

# General Purchase Conditions of AVL Moravia s.r.o. (hereinafter as “AVL”)



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If not otherwise agreed upon in writing, the following conditions shall apply to the contractual relationships. Upon execution of the purchase order (first delivery), these **General Purchase Conditions** shall be considered as legally binding and as such the supplier shall also consider these conditions as legally binding for all subsequent deliveries. Deviating or supplementary conditions of the supplier shall only be applicable if they are expressly recognized in writing by us.

## 1. Purchase Order

1.1 Purchase orders (orders) and amendments thereto shall only be valid if performed or confirmed by our company in writing.

1.2 A transfer of our purchase order, as a whole or a material part of it, part may only be made with our written consent. A violation of this provision entitles us to revoke the purchase order without any right to a compensation. Claims and complaints filed after such violation shall remain unaffected thereby.

1.3 The assignment of claims as well as the transfer of the collection of claims against us to third parties are excluded and also entitle us to revoke a purchase order without any right to a compensation. Claims and complaints filed after such violation shall remain unaffected thereby.

1.4 If the supplier discontinues paying its financial obligations or if a bankruptcy proceedings, judicial proceedings or extrajudicial settlement are declared against the supplier's assets, we reserve the right to withdraw from the contract without any effect on other rights we may have.

## 2. Delivery

2.1 The stated dates of delivery are binding and correspond to the time the goods must be received at the named place of destination, or otherwise at our premises. If compliance with the date of delivery is at risk in any manner, the supplier is obliged to immediately notify us in writing about such fact and to suggest an extended period for delivery (substitution delivery date). If AVL does not approve the extended grace period suggested by the supplier without undue delay, it will be entitled to refuse the goods supplied after the originally agreed date. The refusal according to the previous sentence will be considered as a withdrawal from the contract due to its substantial violation. Additional approval of the period does not mean cancellation of the supplier's obligation to deliver the goods until the agreed date, and the AVL's right to be paid the contractual penalty within the meaning of Article 2.2. shall not cease to exist.

2.2 If the supplier is in delay with delivery of the goods on the originally agreed date, AVL's right to claim a contractual penalty from the supplier in the amount of 0.3% from the price of the individual delivery which was delayed will be established for each business day of the delay; however the contractual penalty's amount shall not exceed 5% of the total contractual price of the individual delivery which is delayed. Furthermore it shall apply that if the delivery date is delayed for other reason than on the AVL's side, the supplier will be obliged to use the fastest mean of transport available to minimise the total delay, notwithstanding the mode of shipment originally stated in the purchase order. The costs and expenses of such transport shall be borne by the supplier.

2.3 In the case of a delay in delivery for which the supplier is responsible, we shall be entitled to withdraw from the contract after the expiry of 14 days from the confirmed delivery date we accepted, with immediate effect and without having to grant any grace period or compensation of any costs that might have incurred. If a new delivery date is agreed, the contract shall be cancelled once this date is exceeded unless we demand fulfilment of the contract within a newly set out period.

2.4 Partial deliveries and advance deliveries are subject to our written consent.

2.5 If not expressly agreed otherwise, the deliveries shall be performed DDP (delivery with duty paid according to Incoterms 2010) to the specified place of destination. Packaging shall be chosen so that the relevant packaging standards will be adhered to and so that error-free delivery and effective AVL internal handling will be guaranteed.

2.6 We will inspect the incoming goods within 60 days after the takeover. This period is considered by AVL and the supplier as an adequate one with regard to the supplied goods. The supplier and AVL have agreed that the AVL's notice of defects of the goods made after the deadline specified in the previous sentence does not mean limitation or termination of the AVL's right resulting from defects of the goods. Our payment for the delivery does not imply acceptance of the goods without any reservations.

