

## **Conditions of Purchase**

### **I. General**

#### **1. General**

Contract conclusion, delivery and performance shall be conducted exclusively according to the following provisions. Contrary terms of the customer's are hereby contradicted: they are also not acknowledged even if, on their receipt, we do not again contradict them.

Our terms are regarded as acknowledged by the customer's order placement.

#### **2. Limitation of liability**

a)

In the case of obligation breaches due to ordinary negligence, our liability is limited to foreseeable direct average damage typical for the nature of the goods. This also applies to obligation breaches due to ordinary negligence on the part of our legal representatives or agents. We accept no liability towards companies in the case of breach of insignificant contractual obligations due to ordinary negligence.

b)

The aforementioned liability limitations do not affect the buyer's claims based on product liability. Liability limitations do not furthermore apply in cases of bodily or health injury or loss of life to the customer/supplier attributable to us.

c)

Compensation claims by the customer/supplier due to a defect shall be time-barred after one year from the delivery of the goods. This does not apply if we can be accused of malicious intent.

#### **3. Applicable law and place of jurisdiction**

a)

The law of the Federal Republic of Germany applies. The provisions of the UN Convention on Contracts for the International Sale of Goods do not apply.

b)

Insofar as the buyer is a registered trader according to the Commercial Code, a body corporate or a separate estate under public law, depending on the amount in dispute, Fürstfeldbruck or Munich shall be agreed as sole place of jurisdiction for all disputes arising indirectly or directly from the business connection. The same applies if the buyer has no legal domicile in Germany or if his domicile or habitual abode is not known when the suit is filed.

#### **4. Separability clause**

In case individual provisions of these delivery and payment terms shall be wholly or partially invalid, all other provisions or agreements shall remain in full force and effect.

The wholly or partially invalid provision shall be replaced by a provision the economic effect of which is as similar as possible to the invalid provision.

## **II. Conditions of purchase**

### **1. Offer<sup>1</sup>**

a)

We are bound for 2 weeks to our offer of concluding a purchase contract (purchase order). The contracting party can only accept the offer within 2 weeks by means of a written declaration.

b)

Calculations, payments, plans and other documents that are also part of the offer remain in our ownership. We reserve all copyrights in these documents.

c)

These documents are not allowed to be transmitted to third parties without our written permission. These documents must be sent back us immediately, if this offer is not accepted within the time limit of 2 weeks.

(<sup>1</sup> Quotation)

### **2. Prices and terms of payment**

a)

The price stated in the purchase order is binding and it applies franco domicile, insofar as nothing else is agreed in writing between the parties. The costs of packing and packaging are included in the price. The price is understood to include the respectively valid rate of value-added tax. All invoices have to show the purchase order number that is given by us.

b)

We shall pay within 14 days after delivery of the goods and receipt of invoice at a discount of 3 per cent, or within 30 days without a deduction, insofar as no divergent agreement is made in writing.

c)

The statutory rights of set-off and retention are vested in us to the full extent. We are entitled to cede all claims arising from the purchase contract without the supplier's consent. The supplier is not entitled to cede debt claims arising from the contractual relationship to third parties without [being given] our prior permission in writing.

### **3. Period of delivery and default of delivery**

a)

The period of delivery or the date of delivery given in the purchase order from us, is binding for the supplier.

b)

If the supplier falls into delay with the delivery, then the statutory claims shall be vested in us.

c)

We shall be entitled to demand damages as a lump sum for the default – amounting to 2 per cent of the delivered value per complete week but not more than 10 per cent of the contract price – in the event that there is a default of delivery.

More far-reaching statutory claims remain reserved. The supplier has the right to prove to us that no damage has arisen or that substantially less damage has arisen as a consequence of the default. The lump sum shall then be reduced accordingly.

d)

We shall be entitled to withdraw from the contract or to otherwise stipulate the time of delivery and another place for the delivery insofar as that is not impossible, in the event that the delivery is untimely or impossible because of force majeure, strike, lock-out, etc., as well as because of the onset of other circumstances for which we are not responsible. The contracting party has to pay the extra costs that are incurred hereby.

