

GENERAL PURCHASING CONDITIONS

1. General terms – Scope

- 1.1 Our General Purchasing Conditions apply to all, also future, purchase orders for goods, services and works and their execution.
- 1.2 Our purchasing conditions apply exclusively; conflicting terms, or contracting parties' terms deviating from our purchasing conditions are not acknowledged by us, unless we have explicitly agreed to such terms in writing. Our purchasing conditions even apply if, in knowledge of conflicting terms or contracting parties' terms deviating from our purchasing conditions, we unconditionally receive the goods, services or works or unconditionally make payments.
- 1.3 All agreements which are made between ourselves and the contracting party in terms of the execution of the contract shall be stipulated in the contract in writing.
- 1.4 The execution of the contract by the contracting party is regarded as acknowledgement of our purchasing conditions.
- 1.5 The interpretation of trade terms shall be governed by the Incoterms valid at the time of conclusion of the contract.
- 1.6 Our General Business Conditions shall only apply to entrepreneurs, legal persons under public law, or separate funds under public law.

2. Quotations – Quotation documents

- 2.1 Quotations and cost estimates are free of charge and shall not create any obligations for us.
- 2.2 In its quotation the contracting party shall adhere to the inquiry and shall explicitly point to any deviations from it. If the contracting party has a technically or economically better solution compared to the inquiry, the party shall quote such a solution additionally.
- 2.3 We are bound to our purchase order for two weeks. The contracting party is obliged to accept our purchase order in writing within this period. The acceptance of our order shall be confirmed in writing on the grounds of these purchasing conditions by indicating a binding delivery time, the agreed price, as well as, the terms of supply and of payment.
- 2.4 We reserve proprietary rights and copyrights in all pictures, drawings, models, calculations and other documents which must not be made available to third parties without our express written approval. They shall be used exclusively for the production on the grounds of our purchase order and shall be returned to us upon execution of the purchase order without request. They shall be kept confidential towards third parties, in so far the regulations as per paragraph 11.5 shall apply additionally.

3. Prices – Terms of payment

- 3.1 The price stated in the purchase order is binding. In the absence of any other express agreement, it is inclusive of free delivery ("franco domicile") and packing. The return of the packing material shall be subject to a separate agreement. For freight forward deliveries we shall only pay the lowest available freight costs unless we have specified a special type of shipment.
- 3.2 The agreed price is a fixed price irrespective of any changes of wage and material prices which may occur in the meantime. Additional works and services shall be quoted separately and agreed in writing.
- 3.3 Invoices may be processed only if they contain our purchase order number as specified in our purchase order; the contracting party shall be responsible for any consequences resulting from the non-compliance with this obligation unless it is able to prove that it is not responsible for them.
- 3.4 Invoices shall be submitted in duplicate, separate from the consignment.
- 3.5 Unless otherwise agreed in writing, the purchase price is payable either within 8 days from delivery and receipt of invoice less 3% discount, or within 14 days from delivery and receipt of invoice less 2% discount, or within 30 days upon receipt of invoice, net.
- 3.6 Down payments or advance payments are possible only against bank guarantee and require our written approval.
- 3.7 Unless otherwise agreed, invoices are payable in EURO currency.
- 3.8 Accounts receivable from us may be assigned or pledged to third parties, whether wholly or in part, only with our explicit written approval.
- 3.9 Premature delivery shall not result in an earlier maturity of our obligations.
- 3.10 We are entitled to set-off and retention rights to the extent provided for by law.

