

AUDI VOLKSWAGEN Middle East FZE

Audi Volkswagen Middle East • PO Box 27758 • Dubai • United Arab Emirates Telephone +971 4 293 6700 • Fax +971 4 293 6801

Standard Conditions of Purchase of Audi Volkswagen Middle East FZE, Dubai ("AVME")

1. Order

- 1.1. Unless otherwise agreed in writing, all orders by AVME to Supplier are placed and are deemed to be accepted by Supplier subject to the following conditions ("Conditions").
- 1.2. The agreement for delivery of goods/services becomes effective upon supplier's receipt of AVME's written confirmation ("Order") of the Supplier's offer. This applies accordingly to any subsequent variation to the Order.
- 1.3. These Conditions apply to any order. Terms and conditions of sale and delivery of the Supplier do not apply, even if AVME has not explicitly rejected such conditions.
- 1.4. The supplier shall place orders or parts thereof to third parties only with AVME's prior written consent. In such cases, AVME shall not be liable to these third parties and the Supplier shall be solely responsible for the performance of all obligations according to the Order. The Supplier shall assign to AVME all rights (e.g. warranty claims) against such third parties.

2. Variations

- 2.1. AVME shall have the right to demand variations to the Order at anytime
- 2.2. To the extent that a variation entails an increase or reduction in costs and/or an adjusted delivery date, the Supplier shall inform AVME without delay. The parties will negotiate in good faith the consequences of such variation and put such variation in writing. If the variation is fulfilled or delivered without agreeing on consequences of such variations, the costs as well as the delivery date shall remain the same.

3. Quality of Goods/Services

- 3.1. Goods/Services shall conform to the quality, description and specification defined by AVME and shall be of sound materials and workmanship. If the purpose for which the goods/services are required has been indicated by AVME, either expressly or by implication, the goods/services shall be fit for that purpose.
- 3.2. The supplier warrants (i) that the design, construction, composition and quality of goods/services shall comply in all respects with all relevant requirements of any statute, statutory instrument or regulation in force at the date of delivery, (ii) that the goods/services will conform to the respective product/service descriptions issued by the Supplier and (iii) that the goods/services shall comply in all respects with all relevant requirements of AVME and meet the demands of the purpose of AVME if such purpose has been communicated by AVME to Supplier in beforehand.
- 3.3. The supplier further warrants that services will be performed by appropriately qualified and trained personnel with due care and diligence and to such high standard of quality as it is reasonable for AVME to expect.
- 3.4. The warranty period shall be subject to German law. Any complaint by AVME shall suspend the warranty period. Upon remedy of the faulty good to AVME's satisfaction, the warranty period shall continue to run.
- 3.5. Without prejudice to its other rights, AVME reserves the right to reject any goods or services supplied which fail to comply with the foregoing conditions. Upon notification or rejection by AVME, the relevant goods shall be returned to the Supplier at the Supplier's expense and the Supplier shall, at AVME's sole option, within a time acceptable to AVME either supply replacement goods/re-deliver the services in accordance with the Order or return the purchase price to AVME. In case the Supplier is late in providing replacement of the rejected goods or in re-delivering the service in accordance to the Order, AVME shall have the right to remedy the Order, AVME shall have the right to remedy the fault itself and demand reimbursement of any related costs.

4. Delivery of Goods/Services

- 4.1. Any Order is subject to the understanding that deliveries and/or performance will be provided strictly in accordance with AVME's requirements as stated in the respective Order or in any otherwise agreed form of delivery or performance schedule. The Supplier acknowledges the utmost importance of delivery within the agreed performance schedules. AVME reserves the right to refuse acceptance of goods/services which are supplied in excess to AVME's requirements as stated in the respective Order and AVME accepts no liability for such deliveries. Such excess deliveries may be returned at the Supplier's risk and expense.
- 4.2. Partial delivery shall not be permitted, unless agreed in writing.
- 4.3. The supplier shall provide suitable containers and/or packing materials for the delivery and reasonable storage of goods supplied.

5. Acceptance of Goods/Services

- 5.1. The acceptance of goods/services shall be subject to AVME's written acknowledgement. If the testing of the goods/services requires commissioning or prior use for test purposes, then acceptance is only carried out once the tests have been completed to the satisfaction of AVME.
- 5.2. Payments made by AVME to the Supplier shall not be regarded as acceptance of the goods/services.

6. Risk and Insurance

- 6.1. The supplier shall render delivery carriage free of charge to the agreed point of delivery ("DDP" in accordance with INCOTERMS 2000).
- 6.2. The ownership and risk in the goods supplied shall pass to AVME upon acceptance pursuant to Article 5.
- 6.3. The supplier shall notify AVME immediately of defaults in the consignment if such defaults are discovered by the Supplier.
- 6.4. The supplier shall maintain at its own cost a policy of insurance to cover the liability of the Supplier in respect of any act or default for which it may become liable to or be responsible for indemnifying AVME.

7. Advertising

The Supplier shall only refer to the business relationship with AVME in its advertising material and other public announcements, if it has received the prior written approval of AVME.

