



GENERAL PURCHASE CONDITIONS
(Castings and Components)

DEFINITIONS:

“**AVK**” shall mean any company within the AVK Group.
“**The Supplier**” means the person or company to whom AVK’s Purchase Order (PO) is addressed.
“**GPC**” means the terms and conditions set forth herein.
“**Purchase Agreement**” means a contract between the Supplier and AVK, if any, for the supply of Goods which is subject to these GPCs.
“**PO**” means a purchase order issued by AVK and subject to these GPCs.
“**Specification**” includes any specification, design, plan, prototype, drawing, software, data or other information relating to the Goods.
“**Goods**” shall mean all supplies (e.g. components, raw material or semi-finished goods) that AVK orders and the Supplier supplies to AVK.

OPERATIVE CLAUSES:

1. Application

1.1 Every supply of Goods to AVK is made on the GPC as well as AVK’s Code of Conduct for Suppliers and all terms and conditions proposed by the Supplier are hereby expressly excluded. In case of discrepancy between these GPCs and any Purchase Agreement (or other framework agreement), and/or any of its appendices or a PO, the GPC shall prevail.

1.2 Once accepted, these GPCs shall apply to repeated orders and all subsequent orders, even if not specifically mentioned in verbal or in writing. The PO constitutes an offer by AVK to purchase the Goods from the Supplier subject to the GPC. No verbal or written order, request or enquiry for Goods is binding on AVK unless set out in a PO signed by the duly authorised representative of AVK.

1.3 No variation to a PO or the GPC is binding on AVK unless agreed in writing between the authorised representative of AVK and the Supplier. Execution by the Supplier of a PO in whole or in part constitutes acceptance thereof.

1.4 The Supplier has read and understands these GPC’s and agrees that the Supplier’s written acceptance of or its performance in relation to a PO shall constitute the Supplier’s acceptance of these GPC’s.

2. Ordering and Order Confirmation

2.1 Only written orders are legally binding for AVK (including via e-mail or facsimile). A purchase agreement is concluded between AVK and the Supplier when AVK has issued a PO to the Supplier and the Supplier has accepted such PO. The Supplier shall be deemed to have accepted the PO at the earlier of (1) the Supplier notifying AVK of its acceptance or (2) the Supplier beginning performance pursuant to the PO. A PO incorporates these GPCs.

3. Prices

3.1 Prices exceeding those listed in the PO shall not be recognized by AVK. Unless otherwise agreed, in writing, the price stated for the Goods shall be a fixed price, inclusive of all duties, levies, fees and taxes in the country of origin of the Goods.

3.2 The Supplier shall during the term of the PO (or Purchase Agreement in a long term cooperation) provide AVK with Goods that are competitive in terms of price, quality, delivery and technical function. If AVK considers that the Supplier’s delivery of Goods is no longer competitive in relation to price, quality, delivery and/or technical function even though the delivered Goods are in accordance with the terms of the PO, AVK shall supply the Supplier with information supporting its belief. The Supplier and AVK shall in good faith discuss how to make the Goods competitive. If the Parties are unable to arrive at a mutually acceptable solution within thirty days after AVK’s notification, then AVK shall have the right to

terminate the PO, or the Purchase Agreement as the case may be, insofar as it concerns the non-competitive Goods by giving the Supplier thirty (30) days’ notice and AVK shall be entitled to resource any or all Goods to a more competitive source.

3.3 All invoices shall be correctly addressed, without being marked for the attention of any individual, and include all other information that is required by AVK. Remittance of payment shall not imply any acceptance of the delivery or of the invoiced amount.

3.4 The Supplier and AVK will jointly pursue cost reduction opportunities for the duration of the PO or Purchase Agreement and will reflect the achievements of such opportunities in price reductions to AVK. Without prejudice to AVK’s other rights and remedies, AVK may deduct from any payments due to the Supplier the amount of any bona fide contra accounts or other claims which AVK or any AVK subsidiary may have against the Supplier irrespective of whether such amounts originates from different purchase orders and/or is based on other legal circumstances or agreements.

