1. Area of application

1.1 These General Terms and Conditions of Purchase apply to all agreements, contractual declarations, goods supplied to and services performed for LEONI AG (hereinafter “LEONI”) unless expressly agreed otherwise. These General Terms and Conditions of Purchase shall also apply to all future goods supplied, services performed or orders issued to LEONI, even if they are not agreed separately once again. These Conditions do not, however, apply vis-à-vis consumers as defined in Article 13 of the German Civil Code (BGB).

1.2 The supplier’s terms and conditions of business are not applicable, even if LEONI has in individual instances not specifically objected to their application. Even if we do refer to a document that contains or makes reference to the supplier’s terms and conditions of business or those of a third party, this does not constitute agreement to said terms and conditions being applicable. The same applies to acceptance of goods or payments.

2. Conclusion of contract

2.1 Supply contracts (order placement and acceptance) must be concluded in writing.

2.2 LEONI considers itself bound to an order for one week. Delivery call-offs become binding when the supplier has not objected at the latest one week after receiving it.

2.3 Before delivery is made, LEONI shall have the right to request changes with respect to the delivery item, quantity and version provided such request is not unreasonable with respect to the supplier’s interest. If such change has impacts on costs or time schedules the parties shall reach a suitable arrangement. Deliveries can also always be called off by means of remote data transmission.

3. Prices and payment terms

3.1 The prices quoted in the order are binding and are in each instance understood to be subject to addition of the statutory value added tax. They shall include all of the supplier’s ancillary services, in particular packaging and shipping free to LEONI’s business location or agreed location, provided there is no specific agreement otherwise in writing.

3.2 Invoices will be paid by LEONI after delivery and receipt of invoice as follows: net within 60 days, at a 2% discount within 40 days and at a 3% discount within 21 days. In each case these periods begin upon receipt of invoice.

3.3 Suppliers are entitled to off-setting or retention only if their counterclaims are found to be either uncontested or have been finally and non-appealably established. The supplier’s right of retention is limited to claims pertaining to the respective, specific contract. Receivables from LEONI cannot be assigned to or collected by third parties unless they pertain to consignments involving extended retention of title.

4. Consignments, delivery times and passing of risk

4.1 Goods must be supplied to and services performed at LEONI’s business location in LEONI’s business location or agreed location, provided there is no specific agreement otherwise in writing.

4.2 For goods shipments the supplier shall send LEONI a single-copy shipping advice to notify of the delivery to the order address.

4.3 The delivery time stated in the order counts from the date of the order and is bind-

4.4 If the supplier does not deliver the goods or perform the service within the agreed time, LEONI can give an extension of 14 days. LEONI is in this case entitled, follow-

4.5 The supplier shall carry this out even if LEONI does not approve the goods or services.

4.6 The risk is transferred regardless of the mode of transport, so far as LEONI does not carry this out itself, when the goods are handed over to LEONI at its business location or at an agreed place of delivery.

5. Retention of title, provision of tools and production resources

5.1 If LEONI provides the supplier with assets, especially tools and production resources, LEONI shall retain title to such items. The supplier shall mark such items as LEONI’s property accordingly. This property is to be used exclusively for the fulfillment of the contract with LEONI. Any processing or conversion by the supplier is done on LEONI’s behalf. In the event of processing or use LEONI shall obtain co-ownership in the new asset in proportion of the value of the asset provided to the other processed items at the time they are processed. The supplier holds the co-ownership for LEONI in trust free of charge.

5.2 In the event of deterioration in the supplier’s financial circumstances or a breach by a supplier of their obligations regarding the retention of title as well upon termination of contract, LEONI is entitled to demand return of the provided item.

5.3 For the term of the retention of title the supplier is not permitted without LEONI’s prior written consent to dispose of the provided item, to mortgage it, to transfer it as collateral, to lease it or to otherwise in any way relinquish or change it where this could impair LEONI’s collateral value. The supplier must, if third parties take possession of the assets, in particular seizing them or claiming a contractor’s lien, refer to this retention of title and immediately notify LEONI. The supplier shall bear the costs of revocation of seizure and possible recovery of the assets.

6. Confidentiality

6.1 The supplier undertakes to treat as trade secrets all commercial and technical information that is not in the public domain but of which the supplier becomes aware as a result of the business relationship. Documents, information, samples, templates, drawings, models, tools and other manufacturing equipment that the supplier receives from or out of the sphere of LEONI, remain the property of LEONI. Where something is marked as “confidential” or is evidently, based on other circumstances, a business or trade secret, the supplier must keep this confidential also beyond the termination of the contract and may not – unless this is required to achieve the contract’s purpose – either copy, sell or disclose it to third parties without LEONI’s consent. This also applies to work by remote data transmission or to products made according to this documentation. Suppliers shall also impose the corresponding obligations on their employees, agents and subcontractors.

