

General Terms and Conditions of Sale and Delivery

Valid as of 1st January 2023

AVL SCHRICK Performance Components GmbH will be hereinafter referred to as "Seller", the contractual partner will be hereinafter referred to as "Buyer". Seller and Buyer shall be referred to individually as a "Party" and collectively as the "Parties". Third parties except Seller and Buyer, being involved from Seller or Buyer in the project, will be referred to as "Supplier(s)".

§ 1 Scope

1.1 These General Terms and Conditions only apply in relation to enterprises, legal persons in public law or special assets of the Federal Government, but not in relation to consumers.

1.2 These General Terms and Conditions apply to all deliveries and services which are provided by Seller to Buyer (the "Project"). The deliveries and services, to be supplied pursuant to the Project are referred to as "Products". In case of software licensing, deliveries and installations, specific Terms and Conditions of Seller apply.

1.3 Other General Terms and Conditions than these present General Terms and Conditions are null and void and of no effect whatsoever. Any General Terms and Conditions other than these General Terms and Conditions are only valid if they are accepted in writing by Seller. The foregoing shall apply regardless of whether those terms and conditions contain deviating, different or additional provisions and regardless of whether they exist in written, oral or any form.

1.4 These General Terms and Conditions also apply to all future orders, deliveries and services of Seller, even if the corresponding text is not supplied with each quotation or order confirmation of Seller sent to Buyer.

§ 2 Offer

2.1 Offers by Seller are made without obligation, except if stated to the contrary in writing signed by the Parties.

2.2 Specifications and quotes in catalogues, brochures, etc., are only binding if expressly referred to by Seller in the offer or Order Confirmation.

2.3 The Project concept and the content of the offer is Seller's intellectual property. Therefore, the offer and/or Project documentation must neither be reproduced nor disclosed to third parties without Seller's written consent. The documentation remains Seller's property and must be returned to Seller upon its request.

2.4 Seller will not disclose the content and existence of the offer to third parties without Buyer's consent.

§ 3 Conclusion of Contract

3.1 The contract is effective only with the signature of the contract by both parties, or Buyer's receipt of Seller's written order confirmation issued by Seller.

If agreed upon a down payment and/or a (confirmed) letter of credit, the contract takes effect upon Seller's receipt of the down payment and/or notification of a (confirmed) letter of credit to Seller.

3.2 All agreements made between Seller and Buyer are to be confirmed in writing in order to become effective. Agreements reached between Seller's employees or representatives and Buyer require a written consent to become legally effective. The power of representation of Seller's employees and agents is insofar limited.

3.3 Any costs of a modification requested by Buyer or caused by circumstances beyond the responsibility of Seller not known to Seller at the time of the signing of the contract shall be charged separately and are Buyer's responsibility.

3.4 Written Form

a) If written form is required, the requirement will be also met by the use of telefax or e-mail.

b) A written agreement shall be deemed to be concluded in the event that Seller and Buyer execute separate but corresponding declarations in writing.

§ 4 Prices

4.1 Prices are quoted for delivery ex Seller's works, plant, office or warehouse and excluding packaging, shipping and VAT. Any fees, taxes, duties and other expenses except only taxes computed on Seller's income are Buyer's responsibility.

4.2 The prices quoted do not include, unless stated otherwise:

a) License and/or engineering fees levied by component or system supplier(s).

b) Materials and components supplied by Buyer or component or system supplier(s) including packaging and shipping to Seller's facilities.

c) Unforeseen and unplanned charges due to delays or additional work caused by Buyer and/or component or system supplier(s).

d) Effect(s) of revisions of the Project requested by Buyer and agreed by Seller.

e) Travel, accommodation and subsistence costs for Buyer's personnel participating in Project meetings and witnessing of results in Seller's facilities, and

f) Travel, accommodation and subsistence costs for any Seller personnel travelling within the scope of the Project.

4.3 All prices quoted are payable in Euro.

§ 5 Payment

5.1 Unless agreed otherwise, the following payment terms apply:

A down payment of 25% of the total price shall be made within 14 days after the effective date of the contract (as per 3.1). Payments for the remaining 75 % are due in monthly installments over the duration of the Project according to actual workload.

5.2 All payments for Seller's Products supplied pursuant to the contract are due within 14 (fourteen) days upon receipt of Seller's invoice. Interest will be charged on overdue accounts at the rate of 0.7% of the monetary value of the invoice, which is in delay, for each commenced month of delay. In case of

delayed payment Seller is, in addition to the interest charged, entitled to postpone its own obligations until receipt of the payments due.