8. Import tax

Any customs duties, taxes and other levies payable for the import of goods/delivery of services shall be borne by the Supplier.

9. Price

The price stated in the Order shall be inclusive of delivery, packaging materials, and all taxes, duties, royalties or other payments due to governmental authorities or other third parties.

10. Invoice and Payment Conditions

Invoices shall state the purchase order number, the Supplier number and the customs code. Payments shall be made by check or transfer after the receipt of a proper and verifiable invoice by AVME. AVME shall pay any undisputed invoice by the 5th of every month as long as the invoice has been submitted before the 15th of the previous month, otherwise by the 5th of the following month. All invoices shall be sent to Audi Volkswagen Middle East FZE, Finance department, P.O. Box 27758, Dubai Airport Free Zone, Dubai, United Arab Emirates.

Any invoices for subcontracted services shall initially be billed to the Supplier, who upon receipt thereof, shall check that such invoices are correct and shall disburse the invoiced amounts in accordance with its invoice check. The Supplier shall forward the original invoices for subcontracted services to AVME. AVME reserves the right to settle invoices directly with subcontractors on behalf of the Supplier based on the written approval of such invoices by the Supplier. In this case, AVME shall be entitled to offset such amounts against claims of the Supplier.

11. Intellectual Property Rights of third Parties

- 11.1. The supplier warrants that the goods/services do not infringe any patents, copyrights, trademarks or any other rights of any third party.
- 11.2. The supplier shall indemnify AVME against any and all liability, loss, damage and expense arising out of any claim in respect of infringement or alleged infringement of any said rights whether in the United Arab Emirates or elsewhere resulting from the use of or resale of any goods/services delivered by the Supplier.

12. Rights related to work results

The Supplier herewith assigns to AVME a gratuitous, irrevocable and exclusive right – which is not subject to any restrictions in terms of time, geography, content or otherwise, to use all work results ("Work Results") that were obtained in the course of fulfilling of the Order. Said right shall particularly include right to adapt, modify, reproduce, publish, sublicense and transfer the Work Results. Without AVME's prior written consent, the Supplier may not exploit any right related to the Work Results. The Supplier shall cause any of its subcontractors to be bound by the aforementioned terms accordingly.

13. Indemnification

The Supplier shall indemnify and keep indemnified AVME from and against any and all loss, damage or liability (whether criminal or civil) suffered as well as legal fees and costs incurred by AVME resulting from

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breach of the terms of the Order by the Supplier including, but not limited to:

- 13.1. any act, omission or neglect of the Supplier's employees, agents or subcontractors;
- 13.2. breaches in respect of any matter arising from supply of goods/ services resulting in any successful claim by any third party;
- 13.3. breach of any warranty given by the Supplier in relation to the goods or services;
- 13.4. any other liability under the applicable laws;

14. TERMINATION

- 14.1. In the event of non-performance or under-performance of services or of non-delivery of the whole or any part of the goods within the period stated in the Order or, if no period is stated, within reasonable time, AVME shall have the right to terminate the Order or the part then undelivered or not performed, without prejudice to any claim which AVME may have arising out of such non-delivery, non-performance or otherwise. In case of exercising the termination right, the Supplier shall not be entitled to compensation.
- 14.2. AVME shall be entitled to cancel any undelivered or non-performed part of any Order forthwith by notice given to the Supplier in writing, by telex or telefax,
 - (i) if the Supplier makes any assignment for the benefit of creditors,
 - (ii) if a receiver or administrator is appointed in respect of all or substantially all of the Supplier's property or
 - (iii) if the Supplier becomes insolvent or goes into liquidation.

15. Confidentiality

- 15.1. The supplier shall undertake the following with regard to any documents, data processing programs, data knowledge, experience, information or other services ("Confidential Information") rendered accessible or made known to the Supplier by AVME:
 - to observe and to ensure that its employees observe strict confidentiality in respect of the Confidential Information;
 - not to make the Confidential Information available to unauthorized third parties, either in whole or in part, either directly or indirectly;
 - to use the Confidential Information solely for the contractually stipulated purposes.
- 15.2. The supplier shall cause any of its subcontractors to adhere in writing to the confidentiality obligations as set forth herein. Upon request, the Supplier shall provide AVME copies of the undertakings.
- 15.3. This clause shall survive the fulfilment, cancellation or termination of any Order.

16. Miscellaneous

- 16.1. The language of the business relation is the English language.
 - 16.2. Should a provision of these conditions be or become unenforceable, this will not affect the validity of the remaining provisions. The parties shall replace the unenforceable provision with a clause which comes as close as legally feasible to the unenforceable clause.
 - 16.3. These conditions shall be governed by and interpreted in accordance with the laws of Germany. The UN Convention on Contracts for the International Sale of Goods shall not apply.
 - 16.4. Any dispute arising out of or in connection with Orders, being subject to these Conditions shall be referred to and be finally settled by arbitration to be conducted in Dubai, United Arab Emirates, pursuant to the rules of arbitration of the Dubai International Arbitration Centre. The arbitration shall be conducted by one (1) or more arbitrators. The language of the proceedings shall be English.
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