## 3. Quality – Documentation

3.1 The goods to be delivered shall correspond to the currently applicable domestic and foreign regulations (including but not limited to the work safety regulations, the relevant decrees and guidelines and the REACH Regulation [EC] No. 1907/2006), the officially acknowledged state-of-the-art rules and standards and shall strictly correspond to the documents that are the basis of the purchase order, such as drawings, descriptions, samples, specifications, acceptance conditions, etc.

3.2 The supplier shall perform the proper quality inspection, type and extent of which shall correspond to the state-of-the-art requirements in the respective industry.

3.3 Without being explicitly ordered to do so, the supplier shall provide us (i.e. at no additional costs) with complete maintenance, operating and service instructions in electronic form and/or as hard copies for devices and instruments, parts of lines or lines.

3.4 Within the quality management system, the supplier is obliged to proceed according to the requirements of the then current version of ISO 9001 with the aim to implement the VDA 6.1 or 6.4 standard and thereby to develop the production strategy without rejects.

3.5 AVL is certified according to ISO 9001. The QES documents to be observed by suppliers, including the current list of ingredients and substances ("AVL Restricted Substances List") that may not be delivered to the company or may only be delivered with some limitations, are summarily listed on the Internet site [www.avl.com](http://www.avl.com) in the section Company -> Quality, Environment and Safety. If the products delivered by a supplier contain any of the above-mentioned substances, the supplier must contact the responsible employee of the purchasing department and to inform them about every case of occurrence of such substances.

## 4. Price and Payment Terms

4.1 The prices stated in the purchase order are fixed prices and therefore unchangeable until the full scope of delivery and services have been fulfilled, unless agreed otherwise in writing.

4.2 Unless agreed otherwise in writing, the payments shall be made after the goods are received in conformity with the contract and after the correct and verifiable invoice is received. Payments will be made in the net amount after 90 days. The maturity period according to the previous sentence is considered both by AVL and the supplier as adequate and fair with regard to the position of the parties. The supplier has an express right to claim from AVL the contractual penalty in the amount of 0.05% from the price of each delivery, payment of which was delayed, for each day of the delay in the invoice payment after the maturity date; however the contractual penalty amount shall not exceed 5% of the total contractual price of each delivery, payment of which was delayed.

4.3 In the case of a defect covered by warranty, we are entitled to postpone the payment until the defects are properly removed.

## 5. Warranty

5.1 The supplier provides full warranty for all deliveries and services for the period of 36 months. In regard to hidden defect impossible to reveal upon acceptance of the delivery the warranty period shall start as late as after such defect is identified.

Defect claimed during the warranty period shall be immediately remedied by the supplier at the supplier's own costs and expenses upon request, or remedied otherwise according to the AVL's requirements as they result from the AVL's contractual relationship with the supplier or from legal regulations. All costs relating to the identification and removal of such defects, e.g. costs of transport of service technicians, disassembly of the defective equipment, its repair and reinstallation cost, shall be borne by the supplier. A new warranty period of 24 months shall apply to the replaced goods or any parts thereof, and shall start on the date the respective defect is removed by repair of the goods or any part of them. A warranty period of 6 months shall also be applied to the repair itself, i.e. to the service or work that repaired the defective goods. The warranty period shall be prolonged by the period of claim, i.e. the period, for which the AVL cannot use the supplied goods or service due to defects, for which the supplier is responsible. The place of performance for settlement of the claimed defects within the guarantee obligation will be our company. In the case of already completed delivery, the customer's registered office will be the place of performance. The supplier is expressly informed that our customers are seated in all countries of the world, particularly in the eastern Asia. Legal regulation beyond this fulfilment will not be affected in any manner.

5.2 If the supplier fails to appropriately fulfil its warranty obligation upon request within an appropriate time and in other especially urgent cases, AVL will be entitled to remove the defects in its own capacities or to authorise a third party to perform such repair, or to ensure substitute goods or services otherwise, always that at the supplier's costs.

5.3 We reserve the right to immediately cancel the contract or to request a price reduction in lieu of the removal of defects and replacement of the goods. The supplier is responsible for any damage we incur due to defective deliveries.