5.3 Offsetting of a retention is permissible only if the related claim is undisputed or has been established with final legal effect. The right of retention on the grounds of claims other than those arising from the same contractual relationship is excluded if such claims are not recognized by Seller or has been established with final legal effect.

5.4 Until Buyer has fulfilled all financial obligations, the Products supplied shall remain Seller's property. Buyer shall be obliged to meet all legal requirements in order to safeguard Seller's property or security interest. In case of attachment or other kinds of seizure Buyer shall evidence Seller's title and notify the latter immediately. The retention of title shall not affect the passing of risk under the provision 6.1.

5.5 Deterioration of Buyer:

a) In the event of one of the situations listed below arrives, or if it subsequently comes to Seller's knowledge that such a situation already existed when the agreement was entered into, Seller may ask Buyer to pay the agreed total price in advance. This applies to the following situations:

(i) If legal insolvency or conciliation proceedings are taken against the assets of Buyer or if such proceedings have been abandoned on account of there being too few assets to recover, or

(ii) if out-of-court debt settlement procedure is carried out, or

(iii) if there is a written statement from a bank or credit reference agency that places in doubt the creditworthiness of Buyer, or

(iv) if a cheque or direct debit is not cleared and/or is protested.

b) Seller is entitled at his own discretion to withdraw from the contract or demand damage compensation:

(i) if Seller sets an appropriate deadline for Buyer for payment in advance,

(ii) if Seller notifies Buyer while setting the deadline that Seller will refuse to perform further services once the deadline has expired and

(iii) if such deadline has elapsed without payment in full or partial being made by Buyer.

Those rights of Seller apply only to the portion of the contract not yet fulfilled.

§ 6 Delivery, Passing of Risk

6.1 Any Products supplied by Buyer or Supplier(s) to Seller pursuant to this Project are intended DDP Seller (Incoterms 2010) and shall comply with all respective laws and regulations in force as far as applicable.

Any Products supplied by Seller to Buyer or Supplier(s) pursuant to this Project are intended EXW Seller (Incoterms 2010).

6.2 In any case and regardless of the place of dispatch, the risks shall pass to Buyer with the handover of the products to the carrier or forwarding agent. This also applies if, after arrival at Buyer's site, Seller still has to perform installation work.

6.3 Delays in delivery caused by Force Majeure and for reasons which Buyer is responsible for - including failure to procure any required freight documentation - the time for delivery shall be extended by a period which is reasonable considering delaying factors and the period of delay.

6.4 At the request of Buyer, or by action attributable to it, the Products can be stored at Buyer's cost and risk. The interim storage constitutes the passing of risk.

§ 7 Intellectual Property Rights

7.1 Any existing intellectual property rights, in particular ideas, inventions, technologies, know-how and patents (and applications thereof) owned by Seller, not resulting from work carried out under the contract, shall remain Seller's exclusive property.

7.2 Any ideas, know-how and inventions made by Seller's employees as a result of work carried out under the contract shall be Seller's exclusive property.

7.3 Any drawings and technical documents relating to the Project in any manner submitted by one Party to the other, prior or subsequent to the conclusion of the contract, shall remain the exclusive property of the submitting Party and shall be treated as confidential information by the receiving Party, and may be utilized only for work performed pursuant to the contract.

7.4 Notwithstanding the provisions of 7.1 through 7.3, upon completed payment of the Purchase Price, Buyer acquires:

a) A non-exclusive license to use the ideas, know-how and inventions, whether patented or not, described in provision 7.1 and 7.2 for all purposes included in the subject matter of the Project, but for no other purposes, and

b) The right to use the results and documentation of the Project, it being understood that Buyer is obligated to treat any Project documentation it receives from Seller as confidential.

§ 8 Third Party Patents, Trademarks, Copyrights

8.1 Seller shall use reasonable efforts to ensure that Products designed and developed pursuant to the contract will not infringe any intellectual property rights of third parties.

8.2 In the event the contractual intended use of a Product leads to a claim alleging infringement of a third party's intellectual property right, Buyer shall give Seller immediate notice in writing of any such suit. Seller shall provide Buyer with reasonable non-financial assistance in the defense of any such third-party-claims. If the use of a Product is permanently enjoined by reason of an infringement of a valid third party's intellectual property right, Seller will use commercially reasonable efforts to:

a) Modify or replace the Product to render it non infringing, or

b) Get a license from the third party who is the owner of the intellectual property right.

