

Reich LLC

General Terms and Conditions of Purchase



1. General

1.1 Supplier agrees to sell and deliver the goods and services specified in Reich LLC's Purchase Order in accordance with these General Terms and Conditions of Purchase, any supplemental clauses referenced in the Purchase Order, and any documents specifically incorporated in the Purchase Order, all of which constitute the entire agreement between Supplier and Reich LLC and cancels and supersedes any prior or contemporaneous agreements. The Purchase Order may only be modified by Reich LLC's issuance of an amended Purchase Order to Supplier. Any additional or different terms contained in Supplier's forms or otherwise are rejected unless agreed to by Reich LLC by incorporation into the Purchase Order. "Purchase Order" used herein means a purchase contract transmitted electronically or in paper format to Supplier by Reich LLC.

2. Quote

2.1 In preparing a quote, Supplier must closely adhere to Reich LLC's inquiry for the quote and expressly identify any deviations therefrom in writing.

2.2 The quote shall be provided free of charge and does not establish any obligations for Reich LLC.

3. Acceptance

3.1 The Purchase Order is Reich LLC's offer to Supplier, which offer shall remain open for 5 days from the date initially sent to Supplier and for 3 days from the date a subsequent modification is sent to Supplier before Supplier has accepted the Purchase Order. Supplier accepts the Purchase Order only if Supplier acknowledges in writing its acceptance of the Purchase Order. If Supplier's written acceptance contains additional terms, the Purchase Order shall be deemed accepted by Supplier but those additional terms shall not become part of the Purchase Order without written consent by Reich LLC. Neither (i) Supplier's performance of any work related to the goods to be specifically manufactured for Reich LLC pursuant to the Purchase Order nor (ii) Supplier's delivery of any goods to be specifically manufactured for Reich LLC pursuant to the Purchase Order, constitute Supplier's acceptance of the Purchase Order.

3.2 Supplier shall promptly check the Purchase Order upon receipt for any noticeable errors, ambiguities or incompleteness, or the unsuitability of Reich LLC-chosen specifications for intended use, and promptly inform Reich LLC about any necessary changes to the Purchase Order.

3.3 The following details shall be stated in all correspondence: the complete order number or contract number and call number, date of order, and the dispatcher of Reich LLC.

3.4 In fulfilling a Purchase Order, Supplier shall comply with (i) all applicable laws and regulations, including but not limited to those related to product quality, safety at work, and

environmental protection and (ii) delivery and packaging instructions provided by Reich LLC.

4. Delivery

4.1 Once the Purchase Order has been accepted, variations from it, including delivery terms, are permitted only with Reich LLC's prior written consent. Unless provided for otherwise in the Purchase Order, the delivery and collection of goods may be performed during the regular business hours of Reich LLC (Monday – Friday, 7:00am – 3:30pm). A deviation in time has to be agreed separately in writing.

4.2 Time is of the essence. Agreed dates and time limits are binding and delivery of the goods to and receipt by Reich LLC must be effected within the time specified. If the parties have not agreed to include as a term of delivery 'free at factory gate', the Supplier must make the goods available to Reich LLC within the specified time, allowing sufficient time to accommodate the carrier's loading and dispatch.

4.3 Supplier must ensure that Supplier has the necessary capacity to produce the quantities indicated in the orders, including any forecast quantities, and adhere to the delivery schedules provided by Reich LLC. Quantities that exceed those specified for a release period specified in the Purchase Order are to be considered as forecast quantities. Supplier's commitment to a delivery schedule of Reich LLC is based on eight (8) weeks for production approval and eight (8) weeks for material approval, subject to Supplier's completion of the prior delivery schedule. Delivery schedules are binding for Supplier, unless Supplier indicates in writing within three (3) days of receiving the delivery schedule a disagreement with such delivery schedule because of unreasonable quantities or dates. Supplier shall then name the earliest possible delivery dates in writing within two (2) days of providing such notice, which dates shall in no event be later than fifteen (15) days from the original delivery dates in question, otherwise the delivery shall occur within three (3) days of the original delivery dates in question.

4.4 If Supplier has agreed to carry out installation or assembly and in the absence of any agreement stating otherwise, Supplier shall bear all necessary, related expenses, such as travel expenses, tooling charges and daily expenses.

4.5 If Supplier foresees any difficulties with regard to the production, supply of required materials, compliance with the delivery deadline or other similar circumstances that might interfere with Supplier's ability to deliver in a timely fashion or to deliver the agreed level of quality, Supplier is required to inform Reich LLC immediately.