6.2 Models, moulds, patterns, samples, tools and other manufacturing equipment, and likewise confidential information, made available to the supplier by LEONI or paid for in full by LEONI can be used for supplies to third parties only with the prior written consent of LEONI.

7. Quality and documentation

7.1 Suppliers shall, for their deliveries, adhere to the acknowledged standard of engineering, the safety regulations and the agreed technical data. Changes to the delivered item require the purchaser's prior written consent.

7.2 For the initial sample testing, we refer to the document of the German Association of the Automotive Industry (VDA) headed “Quality Assurance of supplies”, issued in Frankfurt in its 4th edition in 2004. Irrespective of this document, the supplier must continuously test the quality of items to be delivered. The parties to the contract shall inform each other on ways to improve quality.

7.3 If the nature and extent of the testing as well as the testing instruments and methods have not been firmly agreed between the supplier and the purchaser, the purchaser shall be prepared upon the supplier’s request to discuss, in the context of the former’s knowledge, experience and capabilities, the tests with the latter in order to determine the respectively required level of testing technology. Furthermore, the purchaser shall on request advise the supplier on the pertinent safety regulations.

7.4 Furthermore, in the case of technical documentation or vehicle components specially marked, for example with “D”, by separate agreement, the supplier must document in special records when, in which form and by whom the supply items were tested with respect to their features subject to mandatory documentation and what the findings of the required quality tests were. The test documentation must – so far as longer safetykeeping is not required by law – be kept for fifteen years after the end of production or – in the case of contractually agreed delivery of spare parts – for 15 years after spare parts were supplied and presented on request to the purchaser. The supplier shall, so far as legally possible, commit upstream suppliers to the same extent. By way of instruction, we refer to the document of the German Association of the Automotive Industry (VDA) headed “Documentation and Archiving – Code of practice for the documentation and archiving of quality requirements and quality records”, issued in Frankfurt in its 3rd edition in 2008.

7.5 So far as authorities that are responsible for vehicle safety, emission regulations and similar request inspection, for the purpose of re-examining certain requirements, of the buyer's production process and testing documentation, suppliers declare their willingness on the purchaser’s request to grant the latter the same rights on their site and to provide all reasonable support in so doing.
8. Property rights

8.1 The supplier shall be liable for claims concerning infringement of industrial property rights and industrial property right applications resulting from contractual use of the supplied products, if at least one of such industrial property rights of the same family of industrial property rights is published in the home country of the supplier, by the European Patents Office or in one of the following states: Federal Republic of Germany, France, United Kingdom, Austria or the United States of America. The supplier shall also be liable for claims concerning infringement of copyrights.

8.2 The supplier shall indemnify LEONI and its customers from all claims deriving from application of said copyrights and/or property rights.

8.3 This provision shall not be applicable if and to the extent the supplier has manufactured the supplied products in accordance with drawings, designs or other equivalent descriptions or specifications supplied by LEONI and does not know or is not required to know that manufacturing such products would result in an infringement of third party's copyrights and/or property rights.

8.4 The parties undertake to notify each other immediately of any risk of infringement and any alleged case of infringement and to give themselves the opportunity to take joint action in response to any ensuing claims.

8.5 At the request of LEONI, the supplier shall notify LEONI in writing of the use of its own and licensed third party published and unpublished industrial property rights and industrial property right applications for the supplied product.

9. Liability for defects

9.1 LEONI undertakes to examine the goods/services within a reasonable period of time for any obvious deviation in quality or quantity. The complaint is deemed timely if received by the supplier within ten working days from receipt of the goods/service. In cases of non-obvious deviations, application of Article 377 of the German Commercial Code (HGB) is ruled out where receiving inspection is replaced by a quality assurance agreement and LEONI has additionally examined the goods/services both on the basis of the delivery note and for transport damage.

