General Purchasing Terms and Conditions of the SCHERDEL Group

Version 10/2011

1) Applicable conditions

The legal relationship between the Supplier and Customer is based solely on the following General Purchasing Terms and Conditions. Contradicting conditions or provisions of the Supplier which deviate from these General Purchasing Terms and Conditions shall not be recognised unless the Customer expressly accepts their validity in writing.

These terms and conditions of purchase shall also apply if the Customer is aware of conflicting conditions or conditions of the Seller deviating from these terms and conditions of purchase and accepts the delivery/service without reservation. Indications of or references by the Supplier as to the applicability of its general terms and conditions are hereby expressly rejected.

These terms and conditions of purchase are also considered as agreed on in advance in the event of regularly recurring orders and for all future transactions.

2) Offers, orders, ownership of documents

Offers made by the Supplier are binding with regards to all information, in particular images, drawings, weights and volumes, and are free for the Customer, unless a charge is expressly agreed in writing.

Orders, contracts and delivery schedules, as well as their amendments and verbal additions must be established in writing. The written form is also complied with if information is submitted by fax or by electronic data transfer.

If the Supplier does not accept an order within a period on one week after receipt, the Customer is entitled but not obliged to withdraw the order. The withdrawal shall not entitle the Supplier to any claims. Unless agreed otherwise, delivery schedules are binding unless rejected by the Supplier within one week.

The Customer reserves ownership rights and copyright regarding images, drawings, calculations, specifications, SVL (technical delivery conditions) and other documents. They are to be used exclusively for production on the basis of the Customer’s orders. After completion of the order they are to be returned to the Customer with no further request to do so. They are to be kept confidential from third parties; in this respect the provisions of no. 15 of these conditions apply.

3) Delivery dates

The agreed delivery dates are binding. The receipt of the goods at the place of receipt or use as specified by the Customer shall be decisive for adherence to the delivery date.

The Supplier is obliged to immediately inform the Customer in writing if circumstances occur or are recognisable which will cause the delivery to be late, providing reasons and the duration of the delay. This notification has no effect on the agreed delivery date.

Partial deliveries shall only be accepted upon express agreement. They are to be identified as such and a record is to be kept of the remaining volumes to be delivered. Even if the Customer has agreed to a partial delivery, the agreed dates for the entire delivery remain applicable, so that the delivery shall not be regarded as having been made until the contract has been fulfilled completely.

Any reservation of the Supplier regarding its own received deliveries and supplies must be expressly approved in writing by the Customer.

4) Delayed delivery

In the event of a delayed delivery, the Customer is entitled to assert its legal claims. Following the unsuccessful end of a reasonable grace period, the Customer is in particular entitled to choose whether to request compensation for damages in place of the service and obtain an alternative delivery from a third party or to withdraw from the contract. Further claims remain unaffected.

An acceptance of the delayed delivery or service does not represent a waiver of the right to make claims for damages.

For each complete week of delay, the Customer shall demand flat rate compensation for delay amounting to 0.5% of the delivery value, but no more than 5%. Further legal claims are hereby expressly reserved. The Supplier has the right to provide evidence that the delay has not caused any damages or has only resulted in significantly lower damages. The flat rate fee shall then be adjusted accordingly.

5) Transfer of risk, documents, dispatch

If no special agreements have been made, the delivery shall be effected delivered free including packaging and all other transport and ancillary costs to the stated place of receipt or use. The Supplier is
required to take back the packaging material free of charge if requested by the Customer.

A delivery note is to be provided with each individual dispatch. All information requested in the order, in particular the order number, is to be included on the delivery note and invoice.

6) **Force majeure**

Force majeure releases the contractual partners from their liability for the duration of the disruption and within the scope of its effects. The contractual partners are required, within reason, to immediately provide the information required and adapt their obligations in accordance with the changed conditions.

The Customer shall be fully or partially released from its obligation to accept the ordered delivery / service and is entitled to withdraw from the contract if the delivery/service is no longer usable due to delays caused by the force majeure at the Customer’s - taking economic considerations into account.

