

GENERAL TERMS AND CONDITIONS OF PURCHASE

Kayser-Threde (KT) places orders solely in accordance with the following General Terms and Conditions of Purchase.

1. General

- 1.1 Only written orders and agreements are deemed legally binding for KT.
- 1.2 Solely the Conditions of Purchase stated below are authoritative for all awarded orders. This also applies if the Contractor confirms other details. Conditions to the contrary shall only apply if KT has acknowledged these in writing. If conditions to the contrary are stated in order confirmations etc., KT shall not be under obligation to honour these unless KT has expressly acknowledged them in writing.
- 1.3 In the event of the assumption of ongoing business relations, solely KT's Conditions of Purchase as stated in this version shall also apply to all future transactions.

2. Offers, orders and confirmation of order

- 2.1 The Contractor is to adhere to the specifications in the inquiry or the invitation to tender regarding the quality, condition, design and scope of deliveries and services.
- 2.2 The Contractor is to disclose statements that vary from the statements in KT's orders either in a separate letter, or clearly mark these in the order confirmation.
- 2.3 Forwarding orders to third parties and assigning/transferring rights resulting from orders shall be subject to prior, written, approval from KT.
- 2.4 The Contractor is bound by its offer for 3 months. KT reserves the right to withdraw the order if it does not receive confirmation of order within a reasonable period, at the latest, however, within 3 weeks after the Contractor has received the order.
- 2.5 KT may request that the subject matter of order be altered, even once the contract has been entered into, insofar as this is acceptable to the Contractor. In such a case the terms of contract are, where necessary, to be adjusted accordingly.

3. Prices

The agreed prices are fixed prices without VAT. They include the freight and packaging costs as well as the cost of customs duties and customs formalities. If agreements to the contrary are entered into, the Contractor is to disburse the freight and packaging costs, and state these amounts separately in the invoices. Price increases that may apply are subject to KT's written approval in order to be deemed valid.

4. Delivery date, place of performance

- 4.1 The agreed delivery dates are binding and are to be strictly observed. Receipt of a fault-free delivery at the place of delivery stated by KT is deemed authoritative for adherence to such dates.

- 4.2 A conventional penalty shall fall due if the Contractor defaults on a contractual date or a contractual deadline. The contractual penalty is 0.75% of the net order value for each calendar day on which the date is exceeded, at most, however, 10% of the net order value. In this respect several entitlements to payment of a conventional penalty shall be added together. KT reserves the right to lodge a claim for further-reaching damage. If KT has not already reserved the right to assert a conventional penalty upon acceptance, the conventional penalty may still be asserted up until the final payment.
- 4.3 In other respects KT's rights shall be determined, in the event of default by the Contractor, in accordance with the legal provisions. Acceptance of a delayed delivery shall not constitute any relinquishment of claims for damages. If the preconditions of § 323, paragraph 1, of BGB¹ apply, KT shall also be entitled to have the order executed by a third party at the Contractor's cost.
- 4.4 The Contractor is to provide immediate notification of foreseeable delivery delays. It may only refer to a failure to comply with a time limit for which it is not responsible if it has immediately informed KT of the reason for the delay. The Contractor may only refer to a lack of necessary documents to be supplied by KT if it had issued a written warning regarding the documents and had not received them within a reasonable period of time.
- 4.5 KT shall be entitled to withdraw from the contract if the delivery is no longer of any use to KT – with due regard to economic aspects – due to a delay brought about by force majeure or industrial disputes.
- 4.6 Advance deliveries are only permissible following approval from KT and in the case of invoicing for the agreed delivery date.
- 4.7 The place of destination stated by KT is simultaneously the place of performance for the Contractor's deliveries.

5. Shipping

- 5.1 KT is to be informed without delay about each delivery, following execution, by way of a shipping note that is precisely classified according to type, quantity and weight. KT's order number is to be stated in shipping notes, freight bills, invoices and all correspondence.
- 5.2 Regulations about transporting hazardous goods are to be observed, in particular hazardous goods are to be marked as such.
- 5.3 The items earmarked for shipping must be packed properly. The Contractor shall be responsible for the loss of and damage to consignments due to a failure to comply with this rule.
- 5.4 Insofar as nothing to the contrary is agreed, the Contractor is to select, in each case, the most cost-effective and expedient mode of shipment.

¹ German Civil Code

5.5 The obligation on the part of the Contractor to take back packaging is based on the legal provisions. Superfluous packaging is to be avoided. Only environmentally compatible packaging materials may be used. Insofar as packaging is invoiced separately, KT shall be entitled to return packaging that is in good condition carriage paid to the Contractor. With regard to such packaging the Contractor shall reimburse KT 2/3 of the value stated in the invoice.