4. Risk and Property

4.1 The agreed delivery term shall be construed in accordance with "INCOTERMS", 2010. The Supplier shall pack the Goods in accordance with instructions issued by AVK.

4.2 Unless otherwise set out in the PO, title to and property in the Goods will pass to AVK upon delivery to the delivery location designated in the PO by AVK, but all Goods remain at the risk of the Supplier until they have been sufficiently inspected to ascertain that they have been supplied in accordance with the details stated in the PO without prejudice to the right of rejection which AVK may have under these GPCs and/or at common law and/or by statute.

5. Delivery Schedule

5.1 The Goods shall be delivered to the address for delivery specified in the Purchase Order on the date or within the period stated therein. The Supplier shall deliver the Goods to AVK in accordance with the date of delivery specified in the PO, with time for delivery being of the essence. The Supplier shall ensure that each delivery is accompanied by a prominently displayed delivery note which shows, inter alia, the order number, date of order, number of packages and contents and, in the case of part delivery, the outstanding balance remaining to be delivered. If the Goods are delivered to AVK in excess of the quantities ordered AVK shall not be bound to pay for the excess and any excess will be and will remain at the Supplier’s risk and will be returnable at the Supplier’s expense.

5.2 If the Supplier requires AVK to return any packaging material to the Supplier that fact must be clearly stated on any delivery note delivered to AVK and any such packaging material will only be returned to the Supplier at the cost of the Supplier.

5.3 Where the date of delivery of the Goods may be specified after acceptance of the PO, the Supplier shall give AVK reasonable notice of the specified date. If the Goods are to be delivered by instalments, each instalment will be treated as a single contract and not severable. All Goods delivered shall be manufactured in accordance with general industry standards for good workmanship. Packaging shall protect the Goods from shipping damage.

5.4 Time is of the essence in the fulfillment of any PO from AVK. Every PO is subject to cancellation if not shipped at the specified time. AVK reserves the right to refuse deliveries made in advance of the delivery schedule. Goods shipped after the time specified may be returned at the Supplier’s expense for full credit. Retention of all or any part of such Goods shall not be considered acceptance of same. Acceptance of such Goods shall not be deemed a waiver of AVK’s right to hold the Supplier liable for any loss or damage resulting therefrom, nor shall it act as a modification of the Supplier’s obligation to make future deliveries in accordance with the delivery schedule. AVK shall be reimbursed in full for all Goods returned. In addition thereto, AVK shall have the privilege, if shipment is not made on time, to purchase similar Goods in the open market in such quantities as it may find necessary not exceeding the amount called for in the PO and hold Supplier responsible for the difference, if any, between the price so paid and the price stated in the PO.

6. Confidentiality

6.1 The Parties have agreed that during the period in which they commence as well as afterwards, any confidential information concerning the Parties and/or activities of the Parties, which has come into the other Party's possession, whether received directly, in writing, orally or via receipt of product samples or parts thereof, or acquired during visits, etc., shall be handled with strict confidentiality by both Parties.

6.2 The following shall be considered confidential information of AVK: (1) any written specifications for the Goods and processing of the Goods covered under the GPC which AVK has or later does provide to the Supplier with regard to the Goods covered under the GPC (Purchase Specifications); (2) any other business or technical information, including without limitation, all oral or written information relating to the Goods, or information relating to AVK's customers, suppliers, business practices, products, designs, inventions, or research and development; and (3) the terms and conditions of these GPCs.

7. Intellectual Property and Production Rights

7.1 AVK remains the owner of confidential information and any drawings, models, patterns, tools, dies, jigs, specifications of delivery or other documents (collectively "Intellectual Property") that AVK provides to the Supplier. Without AVK's written consent, such Intellectual Property may not be used for the Supplier's own purposes or for any other purpose or made available to third parties and may be used only for the purpose of the delivery of Goods to AVK. AVK may request at any time that such Intellectual Property be returned. Supplier shall not, without first obtaining the written consent of AVK, in any manner publish AVK's name or otherwise indicate that Supplier has furnished or contracted Goods to AVK.

