



General Purchasing Conditions EUROPE

1. Area of applicability

These Purchasing Conditions are applicable by the PMG plants in Spain and Germany.

2. General

The following conditions apply, as amended, to the purchasing of goods or services by PMG and are downloadable and printable from the web site www.pmg-sinter.com. The application of general terms & conditions and/or general payment conditions of the supplier is hereby excluded. Provisions which deviate from these General Purchasing Conditions, regardless of whether oral, written or electronic, apply only in the event of written confirmation by PMG. This applies even if, in knowledge of contrary supplier conditions or conditions of the supplier which deviate from the PMG Purchasing Conditions, PMG accepts deliveries or services without reservation.

3. Offers

The supplier will make binding offers and is bound by them for a minimum of 8 weeks starting from the date of receipt of the offer by PMG. The supplier is obliged to accept in writing any order placed by PMG within a maximum period of 1 (one) week from receipt by way of binding order confirmation and to execute the order accordingly. Otherwise, PMG is not bound by their order.

4. Prices - payment conditions

The price shown in the order is binding. Price increases as against the prices indicated in the order require PMG's express prior written consent. Acceptance of goods or services is always subject to PMG's written approval. The price is FCA suppliers premises (according to Incoterms 2010) including packaging, insofar as nothing to the contrary is agreed upon in writing.

Unless otherwise agreed, empty packaging is to be taken back at the supplier's expense. The statutory value added tax (VAT) is included in the price and is shown as a separate item at the statutory rate on the day of invoicing.

Insofar as nothing different is agreed upon in writing, PMG pays the purchase price, calculated from delivery and receipt of the invoice, with 3% discount within 14 days, 2% discount within 30 days or purely net within 60 days. Payment by PMG does not constitute recognition of conditions and prices.

5. Delivery time - delivery conditions

The delivery time specified in the order and confirmed in the order confirmation is binding and guaranteed by the supplier. The supplier shall have no right to withdraw on the basis of a lack of supply from his sub-suppliers ("Selbstbelieferungsvorbehalt"). The supplier warrants the exclusive delivery of new, unused original goods. The supplier is obliged to inform PMG promptly in writing if circumstances arise or become known to the supplier which would result in a delay of the agreed delivery time. If, in such a case, in order to adhere to the agreed delivery date, expedited transport of the goods will become necessary, the supplier bears the additional

expenditure arising from this in the case of delays attributable to the supplier. In the event of default in delivery by the supplier, PMG is entitled to the statutory claims.

In the event of default in delivery by the supplier, PMG is entitled, irrespective of statutory claims, to demand that the supplier pay a contractual penalty in the amount of 0.5% of the order value affected by the delay per working day, but not more than 5% of the total order value. In addition, PMG can demand compensation, in particular, but not only, for additional costs incurred as a result of replacement purchases. PMG does not have to reserve the right to demand the contractual penalty explicitly again during acceptance of the delivery in order to receive the penalty.

Contractual penalties paid are set off against other default-related compensation claims.

The order designations, reference numbers and other information required in connection with the execution of the order which are prescribed by PMG and named in the order are to be given in all of the dispatch notifications, delivery notes, consignment notes, invoices, and on the external packaging, etc.

Deliveries of goods are to be made exclusively to the reception point named by PMG.

The supplier is liable for damage and loss and bears the costs which are incurred as a result of non-compliance with these execution and dispatch specifications by the supplier or his commissioned agents and sub-suppliers.

The supplier undertakes to hold a stock of replacement parts for delivery items for the period of the agreed service life or the service life which experience shows that PMG or PMG customers expect. The latter will be notified by PMG to the supplier upon request. Should customers of PMG make claims against PMG as a result of any culpable non-compliance thereof, the supplier will indemnify PMG against these.

The supplier is obliged to make available to PMG - in a timely manner, without being requested to and free of cost - all documentation which is necessary for the use, assembly, installation, processing, warehousing, operation, and sale domestically and abroad, servicing, inspection, maintenance and repair of the goods.

6. Transfer of risk - inspection for defects - warranty

Inspection of the delivered goods upon receipt is exclusively limited to inspecting them for quantity and identity. Any other quality inspection is made by PMG exclusively on the basis of the delivery documentation and the labelling on the outermost packaging of the goods. There shall be no further obligation to conduct a technical incoming goods inspection. In accordance with the circumstances of a proper business routine by PMG or customers of PMG, any defects discovered will be notified by PMG to the supplier. Complaints about defective performance can be made by PMG within 8 working days after transfer of risk, furthermore even after the expiry of this period in the event of hidden defects within 8 days after becoming aware of said hidden defects. Irrespective of the warranty claims to which PMG is entitled by law, PMG has the right to demand from the supplier reimbursement for internal processing, checking and sorting costs incurred until complete defect rectification - including the costs of inspection reports drawn up or commissioned by PMG in the framework of the defect detection, insofar as the fault or defect discovered is not demonstrably attributable to PMG. After a defect complaint has been made, all of the warehouse stock at the supplier and at PMG is to be checked by the supplier. If repeated or further checks are necessary as a consequence of defects, the supplier bears all material and personnel costs in this respect.