If the hindrance lasts for more than two months, both contractual parties are entitled to withdraw from the contract with no further notice.

7) **Prices, submission of invoice, payment**

The price stated in the order is binding. If the prices fall between the order and delivery, the prices listed at the time of delivery shall apply. Any reservation of the Supplier to amend prices shall cause a qualified acceptance at the Customer’s. If prices agreed as subject to change increase, the Customer is entitled to choose whether to accept the new prices or cancel the contract.

Contractually agreed prices with a limited period of validity shall remain valid beyond the validity period if it has not been possible to agree on new prices. The Supplier must announce its intention to increase prices.

If no other written provisions have been agreed, the invoice shall be paid on the 25th day of the month following the delivery or within 30 days with 3% discount or within 60 days net. The deadline shall commence at the time at which both the invoices and the goods have been received by the Customer or the service has been provided. Upon acceptance of early deliveries, the due date shall be based on the agreed delivery date.

8) **Notice of defects**

Incoming deliveries shall be immediately inspected by the Customer after receipt for externally recognizable transport damage and deviations with regards to identity and volumes which can be recognised from the outside. The Customer is required to immediately inform the Supplier of any defects of delivery. In this respect the Supplier waives the defence of delayed notification of defects. The Customer has no further obligations towards the Supplier with other than those inspections and notifications mentioned above.

9) **Liability for defects**

All deliveries/services are to be provided to the Customer with no material defects or defects of title. They must correspond to the agreed properties and condition. The deliveries/services must also be appropriate for the use defined in the contract or, if this has not been defined, they must be suitable for normal use.

Deviations from the specifications shall always be regarded as significant breaches of obligations, unless the Customer itself is able to amend the product to correspond to the specification at a very insignificant cost.

The supplier undertakes to inform the registration number of all materials which need to be registered pursuant to Regulation (EC) no. 1907/2006 (REACH Regulation), irrespective of whether they are delivered as a material or are used as part of the manufacturing process. If the Supplier does not provide a registration number, this means that the delivery does not contain any materials which need to be registered. A delivery which contains materials which need to be registered with no provision of a registration number shall be regarded as defective in the sense of Section 434 BGB (German Civil Code).

Upon delivery of defective goods, the Customer is entitled to assert its legal rights, in particular the rectification of defects or subsequent delivery of its choice, compensation of damages and withdrawal from the contract.

The Customer is entitled to rectify the defects itself or have this carried out by third parties at the charge of the Supplier if the Supplier does not provide rectification within the legally required period or is in default.

The limitation period is 36 months from the transfer of risk unless agreed otherwise. In the case of appliances, machines and equipment, the limitation
period begins on the date of acceptance as stated in our written statement of acceptance. If the acceptance is delayed and this is not the fault of the Supplier, the limitation period is 36 months following the provision of the delivered item for acceptance.

In the case of rectified or subsequently delivered parts or products, the limitation period of 36 months shall begin anew at the end of the rectification or subsequent delivery or upon transfer of the new item. This provision does not apply if only a minor defect of a delivered part can be rectified by a replacement delivery or rectification with no noteworthy expense or loss of time. Furthermore, it does not apply if the replacement delivery or rectification is provided out of goodwill or for the amicable settlement of a dispute.

10) Quality

The Supplier guarantees that all deliveries/services are state of the art, comply with the relevant legal provisions and the regulations and guidelines of authorities, social accident insurance institutions and professional associations.

If deviations from these provisions are required in individual cases, the Supplier must obtain the written approval of the Customer. The Supplier’s liability for defects shall not be limited by this approval. If the Supplier has doubts regarding the type of execution requested by the Customer, they are required to immediately inform the Customer in writing.

The Supplier undertakes to use environmentally friendly products and processes for its deliveries/services and also when using supplies and additional services of third parties, whenever this is economically and technically possible. The Supplier is liable for the environmental compatibility of the delivered products and packaging materials and for all consequential damages resulting from the breach of the Supplier's legal disposal obligations.

The Supplier is required to sufficiently insure the product risk - beyond the scope of normal business liability insurance. Evidence of corresponding insurance policies is to be provided upon request.

