

**Special Terms and Conditions
for construction work and professional services
of AVL Commercial Driveline & Tractor
Engineering GmbH**

Edition July 2017

Unless otherwise agreed by the parties in writing, the following conditions shall apply to the contractual relationship in addition to, and prevailing over, the Special Purchase Conditions for Project Services of AVL Commercial Driveline & Tractor Engineering GmbH (SPC) and the General Purchase Conditions of AVL Commercial Driveline & Tractor Engineering GmbH (GPC). These special terms and conditions, the SPC and the GPC, are deemed to be accepted upon the start of the execution of the order and the Contractor also accepts them as legally binding for all subsequent and additional orders. Any deviating or supplementary terms of the Contractor shall only be applicable if they are expressly accepted in writing by us.

1. Principles of the Contractor's services

- 1.1 All work offered, or to be provided, by the Contractor shall be produced, delivered, installed and put into operation based on the recognized rules of technology, statutory and administrative regulations, directives and guidelines, and include all ancillary services, unless otherwise expressly agreed in writing.
- 1.2 The Contractor warrants that it has inspected all local conditions before submitting its tender and that it has informed itself of the technical and building regulations to be observed.

2. Contractor responsibilities

- 2.1 The Contractor shall inspect the documents submitted for review regarding their accuracy and completeness. The Contractor is obligated to point out any errors, inconsistencies or wording, which permit different interpretations regarding execution, measurement or billing, at the latest upon submission of the offer.
- 2.2 The Contractor shall hand over a company profile and a reference list of comparable services rendered over the last three years, unless otherwise agreed.
- 2.3 In the course of the award of the contract, the Contractor shall, upon request, provide us with a detailed construction timetable for the course of its performance within the framework of the contract dates and coordinate with us the individual binding periods and to have them approved by us. The delivery (if requested) and adherence to this detailed construction timetable drawn up by the company commissioned by us, in the case of large orders, shall be a contractual obligation of the Contractor. The deadlines and

dates of the detailed construction timetable (also interim deadlines) are only met if the partial or overall performance is completed in a timely manner. The Contractor shall immediately notify us in writing of any delays in its work, even if it assumes that the circumstances and causes are known to us.

- 2.4 The Contractor shall appoint a representative responsible for the performance. This authorised representative is, in any event, authorised to issue and accept binding supplementary offers, to accept instructions, to make legally binding declarations, to participate in the construction meetings as a representative of the Contractor and to make binding declarations and conclude agreements on the Contractor's behalf. The authorised representative must participate in the construction meetings. The provisions and agreements stipulated in the course of the construction meetings are binding for the Contractor.

3. Implementation documents

- 3.1 Components of the implementation documents are the approved plans and detailed drawings of AVL, the documents of the appointed architect or specialised experts, such as, for example, house engineering planners, released by us and all other regulations.
- 3.2 The Contractor must request all the documents contractually agreed upon for the performance of its service from us in such a timely manner that there is no hindrance in the execution of the work. These documents are made available to the Contractor free of charge (digitally), in a manner which is required for the fulfilment of the order and which is customary in the industry.
- 3.3 The Contractor must submit any applicable implementation documents in accordance with the standard provided by us for labelling, documents and planning documents, as well as proposals for samples, in such a timely manner that the necessary decisions can be made timely without endangering deadlines.
The costs for the documents to be drawn up and / or provided by the Contractor, as well as for the production and removal of samples shall be covered by the unit and flat rates.
- 3.4 The release of documents and samples by us means no examination of their technical accuracy or suitability and does not absolve the Contractor from its responsibility for the proper performance of the agreed services (including possible warning obligations).
- 3.5 If the description in the service specifications be incomplete, then all necessary services for the professional completion of the individual works must still be provided.

The cost of these services is included in the unit and flat rates.