The rectification of defects is done at the choice of PMG by way of subsequent performance either through rectification of the defects or the new delivery of non-defective goods. After the unsuccessful expiry of a reasonable period set for the defect rectification or for the new delivery, PMG can rescind the contract, make a covering purchase or reduce the agreed remuneration. In any event, PMG is also entitled to demand reimbursement by the supplier of costs incurred, damage and loss and proven futile expenses caused, as well as all expenses necessary for the purpose of defect rectification or new delivery. As provided by law, these claims exist even without setting a deadline. The right to compensation in lieu of performance is hereby expressly reserved.



The supplier's warranty period is 54 months, calculated from delivery, insofar as no longer warranty period is stipulated by law. In the event of a defect complaint filed by PMG, the warranty period is prolonged by the time period between the defect complaint and full defect rectification. Insofar as PMG chooses subsequent performance through delivery of non-defective goods, the warranty period starts to run anew with regard to the goods affected by the supplier's subsequent-performance obligation. The warranty given by the supplier also covers the goods purchased from its sub-suppliers and/or upstream suppliers. The supplier has to inform about the change of a sub-supplier in time and has to bear all related cost.

7. Liability – product liability – third-party liability insurance

The supplier is liable for all personal injury, property damage and pecuniary loss culpably caused in connection with the fulfilment of its contractual obligations by him, his legal representatives or his vicarious agents and performance assistants. Insofar as the supplier is liable even without fault, especially in the sense of the German Product Liability Law, the supplier is obliged to indemnify PMG against all third-party claims upon first demand insofar as the cause lies in the supplier's sphere of power or organisation and he is liable himself in the external relationship or is responsible for the liability event in another way. In this framework, the supplier is furthermore obliged to reimburse PMG for any proven necessary expenditure which arises out of or in connection with a recall action conducted by PMG, insofar as this recall action is necessary due to statutory provisions or due to circumstances which would cause a conscientious businessman to initiate a recall action to prevent imminent - including non-pecuniary - damage and loss. Insofar as possible and reasonable, PMG will inform the supplier about the content and scope of the recall measures to be carried out, and give the supplier an opportunity to make a statement in response.

In order to secure any compensation claims, the supplier is to take out sufficient operating and product-liability insurance and to maintain this until the expiry of the warranty period for the last order confirmed by the supplier. This insurance contract must include extended product liability insurance (damage and loss through connection, mixing, processing or further processing as well as dismantling and assembly costs) in a reasonable amount, but at least EUR 5,000,000.00 flat-rate for personal injury and property damage, and the possibly increased risk of a sale particularly into the USA, Canada or similar. If PMG is entitled to further compensation claims, then those shall remain unaffected.

The supplier is obliged to ensure in his own responsibility that the products or parts thereof to be supplied by him are not subject to national or international import or export restrictions, or comply with such restrictions. The supplier will document this for PMG upon request.

8. Setoff.

PMG may at any time deduct from any payment it owes to the supplier all or any part of any cost, damage, or loss related to any delivery of Defective Supply or other breach by Supplier of these Terms or any Order. PMG will advise the supplier prior to or contemporaneously with its exercise of such setoff or deduction, including to advise the supplier of the basis for such deduction or set-off.

9. Technical Data / Intellectual Property

The supplier warrants that no third-party proprietary rights or other third-party rights are infringed in connection with its delivery.

If a third party makes a claim against PMG due to an infringement of third-party proprietary rights or other third-party rights, then the supplier is obliged to indemnify PMG upon first written demand against those claims,



regardless of the legal basis. Any claims in excess of this due to defects of title of the products supplied which PMG is entitled to shall remain unaffected.

The supplier shall create, maintain, update, and provide to PMG, in compliance with PMG's requirements, all technical information about the goods and services as reasonably requested by PMG, including, without limitation, the engineering validation and qualification of the goods for production and use and compliance with any legal or regulatory requirements. Such technical information shall not be subject to any use or disclosure restrictions imposed upon PMG.

PMG is and shall be the sole and exclusive owner of all right, title and interest throughout the world in and to all the results and proceeds of the goods delivered or services provided under any Order, including all patents, copyrights, trademarks, trade secrets and other intellectual property rights (collectively "Intellectual Property Rights") therein.

The supplier shall make full and prompt disclosure to PMG of any inventions or improvements made in connection with performance of any Order, whether or not such inventions or improvements are patentable or protected as trade secrets. The supplier shall, when requested by PMG, promptly take such further actions, including execution and delivery of all appropriate instruments, as may be necessary to assist PMG to prosecute, register, perfect, record or enforce its rights in any goods or services.