7.2 AVK does not grant or convey to the Supplier and AVK reserves all rights to use tooling, drawings, designs, patterns or materials or other information belonging to AVK or supplied by or on behalf of AVK in the production, manufacture or design of goods for third parties or for the manufacture or production of larger quantities than those specified in each PO (collectively "Production Rights"). This, however, does not preclude the Supplier from producing, manufacturing or designing goods for anyone other than AVK if such goods are not of AVK's design or specifications and if tooling is owned by the Supplier or a third party.

8. Customer Relationships

8.1 The Supplier agrees that it will not solicit any business from any customer of AVK where such business has already been sourced to AVK, nor will it submit quotes to any customer of AVK regarding any business that has been sourced to AVK, unless otherwise approved in writing by AVK. This provision applies to current business of AVK and to replacement business on programs that were sourced to AVK. The Supplier agrees that during the course of the PO or Purchase Agreement, it will have no communication with AVK's customers that is in any way damaging to AVK, and further agrees that it will immediately report to AVK any communication that the Supplier's representatives have with any of AVK's customers relating in any way to AVK.

9. Product Warranty

9.1 The Supplier warrants that the Goods will (1) conform to drawings, patterns, descriptions and specifications designated by AVK and with all samples approved by AVK; (2) be of merchantable quality and fit and sufficient for the particular purposes intended, new, best available technology, safe, of first-class workmanship and free from defects, contamination and rust; (3) be packaged and marked correctly; and (4) be free from all liens and encumbrances. If Goods are designed by the Supplier he further warrants that the Goods (1) will be free from defects in design; (2) comply with all laws and regulations, industry standards etc.; and (3) will not infringe any patents, copyrights or other proprietary rights of third parties (collectively, "Supplier's Warranty").

9.2 Supplier's Warranty shall remain in effect for a period of thirty (30) months calculated from the date of delivery to AVK, however, not more than twenty four (24) months from the moment the final products of which the Goods form part have been put into operation.

Neither approval by AVK of the Supplier's design nor acceptance of the Goods shall release or discharge the Supplier from liability for damages resulting from a breach of Supplier's Warranty.

10. Quality and Testing of Goods

10.1 The Supplier shall, prior to commencement of serial production of new or changed Goods, manufacture and perform quality control of samples in accordance with AVK's applicable requirements relating to testing from time to time.

10.2 Once a sample has been approved, alteration of the function, appearance, characteristics, material, production method, place of manufacture, tooling or other equipment which may affect the Goods, may be done only after written approval on each occasion from the AVK Group purchase department at AVK. Delivery may thereafter be made only after renewed approval of a sample. If AVK rejects a sample, the Supplier shall make rectification so that the requirements are fulfilled and reimburse AVK's costs for verification testing of the Goods after such rectification. AVK's approval of samples shall not affect the Supplier's liability and obligations in accordance with the PO or Purchase Agreement.

10.3 AVK expects all Goods delivered to comply with a zero defect principle. The Supplier is obliged to deliver the Goods in accordance with AVK's specifications and quality requirements. The Supplier is obliged to conduct 100% Final Quality Control ("FQC") of delivered Goods (only 100% passed Goods shall be delivered to AVK) and Supplier shall maintain records of such FQC to be made available to AVK on request. The records of FQC shall contain at minimum the following:

1. Date of inspection
2. Acceptable Quality Level (AQL)
3. Order number
4. Batch quantity
5. Inspected sample quantity

AVK shall have the right, upon prior written notice, to inspect the Supplier's premises and processes and the Quality Assurance procedures of the Supplier.

11. Defect, Failure and Non-conformity

11.1 All complaints (in the form of NCR reports – "Non-Conformity Reports") must be communicated to the Supplier in writing as soon as possible after the non-conformity has been detected.