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Seller's obligation as set out above is conditional upon being notified in writing of an infringement claim within the periods set forth in provision 9.6.

8.3 Notwithstanding the foregoing, Seller shall not be responsible for any compromise or settlement made without its written consent, or for infringements which results from the combination with other goods or materials not produced or furnished by Seller.

The foregoing provision 8.2 states the entire liability of Seller for infringement, and in no event shall Seller be liable for direct or consequential damages attributable to an infringement, except in cases of intent or gross negligence of the Seller, its employees or its representatives or in cases of death, personal injury or damage to health on the part of the Buyer.

8.4 Any liability of the Seller is excluded and Buyer shall indemnify and hold Seller harmless against all losses and expenses incurred by Seller as a result of any claim for infringement of any proprietary right of third parties relating to any:

- Products produced or furnished by Seller to Buyer, based on drawings, designs or specifications proposed or supplied by Buyer, or
- Products, systems, components, parts, etc. which are specified by Seller but furnished by third parties, or
- Products, vehicles, systems, components, parts, etc. which are furnished by Buyer to Seller, or
- Claims of inducement of infringement or contributory infringement resulting from the implementation, use, development or modification of Seller's Products by Buyer or customers of Buyer.

§ 9 Warranty

9.1 Seller warrants that any technical targets set out in its offer will be achieved, provided that:

- Technical specifications of the Products suggested by Seller within the limits of state of the art in Seller's industry are accepted by Buyer and
- Any systems or components supplied by Buyer or its designated component or system supplier meet and perform within their specifications.

9.2 Seller warrants that it will execute the Project in a professional and competent manner according to state of the art in Seller's industry. The Products will be in compliance with German laws, standards, and regulations as well as with those regulations in countries pertinent for Buyer's intended use to the extent they have been communicated in writing to and accepted by Seller. Expressively no warranty is made for the compliance with any law, standard, regulation or any condition imposed by a foreign authority not communicated in writing to Seller and confirmed by Seller prior to the formation of the contract. All documentation for work rendered pursuant to the contract will be according to the existing general practice for comparable engine design and development projects in the engine and vehicle industry and will be subject to Buyer supervision and final validation

9.3 Buyer has to inspect the goods immediately after reception, as far as this is feasible in the ordinary course of business and, if a deficiency shows, he shall immediately notify Seller. Should Buyer refrain from such notification the product shall be deemed to have been accepted, unless the defect was not recognizable at the time of inspection. Should such a defect become apparent later, notification must be made without undue delay after its discovery, otherwise the product shall be deemed to have been accepted even considering this defect. The timely dispatch of the notice is sufficient to preserve the Buyer's rights. Seller cannot invoke these regulations if he has fraudulently concealed the defect.

9.4 Buyer shall arrange for the recording of all required operating conditions, characteristic data and results of analyses for the duration of the warranty period to be able to document any warranty claim under provision 9.1. In case of deficiencies of Products (including incomplete or incorrect documentation) Seller will either repair such deficiencies or replace deficient parts with new ones.

9.5 The warranty contained in this provision 9 is exclusive and in lieu of all other representations and warranties, express or implied.

Specifically excluded are damages caused by non-observance of instructions for use and maintenance of products, Warning, safety and other regulations provided by Seller, or improper handling of products.

Seller shall not be liable for further (consequential) damages resulting from deficient products, unless there is any damage due to the violation of life, body or health of Buyer or any damages resulting from intent or gross negligence of Seller, its employees or its representatives. In addition Seller declines any liability for damages or malfunction which cause does not lie within the scope of work to be performed by Seller under the contract.

9.6 Unless provided otherwise, the duration of the warranty period will be 12 (twelve) months after the signing of the acceptance protocol under provision 10.2, if applicable, or delivery of the Products as provided in provision 6.1, whichever is earlier.

The performance of a warranty obligation by Seller does not prolong the original warranty period.

§ 10 Fulfillment of Contract

10.1 The contract is fulfilled on one or both of the following events, depending on the scope of the Project:

- Seller's delivery of the reports and documentation containing the results of the Project as well as any hardware that may be agreed upon between Buyer and Seller, subject to the terms of provision 6.
- Performance of a formal acceptance test conducted at Seller's plant.

10.2 Conditions for a formal acceptance test and warranted technical targets to be achieved shall be defined in the contract. Seller shall notify Buyer of the acceptance test in sufficient time to permit Buyer to be represented at the test.

