

# General Terms and Conditions of Purchase

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## § 1 Area of Application

1. The following terms and conditions of purchase shall apply to all business transactions with our suppliers or other contractors (collectively "Supplier"), even if they are not mentioned in subsequent transactions or contracts. The inclusion of general terms and conditions of sale or other general terms and conditions of business is hereby expressly rejected. This also applies if the Supplier refers to his own terms and conditions of business, even if these contain rejection and/or exclusion criteria not expressly rejected by us, irrespective of the chronological sequence in which the competing terms and conditions were cited by the contract partners, unless these have been accepted in writing. The validity of other terms and conditions cannot be inferred from the acceptance of the goods or services.

2. Our terms and conditions of purchase apply without express notice for all future transactions with the Supplier, unless we agree to another application in writing.

## § 2 Contract Conclusion

1. An order is deemed to be issued only if it has been reduced to writing and signed. Orders placed verbally or by telephone are only binding if we have confirmed them by sending a written order.

2. We are bound to our contractual offers for deliveries to us only for a period of two weeks. Upon acceptance of the order, the Supplier acknowledges that he has been informed of the nature and extent of the service through inspection of the available documents. In case of obvious errors, typing errors or mathematical errors, we are not bound by these errors. The Supplier is obliged to notify us of such errors so that the order can be corrected. This also applies to absent documents. Orders must be confirmed to us in writing within two weeks from the date of order, otherwise we are entitled to cancel.

3. Deviations in quantity or quality from the text and content of our order as well as from subsequent changes to the contract shall only be deemed to have been agreed upon if we have confirmed them in writing.

4. The order number and supplier number listed in our orders must be stated at the time of invoicing as well as in all correspondence.

## § 3 Delivery Date

1. The agreed delivery dates are binding. The delivery periods start from the date of the order. Within the delivery period, the goods must be received at the address specified by us. We must be informed without delay of any delays in delivery.

2. In the event of agreed delivery dates, the Supplier shall not be entitled to early provision of service if legitimate operational issues (e.g. lack of storage capacity) are contrary to this. An acceptance refusal on our part will not trigger a default of acceptance in such cases. An early delivery shall not lead to advancement of the due date of the purchase price.

3. If call-off deliveries are agreed, the call-offs are binding if the Supplier does not immediately object.

4. If the Supplier is in default, we are entitled to statutory claims. In particular, we have the right to demand a contractual penalty of 0.8% of the net order value per week, but not more than 5% of the net order value and/or delivery and/or withdraw from the contract. A contractual penalty shall be applied to any claim for damages. § 343 of the German Civil Code remains reserved. The acceptance of delayed deliveries or services does not imply that we waive any possible claims for compensation.

## § 4 Disengagement Right

1. Force majeure or operational disturbances, which significantly affect the operational sequence in our company and which are not caused by us, relieve us of our acceptance obligations.

2. We are entitled to terminate the contract without notice if the insolvency proceedings concerning the assets of the Supplier are requested.

## § 5 Despatch, Packing

1. A delivery note must be enclosed with each shipment. Our order data must be repeated on all shipping documents. Costs arising from non-compliance with our shipping regulations shall be borne by the Supplier.

2. The delivery is free of charge at the expense of the Supplier to the address specified by us. If it has been agreed in writing that, as an exception, we have to bear the cost of shipping, the Supplier must choose the type of transport and the carrier that is prescribed by us or is otherwise the most favourable type of transport and delivery for us.

3. The risk only passes to us upon acceptance by our receiving location.

4. Packaging is included in the price. If, in exceptional cases, a different agreement has been made in writing, the packaging must be calculated at the cost price.

5. Partial deliveries are only permissible with special written agreement.

## § 6 Proof of Origin, VAT and Export Restrictions

1. The Supplier's proof of origin requested by us shall be provided with all necessary information and provided duly signed immediately. The Supplier shall immediately inform us in writing without undue delay if the information in the proof of origin for the delivered goods no longer applies.

2. The same applies to VAT-related proofs for deliveries abroad and intra-Community.

3. The supplier shall notify us without delay if a delivery is subject to export restrictions in whole or in part according to German or other law.

## § 7 Prices, Terms of Payment

1. Prices for deliveries and services are net prices plus statutory VAT and include packaging, shipping, postage and insurance. Agreed prices are fixed prices, unless the Supplier lowers their prices. Other handling requires our prior written consent.

2. In the case of long-term contracts (contracts with a duration of over 12 months and infinite duration contracts), if a substantial change occurs to the costs of salaries, materials or energy, each contract partner is entitled to request negotiations on a suitable adaptation of the price, taking these factors into account. If the negotiations do not lead to a consensual amendment of the contract, both parties are entitled to terminate the contract.