11.2 In the event that AVK determines that the Goods are defective, damaged or otherwise not in conformity, AVK may reject the goods and in such case, AVK shall not be obligated for payment of the purchase price and may cancel the PO without obligation or liability. Should the Supplier not make whole on promised Goods or, if AVK has already paid for the Goods in question, the Supplier shall, at AVK's option, either: (1) retain such defective Goods and an equitable adjustment will be made in the PO price for such defective Goods; (2) require the Supplier to repair or replace such defective Goods, at the Supplier's sole expense, including all shipping, transportation, and installation costs; or (3) correct or replace such defective Goods with similar Goods and recover the total cost thereof from the Supplier.

In either case, the Supplier shall pay for incidental and verifiable costs including but not limited to, AVK's cost of repackaging, manufacturing, transporting, shipping and installation of the defective Goods and/or replacement Goods to and from AVK's or AVK's customer's facility. The aforesaid remedies shall survive acceptance and payment and shall run to AVK, its customers and their successors in title and shall not be deemed to be exclusive, but shall be in addition to AVK's other rights under the terms of the PO or at law or equity.

12. Customs documents and Certificate of Origin

12.1 The Supplier accepts all responsibility for the information on the Certificate of Origin, letter or affidavits. By accepting the PO, the Supplier accepts full responsibility for the completeness and accuracy of the corresponding Certificate of Origin and all other customs documentation provided to AVK. The Supplier accepts any liabilities resulting from inaccurate data on these documents or failure to comply with Certificate of Origin requirements.

13. Product Liability and IPR Indemnification

13.1 To the fullest extent permitted by law, the Supplier agrees to indemnify, hold harmless and defend AVK and its affiliated companies, their distributors, customers and end-users from and against any claim, loss, expenses and all other obligations and proceedings whatsoever, including without limitation, all judgments rendered against, and all fines and penalties imposed upon AVK and any reasonable attorney's fees and any other cost of litigation (hereinafter collectively referred to as "liabilities") arising out of:

1. injuries to persons, including death, or damage to property, caused by the Supplier, its employees, agents, subcontractors, or in any way attributable to the performance and prosecution of the work herein contracted for, including without limitation breach of warranty or product liability except that the Supplier's obligation herein to indemnify AVK shall not apply to any liabilities arising from AVK's sole negligence.

2. infringement and alleged infringement, direct or indirect, of any patent right of anybody by reason of the sale or use of the Goods except that the Supplier's obligation herein to indemnify AVK shall not apply to any liabilities arising from AVK's sole negligence.

13.2 The Supplier shall be obliged to let himself be summoned to the court or arbitration tribunal which examines claims against AVK where the claim is based on damage alleged to have been caused by the Goods. The liability between AVK and the Supplier shall, however, always be settled as set forth in these GPCs.

14. Insurance

14.1 The Supplier shall procure and maintain at its sole expense insurances with reputable and financially responsible insurance companies, which adequately cover Supplier's liability against AVK and third parties.

14.2 AVK is entitled to require certain insurance coverages and amounts to be taken out by Supplier. Supplier shall provide to AVK certificates or memoranda of such insurances and renewals thereof signed by the issuing company or agent or other information respecting such insurance at any time promptly upon AVK's request. Such policies shall provide for cancellation only upon 30 days prior written notice to AVK.

14.3 AVK's examination of, or failure to request or demand any evidence of insurance hereunder, shall not constitute a waiver of any requirement of this provision and the existence of any insurance shall not limit Supplier's obligation under any provision hereof.

15. Language

15.1 Should these GPCs be translated into another language than English, the English version shall prevail in case of inconsistency.

16. Ethical behavior

16.1 The Supplier shall respect and abide by the local laws and regulations in his home country and – within its sphere of influence – respect and support the UN Global Compact, including among others the following set of core values and principles in the areas of human rights, labour standards, the environment, and anti-corruption: The Supplier shall

1. support and respect the protection of internationally proclaimed human rights;
2. make sure that it is not complicit in human rights abuses;
3. should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. eliminate all forms of forced and compulsory labour; effective abolish child labour;
6. eliminate discrimination in respect of employment and occupation;
7. support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility;
9. encourage the development and diffusion of environmentally friendly technologies; and

10. work against all forms of corruption, including extortion and bribery.