A protocol stating the results of the acceptance test will be drawn up and signed by authorized representative(s) of Seller and Buyer.

In the event that Buyer or its representatives are not represented without giving any reasons and despite timely invitation, Seller will send the acceptance protocol to Buyer. The context of the acceptance protocol shall be deemed to be accepted unless Buyer does not object in writing within a period of 2 weeks after receipt.

Depending to the scope of the acceptance the entire contract or a particular phase of the contract, as the case may be, shall be deemed to be fulfilled if the warranted technical targets are met during the acceptance test

§ 11 Liability

11.1 Seller shall be liable for damages only if Seller is held responsible for intentional misconduct or gross negligence or in case of loss or damages resulting in death, personal injury or damage to health on the part of Buyer. Any liability for indirect and/or consequential damages, including loss of property or profit, costs of product recall, is specifically disclaimed.

11.2 Unless one of the eventualities provided for in provision 11.1 arises, the following shall apply:

Buyer is obliged to indemnify Seller from all claims for compensation of third parties arising from legislation on unlawful actions, product liability or other regulations concerning faults or defects in Products produced by Seller or Products supplied or furnished by Buyer insofar as such claims also could be made against Buyer or are no longer applicable due to the statute of limitations. In those circumstances Buyer has to indemnify Seller from all costs arising from legal action brought against Seller as a result of such claims. In the event those claims against Seller are substantiated or are not substantiated due only to the statute of limitations meanwhile coming into force Buyer shall be entitled to a proportional indemnification by seller the amount and scope of which shall be depend on the circumstances, in particular to what extent the damage is caused mainly by Seller or by Buyer.

This does not affect Seller's right to be indemnified from all liability and against all claims based on any other legal grounds.

§ 12 Force Majeure

In the event Seller or one of its component or system suppliers is subject to an event of force majeure or an event beyond the control of Seller or its component or system suppliers, such as war, acts of terrorism, natural disasters, governmental interventions and bans, energy and raw-material shortages, strikes, civil unrest, transport damages or delay, Seller shall be entitled to extend the time of delivery set forth in the contract, provided Seller notifies Buyer within 10 (ten) days in writing of such event.

§ 13 Premature Termination of Contract

13.1 Either Party may immediately terminate the contract by giving written notice to the other Party if any of the following occurs:

- A bankruptcy proceeding is instituted against either Party's assets, or such proceeding is not instituted because of insufficient assets;
- Such other Party materially breaches the contract and fails to remedy such breach within 60 days after written notice is given.

13.2 In addition to the circumstances set forth in provision 13.1 Seller may immediately terminate the contract by giving written notice to Buyer, if

- Delivery or performance becomes impossible for reasons attributable to Buyer, or delivery or performance is delayed due to such reasons beyond a reasonable grace period established in writing;
- Buyer's financial situation has worsened notably after signing the contract and Buyer is unable or unwilling to provide adequate security for fulfilling its payment obligation;
- Payments are not received when due from Buyer despite Seller's fulfillment of its obligations and Buyer fails to pay within a reasonable grace period established in writing; or
- A change of Buyer's ownership takes place which has a substantial impact on Seller's interests.

e) Seller has reasonable cause to suspect that the delivery of Products by the Seller or any of its affiliates or any other performance of the contract infringe any sanctions, prohibitions or restrictions under resolutions of the United Nations or laws and regulations of the European Union, the Federal Republic of Germany or any other state which are applicable to the Seller and/or any of its affiliates.

f) Seller's Products become subject to the restrictions imposed by the EC-Dual-use-Regulation No. 428/2009 as amended after the contract has been concluded if the Seller does not obtain an export license under the EC-Dual-use-Regulation.

13.3 In case of premature termination, all performances or parts thereof, which have already been fulfilled by Seller, shall be settled and paid according to the contractual provisions. This also applies to deliveries and performances not yet accepted by Buyer as well as to any preparatory work undertaken by Seller. Any other consequences resulting from a premature termination of contract are excluded.

§ 14 Applicable Law and Jurisdiction

14.1 The contract shall be construed and interpreted according to German law. It is mutually agreed that the United Nations Convention on Contracts for the International Sale of Goods (UNCITRAL) does not apply.

14.2 In case of controversies or disputes between Seller and Buyer the competent courts for Seller's seat in Remscheid, Germany, shall have exclusive jurisdiction. Seller shall, however, also have the right to bring a claim before another court which has jurisdiction for Buyer's seat or domicile.