4.6 In the event of delivery delays, Reich LLC is entitled to terminate the Purchase Order, and Supplier is obliged to compensate Reich LLC for all damages due to delay, including but not limited to any premium transportation or other costs incurred by Reich LLC in its efforts to mitigate the impact of Supplier's late performance. In the event of delay, Reich LLC

shall be authorized to claim for each entire week of delay lump sum default compensation in the amount of 0.5% of the delivery value. These remedies do not impact Reich's ability to pursue any additional legal remedies may be entitled to.

4.7 The acceptance of the delayed delivery or service does not include a waiver or renunciation of the claims to compensation and damages to which Reich LLC is entitled on account of the delayed delivery of service.

4.8 Partial deliveries must be agreed to by Reich LLC in advance in writing.

4.9 Subject to other proof to the contrary, the quantities indicated by Reich LLC in the process of inspecting incoming goods are determinative that such goods are non-conforming..

5. Force Majeure

5.1 War, export or trade restrictions due to a change in political conditions, as well as strikes, lockouts, stoppages, cutting back of operations and similar events that make fulfillment of the Purchase Order impossible or unreasonable, are regarded as force majeure and release Reich LLC for the duration of their existence from the obligation of taking delivery as originally contracted. The parties are obliged to give notification to each other in the event of a force majeure and to adapt in good faith their obligations in light of the force majeure conditions.

5.2 During a force majeure lasting for greater than two weeks, Reich LLC is entitled to withdraw from the Purchase Order in whole without further obligation or Reich LLC may withdraw from the Purchase Order in part with Reich LLC's purchase requirements reduced to reflect the goods that Reich LLC procured elsewhere as a result of the force majeure.

6. Invoice and Payment

6.1 Payment terms are set forth in the Purchase Order. Supplier will promptly submit correct and complete invoices after delivery of goods. Invoices shall be consistent with the terms of the respective Purchase Orders in their wording, order of items and prices. Any addition or reduction in quantity to be delivered must be itemized separately in the invoice.

6.2 Periods for payment shall begin on the dates specified in the invoice, but in no event before the date on which the goods and correct and complete invoices are received by Reich LLC. Reich LLC will use commercially reasonable efforts to assist Supplier in correcting any invoice that has been rejected as incomplete or otherwise incorrect. Payment shall be deemed as having been made as soon as Reich LLC instructs its bank to transfer the billing amount.

6.3 If not otherwise specified in the invoice or agreed to in writing, the invoice shall be paid either within 14 days of Reich LLC receiving both the goods and the invoice, subject to a 3% discount of the invoiced amount, or between 15 and 30 days after Reich LLC has received both the goods and the invoice, without any discount.

6.4 Receipt of delivery of goods or payment for such goods shall not be deemed to constitute acceptance of conditions

and prices that are different from or in addition to the terms of the Purchase Order. Any failure of Reich LLC to make timely payment of an invoice shall not affect Supplier's warranty obligation or Reich LLC's other remedies as stated herein or in the Purchase Order.

7. Pricing and transfer of Risk

Unless agreed to otherwise in writing, prices are location specific (domestic: DAP, abroad: DDP according to Incoterms 2010) including packaging. The turnover tax is herein not included. The Supplier bears the risk of accidental loss, destruction, or deterioration until acceptance of the goods by Reich LLC or Reich LLC's authorized representative at the place where the goods are to be delivered according to the Purchase Order.

8. Quality Management System / Quality Standards

8.1 The Supplier has to establish an appropriate quality management system (e.g. DIN EN ISO 9000 ff., VDA-Script 6.1 TS 16949 or similar) and provide evidence thereof. Reich LLC shall reserve the right to verify the effectiveness of the quality management system on site, e.g. according to VDA-Script 6.1 "QM-System-Audit". Notwithstanding the above, Supplier shall continually monitor the quality of the items to be delivered. The parties shall mutually inform each other of any possibility of a quality improvement.

8.2 Concerning the automotive parts that are marked in the technical documentation or designated by separate agreement, for instance with "D", Supplier is required to keep special records as to when, in what manner and by whom the supplied goods have been tested with regard to the characteristics required to be recorded and which results were achieved by the quality tests so required. The test records of the initial sample testing and D-feature have to be kept for 25 years starting from serial delivery, all other test records 10 years starting from creation, and presented to Reich LLC upon first request. The Supplier must obligate its Suppliers to the same extent. Supplier must comply with the latest version of the VDA-Script "Components Subject to Record Keeping by Automotive Manufacturers and their Subcontractors – Operation and Documentation".