4. Changes in the scope of order / supplements

- 4.1 Changes due to the progress on the construction site regarding the start of the work do not entitle the Contractor to a price change. The Contractor expressly waives any compensation of waiting times at the construction site.
- 4.2 The Contractor undertakes to notify us immediately in writing, should there be any concern regarding changes in performance, additional services or changes in the start of performance. Any resulting change in the agreed performance period or the introduction of accelerating measures (use of additional equipment, additional personnel etc.) shall be agreed between us and the Contractor in writing.
- 4.3 If no flat-rate fixed price has been agreed, any offers for additional services which become necessary during performance of the contract (beyond the services described in point 3.5) must be provided on the basis of the main offer and be approved by the project management of AVL / Facility Management prior to executing such additional services to ensure that construction progress is not hindered. If an exceedance of the order sum becomes apparent to the Contractor, it shall immediately notify the project management of AVL / Facility Management in writing of the cause and scope of exceedance.
- 4.4 We are entitled to award partial services separately from the Contractor's offer, irrespective of type and extent. The Contractor is not entitled to make any price changes for any changes of order amount within the scope of a maximum of 30% of the order amount.
- 4.5 Any extraordinary work will be compensated only on the basis of a written order. In such a case, daily reports with corresponding explanatory entries, which clearly indicate the type, scope, and location of the work as well as the material consumption, shall be submitted to the local construction supervision for confirmation. Collective confirmations for a period beyond the applicable working day are not recognised. Technician and foreman hours may only be invoiced after our prior written order. Hours for skilled workers may be only invoiced in agreement with the local construction supervision and only if the work to be carried out can only be carried out by a skilled worker.
- 4.6 We reserve the right to order work interruptions without associated costs.

5. Subcontractors

Should we recommend any subcontractors for any work to be subcontracted by the Contractor, the Contractor

undertakes to carefully examine their tenders and notify us in writing of the reasons should it chose a subcontractor other than the one recommended by us. The Contractor may only award subcontracts with our prior written consent.

6. Construction site equipment and cleaning

- 6.1 We provide the Contractor with power and construction water on the premises during the construction period. The Contractor is responsible for the distribution and supply as of the transfer point specified by us. The Contractor shall use the necessary resources efficiently in the usual extent (in particular materials, energy and water) for the relevant work and minimize environmental impacts (in particular waste, waste water, air and noise pollution). This also applies to the logistics / transport costs.
- 6.2 The Contractor is required to register all chemical substances contained in the materials used in accordance with the applicable laws for the relevant market (for example, REACH Regulation (EC) No 1907/2006) and, if necessary, to apply for or to register their authorization.
- 6.3 The Contractor shall obtain the necessary permits for the use of public road surfaces and neighbouring terrain, and to provide all security precautions (fencing, lighting, signage, etc.) at its own expense. The Contractor shall bear any costs for the use of these areas.
- 6.4 The establishment and use of workplaces and storage areas, traffic routes and construction site equipment require our prior written consent. At our request, the Contractor is required to carry out, during the construction period free of charge, any necessary relocation of work places, storage areas, and traffic routes and site equipment. The Contractor undertakes to clean the construction site or the place of its performance to the appropriate extent at regular intervals and to leave it clean and tidy after completion of the work. If the Contractor fails to comply with one of these obligations, we may carry out any necessary action at the Contractor's expense without granting a grace period. Costs for removing and disposing of non-attributable wastes will be charged pro rata to the possible polluters. The Contractor shall hand over copies of the construction waste reports monthly. The associated costs are covered by the unit and flat rates.
- 6.5 We and our representatives have the right to inspect the construction at any time. In this case, all required documents must be submitted and information provided, as well as the possibility of inspecting the construction site.
- 6.6 The Contractor shall keep a construction logbook and submit it to the local construction supervision daily. A copy is to be left to us. The construction logbook should contain the daily work and the hours worked, separated according

to skilled and unskilled worker hours, as well as important events, in particular the following:

- Weather conditions and daytime temperatures
- Events which would cause a delay in the construction deadlines and which would later become undetectable and demonstrable.

6.7 In order to ensure proper construction management, the Contractor is obliged to be present on the construction site, either itself or through a professional authorised representative, for the entire duration of the execution of its work.

6.8 The contract is not modified in any way by any entries in the construction log book. Our written and oral instructions or those of our authorised local construction supervision are binding. In the case of verbal orders, these must be recorded in the construction log book and confirmed by us or our local construction supervision.

7. Warranty / acceptance

7.1 The acceptance can be rejected by us until completion of a faultless performance. The Contractor shall prepare the acceptance test and initiate all measures which will enable us to assess the acceptability of the performance. A deemed acceptance is excluded. However, the Contractor's services shall be considered as accepted if, despite a written request by the Contractor, the acceptance is delayed for more than eight weeks for reasons which we are responsible for. The warranty period starts from the point in time of unconditional acceptance.