4. Terms of delivery

- 4.1 The delivery dates and periods stated in the purchase order are binding and calculated from the date of purchase order.
- 4.2 The contracting party shall be obliged to notify us immediately in writing once circumstances occur or become known to the party resulting in the fact that it will not be able, or not be punctually able, to fulfil its contractual obligations, whether wholly or in part, in particular if it is not able to meet the agreed delivery date. In doing so, the party shall inform us of the reasons and the estimated duration of delay.
- 4.3 The unconditional acceptance of the (partial) delivery does not constitute a waiver of our rights in view of the not punctual (partial) delivery.
- 4.4 In the event of a delay in delivery we are entitled to our statutory rights. In particular we shall be entitled, after the fruitless expiry of an adequate grace period, to claim liquidated damages instead of the performance and withdrawal from the contract. If we claim liquidated damages, the contracting party is entitled to prove to us that it is not responsible for the breach of duty.
- 4.5 In the event of delayed delivery we shall be entitled to claim lump-sum default damages amounting to 1% of the supply value per complete week, however, in total not exceeding 10%; further statutory claims (withdrawal and compensation instead of performance) remain reserved.
- 4.6 Partial and premature deliveries are subject to our approval.

5. Force Majeure

In the event of Force Majeure or occurrence of other circumstances which make it impossible or unacceptable to us to adhere to purchase orders placed (regarded as such special circumstances are, for example, war or environmental disasters), purchase orders may partly or wholly be cancelled. In such cases, default claims or claims for compensation from the contracting party, irrespective of from what legal reason they may be derived, are excluded.

6. Transfer of risk – Documents

- 6.1 Unless otherwise agreed in writing, the delivery shall be made franco domicile.
- 6.2 The contracting party shall exactly state our purchase order number in all shipping documents and delivery notes; in the negative case, we are not responsible for delays in processing resulting thereof.
- 6.3 The contracting party is responsible for the correct loading of the goods and for entire, correct issuing of shipping documents; it shall be liable for all costs and damages which are caused by errors or misguided actions. Dispatch notes shall be submitted to us as single copies immediately upon dispatch of every individual consignment. Partial deliveries shall be marked as such in the documents. When the goods are delivered, the delivery notes shall be submitted to us without request.
- 6.4 The contracting party shall bear the risk of transport until the goods have reached the relevant place of fulfilment. If a supply has been agreed with installation/mounting/service, the transfer of risk takes place after orderly execution of installation/mounting/service and hand-over.
- 6.5 The indicated shipping addresses shall be taken into account. The delivery to a receiving location different from what was specified by us does not cause any transfer of risk to the contracting party, even not if this location accepts the delivery. The contracting party shall bear the extra costs incurred to us as a result of the shipment to another receiving location than agreed upon.
- 6.6 During the execution of contractual works on our or on third parties' premises, the respective work rules shall be taken into account and the regulations relating to entering and leaving of the production plant shall be followed.

7. Inspection for defects – Liability for defects

- 7.1 We shall be obliged to inspect the goods as to any deviations in terms of quality and quantity within an appropriate period; any complaint is considered on time if it reaches the contracting party within 5 working days calculated from the receipt of the goods, or, in the case of hidden defects, calculated from the time of discovery.
- 7.2 We shall be entitled to the statutory liability claims in full; in any case we shall be entitled to claim from the contracting party the elimination of defects or the delivery of a new item, at our option. We expressly reserve the right to compensation for losses incurred, also compensation instead of the performance, for every degree of blame according to the statutory provisions. in full.
- 7.3 We are entitled to eliminate the defects ourselves at the cost of our contracting party, if the contracting party is in default.
- 7.4 The limitation period is 36 months from the transfer of risk, as long as the binding conditions of §§ 478, 479 BGB (= *German civil code*) do not apply.

8. Counterfeit goods and fraudulent items

We accept only original products and goods in accordance with submitted specifications. Counterfeit items, replicas and/or unauthorized copies are regarded as irremediable defects; the statements of section 7 apply accordingly. Our suppliers are called upon to prevent purchasing, offering and selling counterfeit goods and fraudulent items by performing appropriate examinations and checks.