3. Payments will only be made after complete receipt of goods free of defects and the invoice. In the case of partial deliveries agreed in writing, this shall apply accordingly.

4. Unless otherwise agreed, payment is made within up to thirty days less a three percent discount or within up to ninety days net. Time delays caused by incorrect or incomplete invoices do not affect any discount periods. If we are entitled to a deduction from the payment to the Supplier, in cases where the actual delivery and access to the

invoice do not occur on the same date then whichever occurs later shall be the basis for determining the discount period.

5. Payments to the Supplier do not in principle imply any approval with regard to the contractual nature of the delivered goods.

6. Outstanding receivables that the Supplier has in relation to us may only be assigned to a third party with our written consent. We reserve the right to offset and withhold payment to the extent permitted by law.

7. Insofar as we have taken over the insurance cover, insurance costs of the Supplier may not be part of the purchase price.

8. If, after conclusion of the contract, we become aware of the fact that our claim for delivery is jeopardised by a lack of the ability to perform on the part of the Supplier, we may refuse payment and determine a reasonable period for the Supplier in which payment is matched with physical delivery or the Supplier provides security. In case of refusal on the part of the Supplier or the passing of the deadline without the required results, we are entitled to withdraw from the contract and to demand compensation.

## § 8 Operation within our Company

Persons who operate within the scope of the Supplier's obligation within our company are subject to the provisions of our company regulations and our regulations with regard to accident prevention, occupational safety, environmental and other regulations applicable to us. Hazardous substances may be used within our company only after consultation with our specialist personnel and must be properly marked.

## § 9 Warranty, Liability for Defects

1. Our statutory warranty rights are unaffected. In case of initially non-detectable defects, it is sufficient for these to be pointed out within two weeks of discovery.

2. In the event of delivery of defective goods, the Supplier shall, at our choice, have the opportunity to rectify the defect or replace the defect. If the Supplier is unable to do so, or if he fails to meet the customer's requirements and deadlines, we are entitled to return the goods at the risk and expense of the supplier, as well as to cover ourselves in another way. The statutory provisions on the expendability of a deadline as well as all legal rights due to defects, including recourse claims, remain unaffected.

3. In the case of subcontracts, the Contractor must take great care and adhere strictly to our instructions. In case of ambiguity or doubt, please contact us. Upon acceptance of the contract, the Contractor confirms that he is able to satisfy our requirements on the basis of his mechanical equipment.

4. To the extent that the delivery is a commercial transaction for both parties, § 377 of the German Commercial Code applies with the following particularities:

- The goods are only deemed to have been delivered if we had the opportunity to examine them after a proper business transaction. In case of doubt, this is the time point when the goods arrive at our factory premises during the usual opening hours. Handover to the carrier is not sufficient. The complaint shall be made in good time, provided that it is received within a period of five working days from the date of receipt of the goods or the first possibility for inspection or, in the event of hidden defects, from the Supplier's discovery.
- The approval does not become effective if the Supplier was not aware of the quality deviations due to his own or attributable negligence, but in the case of proper conduct he would have to assume that we will not accept the deviations.
- Defects which cannot be ascertained in the context of a mere visual inspection and identity check are regarded as hidden defects.

5. The Supplier guarantees that all deliveries are free of third-party

rights and, in particular, that delivery and use of the goods does not infringe on any patents or other industrial property rights in the country of the agreed delivery location, in the European Union, Switzerland, Turkey, USA, PRC And - as far as the Supplier is notified - in the intended countries of use.

6. If the Supplier is directly liable to the third party by law, the supplier shall indemnify us from third-party claims arising out of possible infringements of property rights and bear all necessary costs arising in this connection.

7. We reserve the unlimited right to compensation for damages, in particular the right to compensation for damages instead of performance.

8. Our warranty and compensation rights become time-barred after three years from the passing of the risk. Insofar as the Supplier delivers new items or delivers individual parts on a matter within the framework of the defect liability, the limitation period of the new item or of the entire remedied item begins as soon as the same defect continues in the rectified item or from the delivery of this new item or of the individual part begins anew. The revocation of the statute of limitations does not occur insofar as this is an insignificant defect or the supplier expressly indicated prior to the subsequent delivery that he was not obliged to the subsequent delivery and delivered the replacement only for reasons of goodwill or for the amicable settlement of a dispute.

9. Unless otherwise stipulated in a different liability clause, the Supplier shall be obliged to compensate for the damage which is caused directly or indirectly as a result of a culpable unauthorised act or breach of duty on the part of the Supplier.