12) Transfer of contract

The Supplier is not entitled to transfer the order or significant parts thereof to third parties without the prior written approval of the Customer. Third parties in this respect are non-associated companies of the Supplier pursuant to Section 15 AktG (German Companies Act). If this approval is granted, the Supplier shall remain responsible as co-debtor along with the third party for the delivery/service.

13) Reservation of title

Items provided by the Customer to the Supplier, in addition to transferred documents, samples, models, data etc. remain the property of the Customer. The processing, alteration or assembly of items provided by the Customer to the Supplier shall be carried out for the Customer. If the processing, alteration or assembly results in an inseparable connection or combination of the Customer’s items with items owned by the Supplier or a third party, the Customer shall acquire co-ownership of the new item in proportion to the value of the item provided compared to the other items contained in the new item at the time of the loss of ownership. If the connection, combination or processing takes place in such a way that the Customer’s item is to be regarded as the main item, it is hereby agreed that the Supplier shall transfer sole ownership of the new item to the Customer. The Supplier shall preserve the sole ownership or co-ownership for the Customer. Prolonged or extended reservation of title by the Supplier shall not be recognised, so that a reservation of title declared by the Supplier shall only be effective for us as standard reservation of title.

14) Industrial Property Rights

The Supplier guarantees that all deliveries are free of industrial property rights and copyrights of third parties and that the delivery and use of the delivered items in accordance with contract by the Customer and its customers will not breach any industrial property rights and copyrights of third parties. In the event of breaches of third party industrial property rights and copyright, the Supplier is liable in accordance with the legal regulations.
15) **Confidentiality**

The contractual partners undertake to treat as confidential all commercial and technical details not publicly accessible which they become aware of during the business relationship. In particular, all received images, drawings, calculations, samples, specifications, SVLs and similar items are to be kept confidential. Duplications and the transfer of confidential information are only permissible within the scope of operational requirements. They cannot be disclosed to third parties without prior written permission.

The Supplier is required to ensure that sub-suppliers and associated companies agree to the same duty of confidentiality.

The duty of confidentiality shall continue to apply after the end of the delivery relationship. If no concrete completion date has been agreed, it shall expire if and insofar as the production knowledge contained in transferred images, drawings, calculations and other documents becomes generally known.

The contractual partners are only permitted to use the business relationship for advertisement purposes after obtaining prior written permission.

16) **Insolvency of a contractual partner, contractual language, place of fulfilment, place of jurisdiction, applicable law, disclaimers and partial nullity**

If a contractual partner ceases payments or if insolvency proceedings regarding their assets or extrajudicial settlement proceedings are initiated against them, the other contractual party is entitled to withdraw from the unfulfilled part of the contract. Unless expressly agreed otherwise, the contractual language is German. If the contractual partners use additional other languages, the German wording shall be given precedence.

Place of fulfilment for the Supplier’s delivery obligations is the place of receipt or use defined by SCHERDEL.

If the Supplier and Customer are based in Germany, the law of the Federal Republic of Germany applies exclusively. The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not apply.

Place of jurisdiction is the respective site of the Customer. If the Supplier is not based in Germany, all disputes arising from these General Purchasing Terms and Conditions or all legal relationships based on these terms and conditions of purchase shall be ultimately decided by the arbitration code of the International Court of Arbitration (ICC) with the exclusion of ordinary jurisdiction. The court of arbitration consists of three individuals. The court of arbitration shall be located in Cologne. The language of the court of arbitration is German. Applicable substantive law is German law, with the exclusion of the UN Convention on Contracts for the International Sale of Goods of 11.04.1980 and German right of collision.

These provisions shall not apply if and insofar as something else has been explicitly agreed or if legal barriers prevent the enforcement of an arbitral award in the country in which the Supplier is registered.

Reoccurring activities between the Customer and Supplier, in addition to delays or omissions on behalf of SCHERDEL to exercise a right granted by these Terms and Conditions of Purchase, shall not be regarded as a waiver of these rights. Should individual parts of this agreement be legally ineffective, this shall not affect the validity of the remaining conditions.