#### **4. Examination of defects**

We are obligated to inspect the goods within a reasonable time limit for quality or divergences of quantity. The complaint shall be deemed to have been made in good time, insofar as it is received by the supplier within a time limit of 5 working days after receipt of the goods. The complaint about latent defects shall be deemed to have been made in good time, if it is received by the contracting party within 5 working days after the discovery.

#### **5. Warranty**

a)

The statutory warranty claims vested in us are unreduced. Irrespective of that, we are entitled to demand that the supplier eliminates the defect or delivers a replacement according to our choice. The supplier has to bear the expenses that are necessary for the purposes of eliminating the defect or delivering a replacement in this case. The right to compensatory damages remains reserved. We shall be entitled to eliminate the defect ourselves at the supplier's cost, insofar as it is no longer possible because of particular urgency to inform the supplier about the defect and imminent damages, nor to give him a time limit by way of assistance

b)

The period of limitation for warranty claims amounts to 3 years after the delivery.

#### **6. Reservation of ownership**

a)

We reserve the right of ownership in parts and materials, insofar as we provide the supplier with them. Processing or transformation shall be carried out for us by the supplier.

b)

If the article that we have provided for manufacturing the delivery item is inseparably mixed or connected with other objects that do not belong to us, then we shall acquire co-ownership in the new article as a ratio of the retained article's value to the other mixed or connected objects at the time when the mixing is done or the connection is made. If the processing is done to such an extent that the supplier's article must be regarded as the main article, then it shall apply as agreed that the supplier assigns co-ownership to us proportionally. The supplier shall safeguard the sole ownership or co-ownership for us in a fiduciary capacity.

c)

We reserve the ownership in tools. The supplier is obligated to use the tools exclusively for manufacturing the goods that are ordered by us. Furthermore, he undertakes at his own cost to insure the tools belonging to us against damage by fire, water and theft. The supplier is obligated to carry out the requisite work of maintenance and inspection in good time and at his own cost. He has to notify cases of malfunction to us immediately. Non-compliance with these duties shall lead to claims for compensatory damages.

d)

The supplier is obligated to keep all of the illustrations, calculations, drawings and other documents and information that he receives strictly secret. They are only allowed to be disclosed to third parties with our express approval. The obligation to observe secrecy also applies after this contract has been terminated.

## **7. The seller's liability and insurance coverage**

a)

If a third party makes a claim to compensatory damages against us on account of a damaged product for which the supplier is responsible, then the supplier has to exempt us on first request from all third-party claims including the requisite costs of resisting these claims. The supplier's responsibility has to be assumed in particular whenever the cause lies within his area of control and organization and he is also liable himself vis-à-vis third parties.

b)

The supplier is also obligated within this scope to reimburse any expenses according to articles 683 and 670 of the German Civil Code, which arise from or are connected with one of the recall actions that has been carried out by us. We shall inform the supplier about the content and extent of recall measures that are to be carried out insofar as it is possible and reasonable to do so, as well as give him the opportunity of making a statement.

c)

The supplier is obligated to arrange and maintain a product liability insurance policy with coverage that is reasonable for the object of the contract and which amounts to at least €1,000,000 per personal injury or damage to property. Any further claims to compensatory damages remain unaffected hereof.

d)

If a third party makes a claim against us because the supplier's delivery infringes a statutory patent, copyright or other protected right, then the supplier shall undertake to exempt us on first request from the claims including all requisite expenses that are incurred by us in connection with the claim by a third party and its resistance in writing.

We are not entitled to recognize third party claims or to make agreements with third parties regarding these claims, or both, without the contracting party's written consent.

The statutory limitation for these claims to exemption amounts to 3 years, as calculated from the time when the supplier became aware of the claim against us by a third party.