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Electronic device/component supply shortages Bauer Safety Engineering (BSafEr) Corporate policy for use of unauthorized sources

In case BSafEr is requested to buy components from the broker market the following terms apply.

1. If not requested otherwise by BSafEr's customers (see para. 2), BSafEr only buys components from distributors which are released by the OCM Original Component Manufacturer. Only then BSafEr can grant the warranty terms which are applicable between BSafEr and its customers.


2. Is it requested by BSafEr's customer's (i) to cover the customer's quantity demand and (ii) is it agreed by the customer and (iii) paid by the customer from another source than OCM (Original Component manufacturer)'s authorized sources ['unauthorized sources'] BSafEr accepts – as an exception – to buy from unauthorized sources based on the following provisions.

3. No warranty

BSafEr's liability and all warranty claims relating to the parts bought from the not-released distributors (fit, function, longterm performance) are fully excluded as far as legally permissible (our liability for willful misconduct remains unaffected). This exclusion of liability also applies to defects or flaws in parts of our products purchased from not-released distributors in case the defects or flaws are arising because material doesn't fit in or causes defects or flaws in other parts of our product.

4. Proof of Authenticity

BSafEr points out that BSafEr is not able to proof whether the material which BSafEr receives is authentic. BSafEr checks and tests according to its Quality Standards (BSafEr's Broker Component Incoming procedure includes checking of labels, marking, decapsulation or X-ray and comparing with original labels/components, ...) however there is still a tremendous remaining risk that the component does not fulfill the specification as expected and announced by the supply channel. Again, BSafEr must point out, that it cannot give any warranty or accept any liability (except for willful misconduct) in case BSafEr buys in material from supply channels as to the customer's request and this material proves to be fake.

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5. Internal End-of-Line Test (EoL)

BSafEr tests 100% of its products at the end of its production line. However, another risk is that those modules which contain components from not-released channels do not pass BSafEr's EoL test. Since BSafEr is not able (and allowed) to conduct any rework on products in case of a 'No-Pass' during any test (mostly EoL) BSafEr will invoice the module price to the customer, because the module will be scrapped at BSafEr's premises. Para. 3 and 4 regarding warranty, liability and the proof of authenticity also apply in this case.

6. Finally, BSafEr emphasizes that it will assign claims against a not-released distributor to the customer in case the exclusion of liability and warranty applies.

This policy helps to clarify and point out the responsibilities on both sides, Customer and BSafEr. The customer is aware that only in case the terms mentioned above are accepted BSafEr will purchase the components from not-released distributors per the customer's request. BSafEr states that component orders will only be placed on the validity of the terms above and the customer's acceptance of these terms.

Hermann Bauer



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