

## Consignment Stock Agreement

Between:

**Behr-Hella Thermocontrol GmbH**  
Hansastraße 40  
59557 Lippstadt

(hereinafter called "BHTC")

and:

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(hereinafter called "Supplier")

## **PREAMBLE**

This Consignment Stock Agreement is an addendum to the “General Supply Agreement for the purchasing of production material” and to the “Delivery Regulation for Order Processing” between BHTC and the Supplier in order to establish and maintain a consignment stock.

## **§ 1 Setting up the Consignment Stock**

1. The Supplier sets up a consignment stock for the products listed on Appendix A.

## **§ 2 Inventory Level**

1. The minimum consignment stock level has the function of a buffer stock and has to be provided by the supplier additionally to the ordered quantities.
2. Both parties mutually agree on a minimum and maximum consignment stock level based on weeks listed in Appendix A. A full replenishment shall be achieved within the standard lead-time of the products (see Appendix A).
3. The minimum and maximum Stock Level corresponds to a multiple of the average future 26 weeks demand as listed in the transferred delivery schedules. The consignment stock will be recalculated by the supplier on a weekly basis and will be communicated to BHTC.
4. If the stock quantities fall below the minimum stock level, the Supplier is engaged to replenish the minimum stock level within the Suppliers standard production Leadtime (see Appendix A).
5. If the stock quantities exceed the maximum stock level and if BHTC is not in the position to reduce the stock down to the maximum stock level during a period of 12 weeks, a solution suitable for both parties has to be found.

## **§ 3 Ownership of the Consignment Stock**

The goods stored in the consignment stock shall be the property of the Supplier. Ownership and risk shall pass to BHTC when goods are withdrawn from the consignment stock.

## **§ 4 Warranty**

The warranty period for products shall commence upon the withdrawal of products from the consignment stock by BHTC. Warranty liabilities shall in all other respects comply with the “General Supply Agreement for the purchasing of production material”

## **§ 5 Inventory Management**

1. The Supplier is entitled to conduct an annual counting of inventory at a mutual agreed date.
2. BHTC has to insure the consignment products on its own cost.
3. BHTC will without delay notify the Supplier in writing of any defects detected in parts withdrawn by BHTC when they are detected in the normal course of business. The incoming goods inspection at BHTC is limited to quantity verification, visual inspection of the packaging for visible damage such as damage in transit and an identity check by means of comparison of the shipping documents with the order documents. More detailed tests, in particular measurements, need not be performed. BHTC will perform in-production tests in accordance with the requirements of its QA management system. In so far, the Supplier waives its defence of delayed notification of defects.

## **§ 6 Reporting**

BHTC will provide the report for pull of products from the consignment Stock on a weekly basis. The report shall include the BHTC part number, the actual stock level information and shall be sent by Fax. The Supplier charges the products pulled by the Customer as reported by BHTC.

## **§ 7 Removal of Products from the Consignment Stock**

1. BHTC shall be entitled to withdraw goods from the consignment stock based on its requirements. The relevant prices agreed between the parties on the date of withdrawal shall apply.
2. BHTC shall consider the first-in-first-out principle (FIFO).

## **§ 8 Term of Agreement and Termination**

1. The present Agreement shall come into force when signed by the parties and shall run for an indefinite period. It may be terminated by either party with 3 months written notice to the end of a month.
2. The laws of the Federal Republic of Germany shall exclusively apply with the exception of the CISG (convention on international sale of goods). The legal venue in the event of disputes shall be Lippstadt for both parties, or any other competent court at the option of BHTC. The place of jurisdiction for any disputes that may arise from this agreement or deliveries made within their ambit shall be the registered offices of BHTC or any other competent for legal actions brought by BHTC.

## **§ 9 Amendments and additions**

No amendments or additions to this contract shall be valid unless made in writing.

Lippstadt,

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**Behr-Hella-Thermocontrol GmbH**

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**Supplier**

**Appendix A**

List of products to be delivered into Consignment Stock

Date:

BHTC Part Number	Supplier Part Number	Min. Stock Level [weeks]	Max. Stock Level [weeks]	Standard Leadtime [weeks]	