9. Warranty, Notice of Defects and Liability

9.1 The Supplier warrants that the delivered item has no defect affecting its value or suitability, has the agreed or warranted quality, is suited for the use provided for in the Purchase Order, and is in keeping with generally accepted standards of engineering and the most recent rules and regulations of applicable authorities, the latest safety requirements, and the health and safety protection and accident prevention regulations. If Supplier has warranted the properties or durability of the goods supplied, Reich LLC can file a claim under the terms of the warranty. This does not apply for defects or damage to the delivered item, which were caused by:

- a) Regular wear, or
- b) Incorrect handling on the part of Reich LLC.

Reich LLC will inform Supplier about (i) latent defects within five (5) business days of finding the defect and (ii) all other defects within five (5) business days of delivery.

The aforementioned conditions shall also apply in general to any warranty of services such as assembly, maintenance, etc.

9.2 Unless expressly agreed otherwise, the statutory warranty periods shall apply.

9.3 The Supplier's warranty shall also cover parts manufactured by subcontractors.

9.4 With notice of defects, the period of warranty shall be extended by the time between notification and rectification of defects. If the delivered item is completely renewed, the warranty period is extended with respect to entire item. If the delivered item is partially renewed, the warranty period is extended only with respect to the renewed parts.

9.5 The parts, disputed on the basis of Supplier's warranty, shall remain available to Reich LLC until they are substituted; upon substitution they become the property of Supplier.

9.6 In urgent cases, when Reich LLC cannot wait for the rework by Supplier, as well as when Supplier fails to rework in spite of Reich LLC's request to do so and or fails to fulfill its warranty obligation, Reich LLC is authorized to remove the defect at Supplier's expense or to invoke on the other warranty rights, according to paragraph 9.1.

9.7 Supplier's warranty obligations are not affected by Reich LLC's acceptance of deliveries and services.

9.8 Supplier shall be liable in accordance with statutory regulations.

9.9 Should Reich LLC incur expenses as a result of the defective delivery, in particular transport, carriage, labor cost, costs of fitting and removal, cost of material or costs of incoming goods control exceeding the normal scope of control, such costs shall be borne by Supplier.

10. Product Liability

10.1 In the event that claims are asserted against Reich LLC on the basis of product liability, Supplier agrees to indemnify and hold Reich LLC harmless against claims of this type if and to the extent that the damage was caused by a design flaw as delivered by Supplier to Reich LLC. In such cases, Supplier shall take responsibility for all costs and expenditures, including the cost of any legal prosecution. For all other cases, the statutory provisions shall apply.

10.2 Before the initiation of any recall campaign that is wholly or partly the consequence of a defect caused by Supplier, Reich LLC will inform Supplier, give Supplier an opportunity to cooperate and discuss with Supplier the ways of efficiently handling of the campaign unless such information or involvement of Supplier is not possible for reasons of urgency. If the recall campaign is the consequence of a defect caused by Supplier, all costs of the recall campaign shall be borne by Supplier.

10.5 Supplier must carry insurance coverage that is appropriate for the contractual risks, specifically to include product liability insurance to cover the costs of possible recall actions. Upon request, Supplier shall give proof of the insurance policy and the regular payment of the insurance premium.

11. Statutory Rights of Withdrawal and Termination

11.1 Reich LLC is authorized to terminate the Purchase Order immediately, if, in Reich LLC's sole determination, (i) Supplier has stopped supplying its customers, (ii) Supplier's financial circumstances deteriorate materially or threaten to deteriorate and the compliance of delivery obligation is endangered, (iii) Supplier is unable to pay or stops payment of its debts or enters the state of excessive indebtedness, or (iv) Supplier applies for insolvency proceedings or similar proceedings to settle of debts.

11.2 Provided that Reich LLC terminates the Purchase Order pursuant to Paragraph 11.1, Supplier shall compensate Reich LLC for any damages that are attributed to Reich LLC terminating the Purchase Order and its reasons for terminating the Purchase Order.

11.3 Statutory rights and claims are not affected by this Paragraph 11.

12. Execution of Work

All of Supplier's employees and agents performing work under the Purchase Order on Reich LLC's premises shall observe and comply with all of Reich LLC's workplace rules. Supplier hereby waives any liability for accidents suffered by any such person while on Reich LLC's premises except in those cases of gross negligence.