10. Insofar as the Supplier is responsible for a product, he is obliged to indemnify us from claims for damages on the part of third parties on the first demand, as the cause is within his area of domination and organisation and he is liable in the external relationship itself. In addition to compensation for damages to third parties, the supplier's obligation to provide compensation also includes the costs of legal defence, recall costs, inspection costs, installation and dismantling costs as well as our administrative and other expenses for claims settlement.

11. In this context, the Supplier is also obligated to pay any expenses which result from or in connection with a implemented recall action or a preventive customer service measure, pursuant to §§ 683, 670 of the German Civil Code as well as §§ 830, 840, 426 of the German Civil Code We will inform the supplier, as far as possible and reasonable, about the content and scope of the recalls or preventive customer service measures which are implemented and give him the opportunity to comment.

12. Unless otherwise agreed, the supplier undertakes to maintain a product liability insurance with a cover sum of EUR 10 million per physical injury/property damage – flat rate – and a recall cost insurance with a maximum cover sum of EUR 5 million per claim. Our right to assert further damages claims remains unaffected.

## § 10 Manufacturing Equipment

1. Manufacturing equipment (samples, models, tools, moulds, samples, raw materials, etc.) and documents (samples, drawings, data, etc.) which we make available to the Supplier remain our property and shall be returned to us unrequested upon completion of the assignment. Processing or transformation by the Supplier shall be carried out for us.

2. Drawings may not be duplicated. The Supplier undertakes to refrain from making the manufacturing equipment we have provided available to third parties. The duty to maintain secrecy persists even after termination of this contract. It expires if and to the extent that the production knowledge contained in the transferred illustrations, drawings, calculations and other documents has become generally known.

3. The supplier is obliged to provide the equipment and documents with a reference to our property and to insure against the fire, water,

theft up to replacement value at its own expense. The Supplier shall provide proof of proper insurance upon request.

4. The Supplier shall immediately notify us of any damage to the equipment.

5. The Supplier shall carry out maintenance and repair work on the manufacturing equipment at his own expense. We shall bear the cost for replacing manufacturing equipment if such is required due to wear.

6. The conversion, rebuilding or installation of manufacturing equipment which we have provided to the Supplier shall be carried out for us. If this results in an inseparable mixture with the objects of the Supplier or a third party, we shall be co-owner of the newly formed object in proportion to the value of our object in relation to the other converted objects at the time of conversion. If conversion, rebuilding or installation is carried out in such a way that our object is to be viewed as an essential component of the Supplier's principal object, we shall acquire co-ownership of the principal object in proportion to the value of our object in relation to the other converted objects at the time of conversion. In both cases, the Supplier shall safeguard our co-ownership.

7. The Supplier is prohibited from contacting our client without our consent.

### **§ 11 Producer Rights, Industrial Property Rights, Secrecy**

1. In the event of damage caused by a fault on the part of the Supplier, the latter shall indemnify us against liability resulting from the fact that the damage was not the result of any fault on our part.

2. The Supplier is responsible for ensuring that no patents or industrial property rights of third parties are infringed through his delivery or its use by us. The Supplier is responsible for proving that he is not complicit in the infringement of third party rights. Where liability towards third parties exists, he shall safeguard us and our clients from all claims from the use of such protected rights and costs which may be incurred on or in connection with their use. We are not entitled to

reach any agreements or in particular reach a settlement without the consent of the supplier. The Supplier shall not be liable to us as long as the Supplier has produced the delivered goods according to drawings, models or other similar descriptions or orders handed over by us, and does not know that this infringes industrial property rights.

3. Each contract partner shall use all documents (including samples, models, tools and data) and knowledge which he acquires from the business relationship only for the common purpose and keep these secret from third parties with the same care as his own documents and knowledge if the other contract partner has designated these are confidential or has an evident interest in their secrecy. This obligation begins from first receipt of the documents or knowledge and ends 36 months from the end of the business relationship.

4. The obligation does not apply to documents and knowledge which is generally known or which was already known on receipt by the contract partner without any obligation of confidentiality, or which was later disclosed by a third party authorised for disclosure, or which were developed by the receiving contract partner without the use of confidential documents or knowledge of the other contract partner.

### **§ 12 Jurisdiction, Place of Performance**

1. All legal relations between ourselves and the customer, even if the latter is domiciled abroad, are governed solely by German law, with the exception of the UN Convention on Contracts for the International Sale of Goods (CISG).

2. The jurisdiction and place of performance for merchants is Gevelsberg, Germany

### **§ 13 General Provisions**

If individual provisions of these General Terms and Conditions are or become invalid, the validity of the remaining provisions is not affected.