To the extent that any pre-existing Intellectual Property Rights of the supplier are contained in the goods or services, the supplier retains ownership of such pre-existing Intellectual Property Rights and hereby grants to PMG an irrevocable, worldwide, unlimited, royalty-free license to use, publish, reproduce, display, distribute copies of, prepare derivative works based upon, assign, transfer, and sublicense through multiple levels of sub-licensees such pre-existing Intellectual Property Rights and derivative works thereof. Except for such pre-existing Intellectual Property Rights the supplier has no right or license to use, publish, reproduce, prepare derivative works based upon, distribute, perform, or display any goods or services prepared for PMG under any Order.

The supplier agrees not to assert any claim, including, without limitation, breach of confidentiality or misappropriation of trade secrets, against PMG, its customers, its affiliates, or each of their respective suppliers with respect to any technical information that the supplier disclosed or may disclose in connection with the goods or services provided by the supplier to PMG.

10. Confidentiality

The supplier is obliged to keep strictly confidential all illustrations, drawings, calculations and other documents and information received from PMG, particularly production know-how; they may not be made accessible to third parties without PMG's express written consent.

The supplier is obliged to regard all enquiries and orders as well as the deliveries made based thereon to PMG as a trade secret, e.g. in the sense German Fair Trade Practices Act or other applicable laws, and therefore treat them as confidential. The confidentiality obligation shall apply indefinitely even after full execution of the orders pertaining to the delivery items; it expires if and insofar as the production knowledge contained in the illustrations, drawings, calculations and other documents handed over becomes generally known without a breach of this confidentiality obligation having occurred. The supplier may not use confidential documents and information for purposes other than the execution of the order; after execution of the order, they are to be returned to PMG without request and without undue delay, without keeping copies. The supplier is only permitted to make commercial references, regardless of what type and scope, as to the business relationship in existence between PMG and the supplier, particularly regarding reference customer citations, if the supplier has PMG's express prior written consent to do so.

The supplier is liable for all damage and loss which PMG suffers as a result of a culpable breach of the aforesaid confidentiality obligation.



11. Ownership of Tooling.

Tools paid for by PMG shall remain under the sole ownership of PMG; the supplier may only use such for orders and parts pertaining to PMG. Tools paid for by PMG shall be available to PMG in perfect condition at all times. The supplier shall clearly label PMG's property as such and store it separately.

The supplier undertakes to insure tools owned by PMG and stored by the supplier against property damage at his own expense. The supplier hereby cedes all claims for compensation under this insurance to PMG.

Parts manufactured using tools owned by PMG must not be offered or supplied to third parties, and the applicable expertise must not be passed on.

The supplier shall be exclusively responsible for maintenance and servicing of the tools at his expense. The supplier shall be solely responsible for the costs of subsequent tools. As such, output is unlimited.

Should PMG's tools be damaged by the supplier, they must be properly repaired at the supplier's expense.

All modifications to tools must be approved by PMG in writing. Prototypes must be provided for inspection and approval following each modification.

PMG shall only pay tool costs following the inspection and approval of an initial prototype.

Following payment of tool costs, the tools shall be considered provided on loan by PMG. PMG shall have sole ownership of the tools.

12. Compliance with Laws.

The suppliers is requested to comply with the PMG Supplier Code of Conduct and to confirm this by signing the Supplier Declaration.

The supplier is in compliance with and shall comply with all applicable laws, regulations, and ordinances applicable to the goods, services, and business of the supplier. The supplier has and shall maintain in effect all the licenses, authorizations, and permits that it needs to carry out its obligations under any Order. The supplier shall comply with all import and export laws of all countries involved in the sale of goods under this Order. If the supplier engages third parties to fulfil its duties, it shall ensure that any third party complies with the PMG Suppliers Code of Conduct. Any such engagement of any third party is in all events subject to the express prior written approval of purchaser. Neither the supplier nor any person acting on its behalf has violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, and the supplier has instituted and maintains policies and procedures reasonably designed to promote and achieve compliance with all applicable laws.

Supplier shall provide to PMG upon request evidence of its continued compliance with this Section. If the supplier does not comply with the principles stipulated in the PMG Suppliers Code of Conduct, purchaser has the right to terminate the contract for good cause with immediate effect.

13. Other provisions

The registered office of the affected legal entity of PMG is the sole place of jurisdiction, insofar as no other place of jurisdiction is compulsorily established by law. However, PMG is also entitled to sue the supplier at the court of his legal domicile or at the court of the legal domicile of the PMG Holding GmbH.

Insofar as nothing different arises from the order or this agreement, PMG's registered office is the place of performance.

These General Purchasing Conditions are subject to the law of the Federal Republic of Germany, and the application of international private law and the unified United Nations Convention on Contracts for the International Sale of Goods (CISG) is hereby excluded.



Should one or more of the foregoing provisions be or become invalid or unfeasible, then this shall not affect the validity of the other provisions. The invalid or unfeasible provision is replaced by a valid and feasible provision which comes closest to the economic purpose of these General Purchasing Conditions. Amendments and additions to these General Purchasing Conditions require the written form, in which regard emails are excluded. The supplier receives a written copy of these conditions.

Should the parties have entered into other agreements in parallel, e.g. a framework contract or a quality assurance agreement, then these General Purchasing Conditions apply with only subordinate ranking to those contracts.