13. Rights of Protection

13.1 Supplier shall ensure that, in connection with Supplier's manufacturing and delivery pursuant to the Purchase Order, no rights of third parties shall be breached. If, concerning such a matter, claims by a third party are made against Reich, LLC, Supplier shall be obliged to release Reich LLC from and indemnify Reich LLC against any such claims.

13.2 This provision shall not be applicable if Supplier has manufactured the supplied products in compliance with drawings, designs or other equivalent descriptions or specifications supplied by Reich LLC and Supplier has no actual knowledge that such products violate a third party's intellectual property rights.

13.3 At the request of Reich LLC, Supplier shall notify Reich LLC of the use of its own and licensed third party published and unpublished patents and patent applications for the supplied product.

14. Buyer Supplies

All tools, materials, parts, containers and special packaging supplied by Reich LLC shall remain its property and shall only be used for their intended purpose.

15. Documents and Confidentiality

15.1 The contracting parties shall be obliged to treat as business secrets all business and technical details which are made available in the course of business relationship.

15.2 Documentation, drawings, data, DP-information, software, materials or objects (as samples, models, etc.), which Reich LLC provides Supplier for the purposes of fulfilling the agreement, shall remain in the property of Reich

LLC and shall not be made accessible or left to unauthorized third parties. The reproduction of such items is only permitted within the framework of operational requirements and the copyright provisions. After the Purchase Order has been completed, Supplier must send back all related documents, drawings, etc. without further request.

15.3 Products and spare parts for these products that are (i) manufactured with the assistance of Reich LLC's property, (ii) manufactured according to Reich LLC's specifications or (iii) developed (or partially developed) by Reich LLC, may only be supplied to third parties with Reich LLC's written consent.

15.4 Any knowledge acquired from the documents stated in paragraph 15.1 shall not be transferred to third parties.

15.5 Subcontractors shall be bound accordingly.

16. Export Control and Customs

Supplier shall inform Reich LLC of all required approvals for the export or re-export of its goods under applicable German, European, and/or US export and customs regulations as well as the export and customs regulations of the country of origin of its goods. For this purpose, Supplier shall, at a minimum, in its proposals, order confirmations and invoices, provide the following information to the extent applicable:

- the export list number according to annex AL of the German export administration regulations or equivalent list items of applicable export list,
- for US goods the Export Control Classification Number (ECCN) of the US Export Administration Regulations (EAR),
- the commercial origin of his goods and of the components of his goods, including technology and software,
- whether the goods were transported through the U.S.A., were manufactured or stored in the U.S.A. or made using US technology,
- the statistical goods number (HS code) of his goods, and
- a contact in his organization to answer Reich LLC's questions.

On Reich LLC's request, Supplier is obliged to provide Reich LLC with any other foreign trade data of Supplier's goods and components in writing and inform Reich LLC of all changes of such data in writing without delay (and in any case before delivery of any goods affected by it).

The delivered goods must meet the source requirements under the preferential trade arrangements of the EWG, unless the order confirmation expressly stipulates otherwise.

17. Compliance

17.1 Supplier shall undertake to observe all applicable statutory regulations related to the conduct of its employees, the protection of the environment, and the health, safety and general welfare of the public. Supplier shall strive to set up and maintain a quality management system based on ISO 14001. Supplier shall strive to observe the principles of the UN Global Compact Initiative, which relate, in essence, to the protection of international human rights, the right to collective bargaining, the abolition of forced labor and child labor, the abolition of discrimination in recruitment and employment, responsibility for the environment and prevention of corruption. More information on the UN Global Compact Initiative is available at www.unglobalcompact.org.

17.2 In the event that Supplier repeatedly and in spite of written notice from Reich LLC fails to comply with Paragraph 17.1, Reich LLC is authorized to terminate existing Purchase Orders without further notice.

18. Place of Performance

The place of performance is the place where, in accordance with the order, the goods are to be delivered or the service is to be provided.

19. General Provisions

19.1 If any provision of these General Terms and Conditions of Purchase or any additional agreement entered into should be, or become, ineffective or unenforceable, the validity of the remaining provisions shall not be affected hereby.

19.2 These General Terms and Conditions of Purchase shall be governed by the Uniform Commercial Code and other applicable law in effect in the State of North Carolina on the effective date of this agreement. Buncombe County, North Carolina shall be the sole and exclusive jurisdiction and venue for any litigation, special proceeding, or other proceeding between the parties that may be brought or arise out of or in connection with or by reason of this agreement.