9.2 The following applies unless agreed otherwise: claims for defects become statute-barred after 24 months from the time of delivery pursuant to Section 4.6 above. Where the supplier's goods and services are destined for use in motor vehicles, claims for defects expire 30 months after the vehicle is first registered or spare parts are installed, however no later than 36 months after delivery to LEONI pursuant to Section 4.6 above. Articles 478 and 479 of the German Civil Code (BGB) shall apply. The supplier shall also have opportunity to remedy defects or replace the defective goods in case of defects found before production begins (machining or installation) unless this is unreasonable for LEONI. If the supplier is not able to remedy or replace the defective goods or does not act accordingly without delay, LEONI can to that extent withdraw from the contract without any further notice as well as return the goods at the supplier's risk. In urgent cases LEONI is entitled, after consultation with the supplier, at the supplier's expense to remove defects itself or to have this done by third parties. The right to compensation for damages remains unaffected. If the same goods are repetitively defective, LEONI is entitled, after issuing written warning of a further deficient delivery, to also withdraw from further contracts not yet fulfilled and also to that extent to demand compensation for non-performance. This does not affect assertion of further claims for damages.

9.3 The supplier shall support LEONI free of charge in defending all claims pertaining to product or manufacturer liability and shall indemnify LEONI against these as well as all costs of defending such claims in so far as the claim is based on a product or a product component. In the event of partial cause, such indemnity shall be in proportion to the cause.

9.4 The supplier cannot claim for damages unless such damage arises from injury to life, body or health for which LEONI is responsible or such damage due to gross negligence or wilful breach of duty on the part of LEONI, its legal representatives or vicarious agents or is due to fraudulent conduct. In the case of a slightly negligent breach of a contractual obligation, fulfilment of which is the prerequisite for proper contract performance and adherence to which the contracting parties can normally rely upon, any claims for damages shall be limited to the predictable damage typically to be expected for this type of contract.

9.5 The supplier shall be liable in proportion to responsibility for the cause for measures taken by LEONI to prevent damage (e.g. product recalls).

10. Social responsibility

10.1 For LEONI it is of essential importance that social responsibility be taken into account in the context of supply relationships and in the course of commercial activity. This applies equally with regard to LEONI's own employees, employees of contracting partners and suppliers as well as society as a whole. Accordingly, LEONI has issued a Declaration on Social Rights and Industrial Relations at LEONI (LEONI Social Charter). Regardless of this, however, it must be the stated objective for LEONI and its supplier to observe and act in accordance with the principles of the UN Global Compact (Davos, 01/99).

10.2 The following principles are particularly important: respect of human dignity and human rights, prohibition of child labour, prohibition of forced labour, prohibition of discrimination, observance of the freedom of association and the pertinent national standards on remuneration, working hours as well as on health and safety, protection of the environment and combating corruption.

10.3 Any serious violation or repeated violation by the supplier of the principles set out in 10.2 shall make it impossible for LEONI to continue the supply relationship. In such a case, LEONI shall be entitled to terminate both individual contracts and master agreements with the supplier without notice for serious reason.

11. Right of withdrawal

If a petition for insolvency is filed against the supplier's assets or application is made for out-of-court settlement proceedings or the supplier is no longer capable, due to worsened financial circumstances, of proper contract fulfilment, LEONI shall be entitled after having unsuccessfully set a deadline for the goods to be supplied or the service to be performed to withdraw from the unfilled part of the contract.

12. Place of performance, place of jurisdiction, arbitration

12.1 The place of performance, including for liabilities from bills of exchange, shall be the registered office of LEONI.

12.2 The exclusive place of jurisdiction for all legal disputes arising of or from the contents of the supply contract, its creation and effectiveness, including summary action based on bills of exchange and cheques, shall be LEONI's registered office. However, at its sole discretion LEONI shall be entitled to assert claims against the supplier at the supplier's place of business.

12.3 LEONI shall be entitled to assert claims against the supplier not only at ordinary courts but also before an arbitration tribunal to be formed at the competent place of jurisdiction in accordance with the Conciliation and Arbitration Rules of the International Chamber of Commerce. The number of arbitrators shall be three. Each party shall be entitled to nominate one arbitrator. The third arbitrator, who chairs the arbitration tribunal and who must be a fully qualified lawyer, shall be nominated by the two other arbitrators. The language of the tribunal of arbitration shall be German. German law shall be the applicable substantive law. The verdict of the arbitration tribunal shall be final and binding on the parties.

13. Choice of law


14. Miscellaneous

14.1 Assignments of any of the supplier's rights and duties under the contract concluded with LEONI shall require the written consent of LEONI to be valid. This does not apply in matters relating to claims for payments.

14.2 If one of the provisions of these Terms and Conditions and of additional agreements reached is or becomes null or void, this shall not affect the validity of the other provisions and the contract.