16.2 AVK promotes integrity and ethics in all aspects of its activities. AVK expects its suppliers to adhere to the highest standards of moral and ethical conduct, to respect local laws and not engage in any form of corrupt practices, including but not limited to extortion, fraud or bribery. AVK expects its suppliers not to offer any benefit such as free goods or services, employment or sales opportunity to an AVK employee in order to facilitate the suppliers' business with AVK.

Therefore, the Supplier must refrain from giving gifts or tokens to AVK employees if these might improperly influence the recipient's judgment or might be perceived to do so. Gifts can include goods, services, personal discounts, vouchers, favours, loans, trips, accommodation or use of property, etc. However, sometimes in business, for example, in certain cultures, an exchange of gifts is appropriate. In such instances, the gifts or small tokens of appreciation should be reasonable and customary. Any such gifts or small tokens of appreciation must be consistent with accepted business practices and of routine value as determined by local law and industry practices.

17. Governing law and Venue

17.1 The terms of any Purchase Agreement (including these GPCs) and PO shall be governed by and construed in accordance with the terms and conditions set out in the United Nations Convention for the International Sale of Goods (CISG), (the authentic English language text) notwithstanding that the rules of private international law might otherwise lead to the application of some other law. Notwithstanding that CISG governs the right and obligations of the parties, disputed issues not settled thereby or by the general principles on which it is based shall be resolved by the substantive laws of the country where AVK has its principal place of business.

17.2 The parties agree that save in relation to the enforcement of judgments, the prosecution of insolvency proceedings or the taking of injunctive relief, the courts having jurisdiction over AVK's principal place of business shall have exclusive jurisdiction for any dispute, action or proceedings commenced with regard to Goods supplied under these GPCs. However, AVK may at its sole discretion choose to initiate legal proceedings against the Supplier at the courts having jurisdiction over the Supplier's principal place of business, in which case CISG shall apply. Any matter not governed by CISG shall be construed and governed by the substantive laws of the country where the Supplier's principal place of business is located.

18. Protection of human health and environment

18.1 Caring for the environment and respecting health and safety in the work environment are part of AVK's core principles of purchase conduct. The Supplier undertakes to meet all applicable environmental standards and regulations regarding chemical substances in both the country of manufacturing and in the country of destination, regardless of whether these substances are supplied to be used on their own, in preparations, or in Goods.

18.2 Especially regarding deliveries with final destination within The European Union (EU) the Supplier undertakes to comply with the European REACH regulation (currently regulation no. 1907/2006) in force at any time. If the supplied products including in their packaging contain chemical substances covered by the REACH regulation the Supplier guarantees that the substances have been pre-registered, have or will be registered within any applicable deadlines or authorized for the uses AVK intends to make of the products. If the supplied products including in their packaging contain chemical substances that pursuant to the REACH Regulation are subject to restrictions the Supplier undertakes to supply only products containing substances complying with the restriction measures imposed by the REACH Regulation. Furthermore, the Supplier undertakes to notify AVK of products containing chemical substances covered by the REACH regulation. As such list of chemical substances covered by the REACH regulation is subject to regular updates the Supplier shall regularly monitor the list and immediately notify AVK if any relevant changes have been made to the list. The Supplier undertakes to provide AVK with relevant updated safety data sheets if required by AVK. Such safety data sheets shall be in compliance with any applicable legislation.

18.3 The Supplier undertakes to comply with the United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the legislation implementing the GHS in the different jurisdictions.

18.4 The Supplier shall indemnify and hold harmless AVK against all damages and losses imposed on AVK as a result of the supplied product's non-compliance with the applicable environmental standard or regulation regarding chemical substances including the REACH Regulation and/or as a result of the supplied products' non-compliance with rules implementing the GHS in the different jurisdictions.