7.2 The Contractor shall give a warranty for the period of 3 years. The Contractor must remedy any defects occurring during this period immediately upon request at its own expense. A warranty period of 3 years from replacement or repair applies to all parts exchanged or repaired within the scope of the warranty.

7.3 If it is already apparent during the performance that performance is deficient or contrary to the contract, we can cancel the contract completely or in part by granting a reasonable grace period, and may also commission a third party to make partial deliveries at the expense of the Contractor.

7.4 The Contractor shall be liable for the construction site and for all materials stored there up to the unconditional acceptance.

7.5 The Contractor shall bear the proportionate costs of all damages (glass breakage and the like) calculated by the local construction supervision, which were caused by an unidentifiable party. The proportionate costs are calculated in proportion to the original order sums.

7.6 The Contractor expressly commits itself to indemnify us against all third-party claims. This applies in particular to compliance with all measures for securing the construction site and compliance with all applicable regulations. The Contractor cannot claim a failure in supervision on the part of AVL or third parties commissioned by us.

8. Insurance

8.1 The Contractor shall maintain insurance cover adequate and reasonable regarding risks and amounts for all personal, material and financial damage resulting from the execution of the order and to provide proof thereof on request.

8.2 The conclusion of insurance does not limit the liability of the Contractor.

9. Company and advertising boards

9.1 Company and advertising boards may only be affixed on our premises upon our approval. If such boards are requested, the Contractor waives the compensation.

10. Invoicing, guarantees, payment

10.1 We reserve the right to demand from the Contractor a deposit of 20% of the order value. This is to be submitted to us within 14 days after the order has been placed, in the form of an abstract, irrevocable bank guarantee payable upon first demand as a performance guarantee, valid for the duration of the services to be rendered.

10.2 The date of receipt shall be conclusive for the calculation of periods for submission, inspection and payment.

10.3 In principle, only services accepted by us and delivered according to the contract can be invoiced. The invoices shall be provided with a brief description of the services rendered and the timeframe agreed upon with reference to the order number.

10.4 Invoicing data, such as mass calculations - which are produced by mutual measurement and mutual confirmation - plans, recordings, material calculations, daily reports and the like shall be enclosed with the invoice in a single copy. In order to calculate the mass, settlement drawings must be produced on the scale of the execution plans. This means that all dimensions of the quantity calculation must be entered. The individual parts of the estimates in the mass lists must be clearly evident from the corresponding partial figures of the plans. These partial figures are to be delimited and provided with order numbers, which also appear in the measurement set-up. The corresponding billing plan must be stated for each approach or group of exposures. The invoices and their supplements must be written double-spaced so that any corrections and changes can be entered over the lines.

10.5 Incomplete invoices are rejected. If agreed submission

deadlines are not met, we shall no longer be bound to the agreed inspection and payment periods.

- 10.6 Subject to an agreement in this respect, partial invoices may be issued for completed services after completing the steps stipulated in the contract. The last partial invoice must show all previously charged services. The payment of partial services is subject to a later review and possible recovery with legal interest and does not count as acceptance of a part of the performance.
- 10.7 All partial invoices are paid at 90% of the checked and approved invoice amount. 10% will be withheld as cover rebate.
- 10.8 The final invoice must be submitted after the completion of the entire work. The acceptance report, unconditionally signed by us, must be enclosed with the final invoice.
- 10.9 A 5% retention of the accepted final settlement amount shall be withheld until the end of the warranty period which can be replaced by an abstract, irrevocable bank guarantee, payable upon first demand with a maturity until eight weeks after the end of the warranty period, if agreed upon in the contract.
- 10.10 The review period is two weeks for partial invoices and four weeks for final invoices after receipt of the auditable invoice.

11. Termination by AVL

- 11.1 In the case of termination for which the Contractor is responsible, no compensation of any kind shall be paid in addition to payments already received as agreed. The 10% cover rebate, which has been retained up to then, will be forfeited in favor of AVL. We reserve the right to have a third party perform the work for a non-completed part of the service at the expense of the Contractor and to make claims for further damages.
- 11.2 In the case of termination in circumstances for which the Contractor is not responsible which render a further execution of the contract undesirable in our view, the Contractor shall submit a final closing statement in accordance with the agreed terms within 30 days of the termination of the contract.

12. Offer validity

The Contractor shall remain bound by the offer for a period of 6 months.