

Additional Conditions for the Purchase of Machines, Equipment and Assembly Services of the Schaeffler Group

SCHAEFFLER

1. In addition to clause III, 1. of the General Conditions of Purchase of the Schaeffler Group, the supplier shall check information and documents made available by us for completeness and noticeable faults and, as the case may be, shall correct them after consultation with us and shall also immediately demand any lacking information and documents in addition. The supplier may invoke default of information and documents to be delivered by us only, if it has demanded them in written form in good time and has sent at least one reminder in written form.
2. Prior to the beginning of the production, all production documents such as drawings shall be submitted to us for insight purposes.
3. All documents to be supplied therewith have to correspond to the requirement specification ("*Lastenheft*") and have to comply at least with applicable legal provisions and engineer standards, including our company standards that were made accessible to the supplier. The documents shall be supplied in the agreed number in German language on data carriers. Versions in other languages have to be agreed upon separately.

Even without a separate agreement, mounting instructions and operating instruction shall also be supplied to us at least in German language and from which the entire handling of the supplied article can be inferred. In addition, all documents required for repair, servicing and maintenance of the supplied article shall also be supplied.

4. Unless explicitly otherwise provided in the respective requirement specification, elements and parts of the supplied article have to be designed and arranged according to the latest state of the art and science such that they can be serviced, checked, repaired and replaced quickly and easily. Wearing parts have to be designed and arranged such that they have a service life as long as possible considering the operating conditions which have to be expected according to the intended use.
5. Together with the requirement specification a project schedule has to be agreed. In case the requirement specification does not contain any time schedule for the project, the supplier shall at least present, immediately after the conclusion of the contract, a production plan from which the production progress per calendar week can be gathered. Additionally, the supplier shall autonomously report to us the production progress every four weeks.
6. We shall be entitled, with previous timely notice, to inspect the producing premises of the supplier and its sub-suppliers during normal business hours in order to check the production and the production progress of the article to be supplied. The supplier shall cooperate in such inspections, in particular shall provide us with all information required for such inspection.
7. Any obligation for us to make advance payments has to be explicitly agreed in writing to be binding. In any case any obligation for advance payment is conditional that the supplier presents an unlimited, joint and several guarantee of a bank or insurance company located in Germany as security for our potential repayment claims, in which the bank or insurance grants respective security to us by waiving the plea of voidability, the plea of capability of set-off and the plea of failure to pursue remedies; notwithstanding the foregoing the right to contest a claim due to fraud or threat or to set of claims that are undisputed or legally binding shall remain unaffected and permitted in the guarantee. The supplier may also provide other but equivalent security which is acceptable for us.
8. If an assembly is stipulated by contract, it shall also comprise all necessary additional services such as the provision of the required scaffolds, utensils, lifting devices, tools, etc. If an assistance from our side is agreed upon, said assistance will be rendered at the expense of the supplier, unless it was explicitly stipulated in written that the assistance will be free of charge.

Unless such dates are not already fixed in the requirement specification, the supplier shall correlate with us the dates for the assembly work in good time. Prior to the beginning of the work, the supplier shall check the foundations and the supply points for suitability as well as all other circumstances relevant for a proper assembly.

The supplier shall inform us in suitable manner on the current status with respect to the persons commissioned by it with the assembly work at our factory. We are entitled to reject staff members or agents of the supplier for good cause. In this case, the supplier shall immediately provide for a reliable replacement.

Work that has to be performed at our factory premises shall not obstruct the working activity. If obstructions are unavoidable, they have to be limited to a minimum as far as practically possible.

We shall be entitled to check all objects introduced into our premises or removed from our premises. On delivery and redelivery, the supplier shall provide us with lists in which the objects are specified. Objects which remain owned by the supplier have to be characterized as such with the brand or the trademark of the supplier. The supplier is fully responsible for its objects which were introduced into our premises, we do not assume any security obligation for such objects, in particular no safeguarding, custody or observation obligation.

Water, compressed air and current will be provided by us at the given supply points. If additional supply lines and conduits and supply points are required, the supplier shall arrange for them and maintain them at its own expense and risk and has to remove them again after completion of the assembly work.

The supplier shall always notify us of fire-hazardous work prior to the beginning thereof. Unless otherwise agreed in written form, the supplier shall be responsible for a fire guard during and after termination of the fire-hazardous work.

9. Subject to the provisions of the respective requirement specification, we shall be entitled to request, prior to delivery, a pre-acceptance at the supplier's premises with functional testing, in case of machine tools also a geometrical checking according to DIN ISO 230-1, a test according to VDI/DGQ 3441 (statistic testing of the working and positioning accuracy) as well as according to DIN 45635 (noise level test). The date of the pre-acceptance shall be proposed to us by the supplier in good time, at least, however, 4 weeks in advance, and has to be agreed upon with us. Not later than one week before the pre-acceptance, all documents required for the pre-acceptance shall be provided to us by the supplier. The supplier shall place all tools, devices, materials and personal required for the carrying out of the pre-acceptance at our disposal without charge.

An examination of the production output of the article to be supplied (acceptance) shall be agreed upon separately in any case.

10. The acceptance of the article to be supplied shall be stipulated in the requirement specification. In case the requirement specification does not contain such provisions, the following provisions shall apply at least:

The supplied article will be submitted to a functional testing or - if agreed - to a trial run at our factory. For the functional testing as well as for the trial run, a proper instruction of our staff by the supplier as well as a four weeks smooth run under series conditions have to take place. On this occasion it has to be evidenced that the supplied article provides the performances as agreed upon in the contract. During the functional testing and during the trial run we shall be entitled to use the supplied article for production. After carrying out the successful functional testing or, as the case may be, the successful trial run, the supplied article shall be subject to acceptance. For this we shall draw up an acceptance protocol on the acceptance, which shall be signed by the supplier and us.

11. Pre-acceptance, functional testing, trial run and acceptance shall be always carried out at the expense and risk of the supplier, wherein the supplier shall provide suitable testing and measuring means as well as sufficient supervisory staff. Operating staff and materials for the functional testing and the trial run will be provided by us.

If the pre-acceptance, the functional testing, the trial run or the acceptance have to be interrupted, extended or repeated due to reasons for which the supplier is responsible, the supplier shall bear all costs and disadvantages resulting for us therefrom.

**Additional Conditions for the Purchase
of Machines, Equipment and Assembly Services
of the Schaeffler Group**

SCHAEFFLER

12. If the operation of the supplied article is subject to an approval by public authorities, the supplier shall procure and prove said approval at its own expense.
13. Irrespective of section III.3 of the General Conditions of Purchase of the Schaeffler Group the supplier shall be obliged, for the duration of 15 years commencing from the acceptance, to deliver spare parts and to carry out repair work at reasonable and equitable conditions. Spare part deliveries and repair work shall be carried out based on the conditions which apply to the original delivery.
14. In all other respects, the General Conditions of Purchase of the Schaeffler Group shall apply that are available online at www.schaeffler.de, under the heading Company / Suppliers and Sub-Suppliers / contractual conditions or shall be mailed upon request.

Schaeffler Group