5.4 In case our company as the manufacturer of the final product becomes liable for any damage caused by defects of the raw material or a partial product delivered by the supplier, the supplier will be obliged to indemnify us and hold us harmless against any such liability and will be obliged to fully relieve us from the liability for all losses, expenses, damages or claims, no matter if the supplier is at fault or not.

## 6. Spare Parts

6.1 In cooperation with AVL the supplier is willing to prepare spare part lists for the respective projects including prices and delivery times. The supplier guarantees commercial availability of all spare parts included in the lists for a period of ten years from the respective delivery. In case a spare part is not available within this period, the supplier shall deliver an equivalent technical solution to AVL. However the originally agreed delivery terms shall not be extended.

## 7. Means of Production

7.1 The supplier shall handle with utmost care any means of production which we have provided and shall keep them at our disposal for 10 years from the last day of production. Upon our request the supplier shall immediately return them to us.

7.2 Means of production that have been manufactured or purchased by the supplier and for which we have paid manufacturing cost (tooling cost) shall be owned by us from the moment of manufacture or purchase. If the supplier is not in the position to keep the means of production at our disposal for 10 years in a state ready for use, the supplier is obliged to inform us in writing about such fact and to deliver us the means of production upon request.

7.3 In case of any damage, loss or destruction of raw materials supplied by us (semi-finished products, castings, pre-processed parts, etc.), the supplier shall reimburse us for the replacement cost.

## 8. Confidentiality, Intellectual Property

8.1 All drawings, calculations and the like submitted for making quotations or executing purchase orders shall remain our property and shall be returned to us along with the quotation or after the execution of the purchase order (order). These documents must neither be duplicated nor made accessible to third parties without our written consent.

8.2 The supplier is obliged to treat the purchase order and the resulting work as well as all the pertinent technical and commercial documents and equipment as a business secret and to maintain their strict confidentiality. If we approve a subcontract for any parts of work ordered on the basis of the purchase order in question, the supplier shall correspondingly oblige its subcontractors to maintain the confidentiality.

## 9. Intellectual Property Rights of Third Parties

9.1 The supplier is obliged to make deliveries or to provide services not burdened with intellectual property rights of any third parties. The supplier guarantees that intellectual property rights of third parties are in no case infringed in the course of the execution of the contract and use of the object of the delivery or service. The supplier is obliged to indemnify us and hold us harmless against any claims made by third parties in connection with infringement of intellectual property rights.

## 10. General Terms and Conditions

10.1 The right to be paid a contractual penalty is without prejudice of the right to compensation of damage. The contractual penalty shall not be included in the amount determined as a compensation of damage.

10.2 For elaboration of quotations, layouts, cost estimates, etc., no remuneration shall be granted.

10.3 The supplier may only mention the business relationship with our company in its advertising and promotional activities on the basis of our explicit written consent.

10.4 This contractual relationship is subject to the Czech legal rules; any other law is hereby explicitly excluded.

10.5 If any clause of these General Purchase Conditions is invalid, this fact shall have no effect on the validity of the remaining clauses.

10.6 The place of performance of the delivery shall be the place of destination set out by our company. The place of making the payments and the place of exclusive jurisdiction shall be within the city limits of Hranice, unless agreed otherwise in writing.

10.7 Legally binding acceptance of re-export limitations resulting from transfer of technology only applies to the goods that demonstrably require export licence in the country of delivery (in the case of the United States of America, the then current version of the Export Administration Regulations issued by the US Department of Commerce shall apply); moreover, such goods are properly identified in the delivery documents and the supplier will notify us of such goods in price quotations and order confirmations.

10.8 The goods supplied by the supplier must comply with the legal standards applicable to the environmental protection, particularly with Act No. 477/2001 Coll. (Act on Packaging) as amended and Act No. 185/2001 Coll. (Act on Wastes) as amended.