5.6 Solely the Contractor shall be responsible for the transport risk.

6. Warranty

6.1 The Contractor assures that all deliveries comply with the agreed specifications, in particular the most recent recognised engineering standards, the pertinent legal provisions including regulations and guidelines issued by authorities, trade associations and professional associations. If the Contractor expresses doubts regarding the type of design requested by KT, it is to inform KT of this in writing without delay.

6.2 KT shall inform the Contractor without delay of identifiable delivery faults as soon as these are determined during the ordinary course of its business.

6.3 KT's rights regarding delivery defects that apply during the warranty period shall be determined in accordance with the legal provisions, in particular §§ 433 et seq. and 633 et seq. of BGB. In the event of subsequent performance, the Contractor is to remedy the defect without delay and free of charge for KT, including all incidental costs.

6.4 The warranty period is based on the legal provisions. It shall commence upon the passing of risk to KT. In the case of plant output, devices, machines and systems, the warranty period shall commence upon the acceptance date confirmed in the written declaration of acceptance.

6.5 In the case of deliveries or parts thereof that KT could not utilise during the period in which defects were inspected and/or the remedying of defects, the current warranty period shall be extended by the period in which the utilisation was interrupted. The warranty period shall begin afresh for subsequently improved goods or replacements or parts thereof.

6.6 If claims are lodged against KT due to a violation of public safety regulations or due to domestic or foreign product liability regulations or laws as a result of the defective condition of its product, the Contractor shall, insofar, be under obligation to release KT from such claims and to compensate KT for such damage to the extent that it is attributable to Contractor's delivery. Such damage also includes the cost of a precautionary call-back campaign. The Contractor shall label the delivery items such that they can be permanently identified as the Contractor's products. The Contractor shall enter into an appropriate quality assurance agreement with KT, insofar as KT considers this necessary. Furthermore the Contractor shall take out an insurance policy with appropriate coverage against all risks resulting from the product liability, including the call-back risk, and on request submit the insurance policy to KT for inspection.

7. Passing of ownership

In the case of reservation of title on the part of the Contractor, ownership of the delivery items shall pass to KT at the latest upon payment. Further-reaching reservations of title are excluded.

8. Industrial proprietary rights

If the Contractor offers KT goods that are protected by patent or are otherwise protected on behalf of third parties without clarification of such facts, the Contractor shall be liable to KT in full for the damage KT sustains as a result.

9. Invoices, payment, right of retention

9.1 Invoices are to be submitted in triplicate with separate details for VAT. The order numbers stated by KT and the identification requested in the order are to be stated in invoices. Invoices that are not properly submitted shall only be deemed to have been received by KT once they have been corrected.

9.2 Payment is to be effected within 14 days following invoicing subject to a 3% trade discount, within 30 days subject to a 2% trade discount or within 90 days without any deductions.

9.3 In the case of a defect that is subject to a warranty, whether this applies to a previous or the current delivery, KT shall be entitled, up until the defect has been properly remedied, to withhold payment of an appropriate amount of the remuneration with due consideration to the defect.

9.4 Assigning receivables due to KT shall, in any case, be subject to written approval by KT.

9.5 KT shall be entitled to withdraw from the contract if the Contractor discontinues its payments and/or if it is overindebted or if applications for bankruptcy are filed regarding its assets. Insofar as it does not withdraw from the contract, KT shall be entitled to retain an amount of at least 5% of the net order amount as security for the contractual warranty claims up until expiry of the warranty period.

10. Provision of materials

10.1 If KT provides manufacturing materials such as models, samples, tools, drawings and the like, these shall remain KT's property.

10.2 Manufacturing materials surrendered to the Contractor, or those manufactured in accordance with KT's specifications, may neither be sold, duplicated nor in any other manner made available to third parties without express, written, approval from KT.

11. Secrecy

11.1 The Contractor undertakes to maintain secrecy regarding commercial and technical details that are not generally known and of which it gains knowledge via the business association. Possible sub-contractors are to be placed under obligation accordingly.

- 11.2 The Contractor may only state the Buyer's company or trademark when providing details of references or in publications if the Buyer has provided prior, written, approval.

12. Disposal of WEEE

The Contractor is responsible for environmentally sound disposal of waste electrical and electronic equipment according to WEEE-directive/ElektroG.

13. Final provisions

- 13.1 The legal relations between KT and a foreign contractor are subject to the substantive law of the Federal Republic of Germany. The United Nations Convention on Contracts for the International Sale of Goods dated 11 April 1980 is deemed inapplicable.
- 13.2 In the event that individual provisions of the order are, or become, either wholly or in part invalid, this shall not affect the validity of the order in other respects. The contracting parties undertake in such a case to replace the invalid provisions with valid agreements whose economic content comes closest to the invalid provisions.
- 13.3 The court with jurisdiction for KT's registered office is deemed the place of jurisdiction for all kinds of disputes. This is currently Munich. However, KT is entitled to bring an action at the Contractor's principal place of business.