

## **General Terms and Conditions of Purchase - since 25.06.2016 -**

### **1. Offer and contract conclusion**

1.1. These Terms and Conditions of Purchase are solely decisive for our orders and preceding contract negotiations. Any contrary terms and conditions of the supplier shall not apply in any case.

1.2. Offers shall be submitted in a non-binding manner. The supplier shall adhere to our request/invitation to tender in offers with regard to quantities, quality and implementation and, in the event of deviations, shall explicitly refer hereto. The supplier is liable for costs of offers, designs, models, sketches, samples, etc. If we have assumed costs, ownership transfers to our company upon payment and, moreover, we acquire the unlimited right to use such documents for all types of use, and to revise and amend them.

1.3. Orders, amendments and contracts and other declarations are only binding if submitted or confirmed by us in writing.

1.4. We expect order confirmations in full compliance with the content of our order and at the latest within 10 days of the order date. Any deviations from our order in the order confirmation require our specific written confirmation to be effective.

### **2. Prices**

Stipulated prices are fixed prices, excluding relevant statutory VAT.

### **3. Delivery item**

3.1. Our order is decisive for the content, nature and scope of delivery or service performance.

3.2. Drawings, descriptions, etc. belonging to the order are binding on the supplier; however, it shall review them for any inconsistency and immediately advise us in writing of any detected or assumed errors. The supplier then remains solely responsible for any drawings, plans and calculations that it has made even if they have been approved by us.

3.3. Unless any further requirements are set out in the order, delivery items shall be supplied in usual commercial quality and, in the event of DIN, VDE, VDI or equivalent standards, in compliance with such standards. All delivery items shall be manufactured and equipped in such a way that they comply with effective statutory provisions at the place of performance on the delivery date, in particular for technical equipment, hazardous working materials, accident prevention and emission and workplace protection.

### **4. Supplies**

4.1. The supplier is liable to our company for loss or damage to supplied goods and shall immediately inform us of any legal or actual impairment to such items.

4.2. Materials and substances that we have supplied are handled and processed in our order and remain our property at each handling and processing stage. When handling other items that do not

belong to our company, we are entitled to joint ownership of newly manufactured items in proportion to the value of our order and the value of all items used in the course of manufacturing and the supplier's expenditure on handling thereof. In this respect the supplier shall also store items free of charge on our behalf. The same applies if our ownership is lost due to mixing or combining goods.

## **5. Documents/ manufacturing equipment/ confidentiality**

5.1. The supplier may only use all work documents (e.g. drawings, samples, models, etc.) and data provided to the supplier or produced by it according to our specific instructions to process the offer and execute the ordered delivery. The supplier shall store such documents with the greatest possible care and protect them from access by third parties. They shall be handed over to us – including all transcripts or copies – immediately and without being requested to do so following completion of our request or implementation of the ordered delivery.

5.2. Work documents and data shall not be used for other purposes, copied, or made available to third parties by the supplier. Where drawings or other documents must be handed over to third parties or business results must be notified to third parties in the course of implementing orders, the supplier is responsible for making sure the third party complies with the above provisions.

5.3. Manufacturing equipment (e.g. models, samples, dies, tools, etc.) provided to us or produced by the supplier according to our instructions shall not be sold or pledged to third parties or otherwise transferred without our consent, nor used on behalf of third parties in any way. The same applies to items produced using such manufacturing equipment. Such items may only be delivered to us provided that we have not specifically declared our consent to different usage. Following completion of our order, all manufacturing equipment provided by our company or produced on our behalf shall be returned without any request to do so. Items which we have developed or improved in cooperation with the supplier shall only be delivered to our company.

## **6. Production inspections/ final inspections**

6.1. We reserve the right, during production and before delivery, to check on the quality of employed materials, measurement and quantity accuracy and other quality of manufactured parts and compliance with other regulations for our order at the supplier's plant and its subcontractors' plants. The supplier shall guarantee this immediately at our request. Material costs of production inspections and final inspections are charged to the supplier.

6.2. Production inspections and the final inspection do not release the supplier from its performance and warranty obligations.

## **7. Dates and deadlines**

7.1. The day on which the ordered delivery quantity and shipping documents arrived at the stipulated point of receipt is deemed the delivery date.

7.2. Agreed delivery periods and deadlines are binding and start from the order date. The product must have been received at our stipulated point of receipt within the delivery period or on the delivery

date. If delays are expected, the supplier shall immediately notify us hereof and request our decision on upholding the order.

7.3. If the supplier falls into default, following a reminder, we are entitled to demand a contractual penalty of 0.3% of the net order value per working day, up to a maximum of 5% of the net order value of the delivery, or to withdraw from the contract. The contractual penalty shall be offset against any compensation claim.

7.4. We are not obliged to accept non-agreed parts, extra or short deliveries. Values calculated by our company at incoming goods inspections or on official weighing devices are decisive for quantities, measurements and weights.

7.5. Advance deliveries are only permitted on condition that accounting takes place on the contractually agreed delivery date and that the advance delivery is only carried out in a maximum volume of 1/3 of the contractual monthly volume.

7.6. If the supplier has repeatedly failed to deliver on the scheduled dates, we may refuse further contractual performance without previously setting a deadline and demand compensation for non-performance, or withdraw from the contract.

## **8. Packaging/ dispatch/ receipt**

8.1 Unless a special agreement is reached, the supplier shall ensure appropriate packaging of the delivery item in accordance with usual commercial practice.

