of responsibility and Supplier is personally liable in dealings with third parties.
- 11.2 Within the scope of its liability for damage pursuant to (1) above, Supplier is also obliged to reimburse any expenses pursuant to Sec. 683, 670 as well as Sec. 830, 840, 426 German Civil Code (BGB) arising from or in connection with a recall campaign conducted by us and/or third parties, in particular our customers. In particular, Supplier shall indemnify us against any and all claims asserted by our customers in connection with preventive customer-related measures (including recall). If possible and reasonable, we will inform Supplier of the content and scope of the recall measures to be taken, giving Supplier the opportunity to make a statement. Any other statutory claims shall remain unaffected.

12. Insurance

Supplier undertakes to maintain a worldwide (simple and extended) product liability insurance with a minimum coverage of € 5 million per personal injury/material damage as well as a motor vehicle recall insurance with a minimum lump-sum coverage of € 5 million and present to us the insurance certificate upon request.

13. MUSASHI EUROPE's property

- 13.1 In the absence of any agreement to the contrary, the ownership of goods shall pass on to MUSASHI EUROPE upon handover in accordance with the respective applicable Incoterms clause. The ownership of services shall pass on to MUSASHI EUROPE upon acceptance.
- 13.2 Any physical and non-physical items (including intellectual property rights and know-how) provided or made available to Supplier for the purpose of contract performance by or on behalf of MUSASHI EUROPE shall remain MUSASHI EUROPE's exclusive property and may be used exclusively for the fulfilment of the contractual obligations. Supplier is obliged to treat the items with the due diligence of a prudent businessman. Supplier shall bear the risk of accidental loss, deterioration and destruction of the items provided.
- 13.3 Any processing by Supplier shall take place on MUSASHI EUROPE's behalf. Should Supplier acquire co-ownership as a result of combination or intermixture, it shall hereby assign to MUSASHI EUROPE its share in the ownership. The handover shall be replaced by free-of-charge storage by Supplier.
- 13.4 Items that constitute a replacement for MUSASHI EUROPE's property shall become MUSASHI EUROPE's sole property. The free-of-charge storage of the items on MUSASHI EUROPE's behalf shall replace the handover.
- 13.5 MUSASHI EUROPE's property may not be handed over to third parties without obtaining MUSASHI EUROPE's written consent. Any information concerning this shall be kept confidential and shall be MUSASHI EUROPE's property.
- 13.6 To the extent technically feasible, all items provided shall be identified as MUSASHI EUROPE's property and stored at Supplier's risk. They shall be kept in a good condition and – if necessary – shall be replaced at Supplier's expense after obtaining MUSASHI EUROPE's prior consent. They shall be subjected to a periodic inventory by Supplier upon MUSASHI EUROPE's request, as long as this is requested at reasonable intervals. The items provided shall be returned to MUSASHI EUROPE upon first request.

14. Subcontractors

- 14.1 Supplier shall be responsible for the manufacture and quality of the goods. Supplier shall also retain the responsibility for the contractually agreed workmanship of the goods if the manufacture or individual processing steps are carried out by a subcontractor or if material is purchased from third parties.
- 14.2 Subcontractors may only be involved after obtaining MUSASHI EUROPE's prior written consent.
- 14.3 To the extent that any damage is attributable to subcontractor's defective performance, Purchaser shall be entitled, at its option, to demand from Supplier the assignment of the warranty claims against the subcontractor instead of asserting claims for compensation.

15. Observance of laws, statutory minimum wage

- 15.1 Supplier shall observe all relevant laws, regulations, provisions and ordinances (in particular those relating to product safety, packaging, fair working conditions, equal opportunities and environmental protection) at all times to the extent that they are applicable in the country of manufacture or the country of destination of the goods or at the place of performance of the services.
- 15.2 Supplier shall provide MUSASHI EUROPE with all information required by MUSASHI EUROPE to observe all relevant laws, provisions and regulations while using the goods.
- 15.3 Supplier shall ensure that it and all subcontractors involved by it as well as any hirers commissioned by them pay the employed workers the applicable minimum wage in accordance with the Minimum Wages Act (MiLoG). In addition, Supplier confirms that its company and the subcontractors involved by it are not excluded from awarding public contracts pursuant to Sec. 19 of the Minimum Wages Act.
- 15.4 MUSASHI EUROPE shall be entitled to demand random and anonymised pay slips for the workers employed by Supplier and by subcontractors (wage and salary lists).
- 15.5 In the event that a valid claim for compensation pursuant to the Minimum Wages Act is asserted against MUSASHI EUROPE by an employee of Supplier and/or the subcontractors, Supplier undertakes to pay MUSASHI EUROPE upon first request a contractual penalty amounting to EUR 250.00 per claim. The payable contractual penalty shall be set off against any claims for compensation and shall be limited to 10% of the respective price and to a total of EUR 25,000.00 per calendar year. The obligation to pay the contractual penalty shall not apply if Supplier is not at fault.

16. Limitation of liability

- 16.1 MUSASHI EUROPE shall be liable to Supplier in the event of wilful intent and gross negligence.
- 16.2 In the event of slight negligence, MUSASHI EUROPE shall only be liable to Supplier for damage arising from injury to life, limb or health as well as for damage arising from breach of a material contractual obligation (an obligation the discharge of which is an essential prerequisite for the proper performance of the contract and the observance of which Supplier can rely upon as a matter of course).
- 16.3 In the event of negligent breach of a material contractual obligation, MUSASHI EUROPE's liability to Supplier shall be limited to compensation for the foreseeable, typically occurring damage.
- 16.4 The limitations of liability shall not apply to Supplier's claims against MUSASHI EUROPE under the Product Liability Act.

17. Force majeure

- 17.1 In the event that Supplier is prevented from fulfilling its contractual obligations due to a force majeure event and is able to provide sufficient evidence of the occurrence of such event, it shall be released from fulfilling these obligations for the duration of the force majeure event. A force majeure event is defined as an unforeseeable event beyond Supplier's control.
- 17.2 MUSASHI EUROPE shall be entitled to terminate the contract in writing, with immediate effect and without being liable to pay compensation to Supplier if the context of non-fulfilment justifies immediate termination or if the circumstances underlying the force majeure event last longer than thirty (30) days.
- 17.3 Supplier's shortage of personnel, production materials or resources, strike or breach of contract by third parties shall not be deemed force majeure events.

18. Confidentiality

- 18.1 Supplier shall keep confidential any and all information disclosed by MUSASHI EUROPE or on MUSASHI EUROPE's behalf in connection with the contract. This shall also apply to information created by Supplier on MUSASHI EUROPE's behalf. Supplier may use such information exclusively for the purpose of contract performance. Supplier shall treat such information with the same diligence it applies in respect of its own confidential information, but at least with reasonable due diligence. All information shall remain MUSASHI EUROPE's property. Upon MUSASHI EUROPE's request, Supplier shall immediately return to MUSASHI EUROPE the corresponding documents without retaining any copies, unless prescribed otherwise by mandatory statutory or official regulations or orders.
- 18.2 Supplier shall keep the contract and its content confidential.

19. Choice of law, place of jurisdiction

19.1 This contract shall be governed by the law of the Federal Republic of Germany.

19.2 The exclusive, also international, place of jurisdiction for any disputes directly or indirectly arising from the contractual relationship shall be MUSASHI EUROPE's place of business. MUSASHI EUROPE shall be entitled to bring legal action at Supplier's general place of jurisdiction.