9. Product liability – Exemption – Liability insurance cover

- 9.1 In so far as the contracting party is responsible for a product defect, it shall be obliged to exempt us from third-party claims for damages at the first request, in so far as the cause of the loss is located within its sphere of power and organization and the contracting party would be liable vis-à-vis third parties.
- 9.2 Within the scope of its liability for damages in the sense of section (1), the contracting party shall also be obliged to reimburse us for any expenses as per §§ 683, 670 BGB, or as per §§ 830, 840, 426 BGB, resulting from, or in connection with, a product recall campaign performed by us. As far as possible and acceptable, we shall inform the contracting party about contents and scope of the recall campaign and shall offer it the opportunity to comment. Other statutory rights shall remain unaffected.
- 9.3 The contracting party shall be obliged to take out a product liability insurance with a coverage of 10 million Euro per personal injury / damage to property (lump sum); if we are entitled to further claims for damages, these shall remain unaffected thereof.

10. Protective rights

- 10.1 The contracting party guarantees that in connection with its delivery no third parties' rights within the Federal Republic of Germany are violated.
- 10.2 If claims are made on us for such reasons by a third party, the contracting party is obliged to indemnify us from such claims at first written request; we are not entitled to entering into any agreement with the third party, in particular not reaching any settlement, without the contracting party's approval.
- 10.3 The contracting party's obligation to indemnify is related to all expenses necessarily incurred to us through, or in connection with, any claims by third parties.
- 10.4 The limitation period is 36 months from the transfer of risk.

11. Reservation of proprietary rights – Provision of equipment – Tools – Secrecy

- 11.1 In so far as we provide parts to the contracting party, we reserve the proprietary right of these parts. Processing or transformation by the contracting party are performed for us. If our goods provided under reservation are processed with other items not belonging to us, we shall acquire co-ownership in the new item in proportion of the value of our item (purchase price plus value added tax) to the other processed items at the time of processing.
- 11.2 If the item provided by us is intermixed inseparably with other items not belonging to us, we shall acquire co-ownership in the new item in proportion of the value of the item subject to reservation of ownership (purchase price plus value added tax) to the other mixed items at the time of intermixing. If intermixing is effected in a way that the contracting party's item is regarded as the main item, then it is considered agreed upon that the contracting party shall transfer the proportionate co-ownership to us; the contracting party shall preserve the sole ownership or the co-ownership for us.
- 11.3 We reserve the ownership in tools and models; the contracting party shall further be obliged to use the tools and models exclusively for the production of the goods ordered by us. The contracting party shall be obliged to insure the tools and models belonging to us at its own cost for their replacement value against fire, water and theft. At the same time, and effective immediately, the contracting party cedes any and all compensation claims that may arise from said insurance; we thus accept these ceded claims. The contracting party shall be obliged to perform any necessary servicing and inspection work and all maintenance and repair work to our property at his own expense and in due time. The contracting party shall notify us immediately of any incident whatsoever; claims for damages shall not be affected if it culpably fails to do so.
- 11.4 To the extent that collaterals granted to us pursuant to paragraphs 10.1. and/or 10.2. above exceed the purchase price of all unpaid items subject to reservation by more than 10%, we shall to such extent be obliged at the contracting party's request to release securities at our discretion.
- 11.5 The contracting party shall be obliged to keep all received illustrations, drawings, models, calculations and other documents and information strictly confidential. They may be disclosed to third parties only with our express approval. The obligation to maintain secrecy shall apply also after this contract has been implemented; it shall expire if and insofar as the information contained in the illustrations, drawings, calculations and other documents that were provided has entered the public domain.

12. Documentation relating to the origin and export of goods

- 12.1 The contracting party shall provide us with all of the documentary evidence (e.g.: certificates of origin) required for us to obtain customs and other tariff advantages, and for customs clearance and all other processes, actions etc. connected therewith.
- 12.2 The contracting party shall notify us in writing without request about which components, assemblies, devices, equipment etc. are subject to clear or potential export and re-export restrictions as per the foreign trade and payment regulations of the Federal Republic of Germany, of the European Union (in particular the CE Dual Use regulation 428/2009) or the "US-Export-Regulations".
- 12.3 In so far as the (partial) deliveries are subject to the US control regulations, the "Export Control Classification Number" (ECCN) shall be communicated. In so far as the deliveries and services fall under the "International Traffic in Arms" (ITAR), information shall be provided about whether or not it is a matter of "Significant Military Equipment" or "Major Defense Equipment".
- 12.4 The contracting party declares that it has taken into consideration all relevant export regulations prior to delivery, and further that neither export bans nor obligations in terms of export licences have been neglected. Furthermore, the contracting party undertakes to provide us with all information relevant for complying with export and re-export regulations, such as, ECCN or other list numbers.