8.2 Where separate remuneration has been explicitly agreed for appropriate packaging, we reserve the right to return valuable packaging materials used for dispatch to the supplier's address, charging back the full rental fees or 2/3 of the value of the packaging.

8.3 Dispatch shall be carried out to our stipulated point of receipt, whereby product risk is also transferred to us. We only assume freight costs in full or in part in specifically agreed cases. In this case transport shall be carried out using the most affordable dispatch method for us and at the most favorable freight tariffs.

8.4 Dispatch shall be carried out in strict observance of our dispatch regulations. A properly filled-out delivery note shall be enclosed with each shipment.

8.5 We are entitled to refuse receipt of the delivery item if an act of God or other circumstances beyond our control, including industrial disputes, make receipt impossible or unreasonable for us. In such cases the supplier shall store the delivery item at its own risk and expense.

## **9. Invoicing and payment**

9.1. Invoices shall be issued separately for each order, indicating our order number and the order date.

9.2. Payment is only carried out following receipt in full of a defect-free product or complete defect-free performance and following receipt of the invoice within the agreed targets.

The same applies accordingly to part deliveries. Delays arising due to incorrect or incomplete invoices do not affect discount periods. If discounts are granted, payment shall be made:

up to 14 days, minus 3% discount

up to 60 days, net.

9.3. If the buyer is given bills of acceptance as payment, bill stamp duty and a reasonable discount rate shall be remunerated.

## **10. Assignment and offsetting**

10.1 Without our prior written consent, the supplier is not entitled to fully or partly assign claims against us to third parties.

10.2 The supplier is not authorized to offset any counterclaims, unless such counterclaims are uncontested and due for payment or legally established.

10.3 The supplier shall neither refuse nor withhold services for any counterclaims from previous transactions or other transactions from an ongoing business relationship.

## **11. Warranty/ claims for defects**

11.1. The supplier assumes a guarantee that the delivery item possesses the contractually assured qualities, complies with the accepted rules of engineering, and is not afflicted by defects, which invalidate or reduce value or suitability for normal use, or expected use under the contract. The supplier is liable for third-party rights, in particular patents or other industrial property rights, not being infringed by delivery or use of the delivered item.

11.2. The supplier shall immediately remedy defects, as defined in section 11.1, at its own expense. If defect remedy is impossible, unusual or unacceptable, we may demand immediate, free-of-charge replacement with a defect-free delivery item instead.

11.3. If the supplier fails to meet its defect remedy or replacement obligation on schedule following a request and the setting of a deadline, refuses to fulfill such an obligation or finds replacement delivery impossible, we are entitled to enforce statutory warranty rights/defect claims without setting an additional deadline.

In urgent cases we are entitled to subsequently repair a defective delivery item ourselves at the supplier's expense, following appropriate notification of the supplier, to arrange for subsequent repair by a third party, or acquire compensation from a third party.

If it emerges that a delivery item is defective after processing, the supplier is obliged to refund wasted processing costs (lost added value) based on relevant verification.

In the event that we are prevented from fulfilling our delivery obligations by a defect on the delivery item, we are entitled to claim the lost profit incurred from the supplier.

11.4. If we incur expenditure in relation to using warranty rights or defect claims, this shall be reimbursed by the supplier.

11.5. Our claims for defects become statute-barred 36 months after risk transfer.

11.6. In case of a purchase constituting a commercial transaction for both partners, we have a minimum period of 14 days available for notification of defects, incorrect deliveries or quantity errors (Sections 377, 378 HGB). In order to safeguard our rights, we may notify the supplier of defects, which only emerge in the course of handling or start-up of the delivered products, following their detection.

In case of second-time delivery of defective goods or products within the scope of application of one and the same contract, we are entitled to termination without notice.

11.7. Unless stipulated to the contrary above, we have unlimited entitlement to statutory warranty rights/ claims for defects.

## **12. Withdrawal**

If an application has been filed to initiate bankruptcy, insolvency or settlement proceedings for the supplier's assets, such proceedings are initiated or refused due to lack of assets, or the supplier suspends payments not just on a temporary basis, this shall be regarded as an important ground, providing us with entitlement to withdraw from or terminate the contract.

## **13. Liability**

13.1. The supplier is obliged to exempt us from any liability towards third parties, or from third-party claims which arise due to manufacture, delivery, storage or use of the delivered products, upon the first request. The exemption obligation does not apply if the claim is based on a grossly negligent or intentional breach of obligation by our company.

13.2. The supplier is obliged to maintain product liability insurance throughout the term of this contract, with sufficient minimum coverage of €20 million per case of personal or material damage. Any further compensation claims are unaffected.

## **14. Property rights**

14.1 The supplier is liable for ensuring that no patents or other property rights of third parties are infringed through its delivery and utilization.

14.2 The supplier shall exempt us and our customers from all claims arising from the use of such property rights. This does not apply if the supplier has manufactured the supplied products based on drawings or models handed over by our company, or equivalent other descriptions or orders, and is unaware, or could not be aware that the products it manufactured infringe property rights.

## **15. Closing provisions**

15.1 The place of performance is Quedlinburg (company head office), unless stipulated to the contrary.

15.2 The exclusive court of jurisdiction for all disputes arising under or in relation to this contract is Quedlinburg, or the company head office. However, we are also entitled to bring an action against the supplier at its court of jurisdiction.

15.3. The law of the Federal Republic of Germany applies to all legal relationships between our company and the supplier, even if its head office is abroad, in exclusion of the UN Convention on Contracts for the International Sale of Goods.

Quedlinburg, July 2016