13. Reservation of fulfillment / Embargo clause

- 13.1 The fulfillment of the contract on our part is subject to the reservation that there are no obstacles to such fulfillment under applicable national or international regulations of foreign trade law, in particular no sanctions, export control regulations or embargoes of the United States of America, the European Union or the Federal Republic of Germany.
- 13.2 In particular, the contracting party undertakes to notify us without delay and without any prior request being necessary if and when it intends to deliver to us any products or services from regions that are subject to such provisions. The contracting party shall hold us harmless from any legal consequences that result from the violation of such provisions and, if applicable, shall indemnify us.
- 13.3 We shall be entitled but not obliged to review the compliance with the above mentioned provisions. In case of a review, the contracting party shall, upon request, immediately provide all related and required documents.

14. Hazardous substances and relevant legislation

- 14.1 The contracting party shall pack, mark and dispatch any and all hazardous substances according to the relevant national and international regulations.
- 14.2 In particular, the contracting party shall make sure that the requirements of the EU regulation on chemicals (REACH) are complied with; especially the pre-registration and the registration shall be made punctually. We shall by no means be obliged to perform the (pre-)registration. Accordingly, the contracting party is aware of the fact that products cannot be used if they do not completely and orderly fulfil the REACH requirements.
- 14.3 The contracting party shall be and remain solely responsible for the full compliance of the supplied goods, or parts thereof, with all relevant laws and ordinances on the restriction of hazardous substances ("RoHS"), such as, for instance, Directive 2002/95/CE as of 27 January 2003 or Directive 2011/65/EU dated 08 June 2011, as far as applicable ("EU RoHS"), the Administrative Measures on the Control of Pollution caused by Electronic Information Goods as of 28 February 2006 ("China RoHS"), and all further publications of national or local regulations issued in execution of the aforementioned RoHS legislation. Accordingly, all goods, or parts thereof, shall be appropriate for production and sales in accordance with RoHS. As far as goods, or parts thereof, are supplied not in accordance with the requirements mentioned above, we reserve the right to cancel blanket or single orders at the contracting party's expense. The contracting party undertakes to duly and immediately inform us of any changes affecting the RoHS compliance. In the event of a proven violation of national or international RoHS compliance regulations by the contracting party, the contracting party undertakes to exempt and hold us harmless from any claim, liability, loss, damage, judgment and external responsibility, irrespective of the legal grounds, and to bear any and all harm, loss or damage arising to our disadvantage in the event of infringement.

15. Code of Conduct

The contracting party undertakes to take the Code of Conduct of TAPROGGE GmbH into consideration when performing its supplies and services and to see to it that its employees and subcontractors comply with this Code, as well. The Code of Conduct may be viewed on the website of TAPROGGE GmbH (<http://www.taprogge.de>), or may be made available upon request.

16. Place of fulfilment – Place of Jurisdiction – Applicable law

16.1 In so far as the contracting party is a merchant, our place of business is the place of jurisdiction; however, we shall also be entitled to sueing the contracting party at its general place of jurisdiction.

16.2 Unless otherwise stipulated in the purchase order, our place of business is the place of fulfilment.

16.3 In addition to these provisions, all legal relationships between ourselves and the contracting party are governed by the law of the Federal Republic of Germany, to the exclusion of the agreement of the United Nations Convention on Contracts for the International Sale of Goods (UN sales convention).

17. Applicable version

The German version of these General Purchasing Conditions is decisive and shall take precedence.