

General Conditions of Purchase (July 2002)

1. Quotations, Purchase Orders, Supply Orders, Purchase Order Acceptance

- 1.1 Quotations by the Supplier shall be free of charge and binding. Any deviations from our enquiry or purchase order/order placement shall be marked. All contracts shall be based on these General Conditions of Purchase. Contradictory general terms and conditions of business of the Supplier are expressly contradicted, even if they are handed over later.
- 1.2 Only purchase orders/order placements or order acknowledgements made in writing shall be binding on us. Any additions and/or amendments shall also be made in writing. Silence in response to quotations and order acknowledgements shall not be interpreted as acceptance of such.
- 1.3 The order acknowledgement/order confirmation must be sent to us without delay, but not more than 7 days after receipt of the order. Delayed or amended acknowledgements/order confirmations shall be regarded as new contractual quotations by the Supplier.
- 1.4 We reserve the right to request changes to the services/supplies of the Supplier within reasonable limits.
- 1.5 These General Conditions of Purchase shall apply also to all future business with the Supplier.

2. Prices, Documentation

- 2.1 Prices are fixed and binding for the whole period of the contract, exclusive of the statutory value-added tax at the time of delivery. We expect deliveries CIP (carriage and insurance paid) in accordance with the INCOTERMS definition of CIP valid at the time of conclusion of the contract and to the consignment address indicated in our respective orders.
- 2.2 All drawings and other documents supplied shall remain our property. The Supplier shall return them to us free-of-charge on completion of the services/supplies.
- The Supplier shall not continue to use, duplicate or disclose to third parties documents drawings or publications produced by him for us. The Supplier shall be liable for all infringements of this obligation.
- 2.3 All documentation shall be supplied together with the supplies/services free of charge. These shall include in particular storage, erection and operating instructions and documentation for the maintenance and repair of the subject of the supplies/services. The supply of the documentation forms a major integral part of the supplies and services.

3. Periods for Delivery and Services

- 3.1 Agreed dates for deliveries/services are binding. If the Supplier is in default with the delivery/service, we reserve the right – notwithstanding the other legal claims – to demand either delivery/service and damages for delayed delivery/service or damages for non-fulfilment, or to withdraw from the contract.
- 3.2 In the event of default by the Supplier, we shall also be entitled to demand lump-sum damages of 0.5% of the order value per day of the delay in delivery/service, but up to a maximum of 5%, unless we can prove higher damages or the Supplier can prove lower damages.
- 3.3 If the Supplier recognises that he cannot deliver/provide the service, in whole or in part, on schedule, then he shall be obliged to notify us accordingly without delay and to indicate the reason for and the anticipated duration of the delay.
- 3.4 In the event of the period for delivery/service being exceeded, we may demand accelerated delivery/service. Any additional costs shall be borne by the Supplier.
- 3.5 Premature deliveries/services and partial deliveries/services shall require our written approval. Such deliveries shall not affect the due date for payment.

4. Shipment

- 4.1 The Supplier shall be responsible for packing the goods correctly in accordance with our respective shipping instructions, to ship them in accordance with any special regulations of the respective country of destination (for example China and Australia) and to notify us accordingly on the date of shipment. The date of the purchase order, department, order number, drawing number and item number and any other data given in the purchase order shall be given on all shipping notes and invoices. Partial or remaining deliveries must be marked as such. We shall be entitled to deduct all costs incurred as a result of a failure to observe the above instructions from the respective invoice amount.
- 4.2 In the case of deliveries from other EU states, the Supplier shall perform the Intrastat registration.
- 4.3 Packaging materials not invoiced separately will only be returned only at the express request of the Supplier and at his expense. Weights in excess of the agreed maximum weight will not be paid for by us.
- 4.4 All parts and materials must comply with the latest ISO/DIN and other standards and regulations, insofar as such exist.
- 4.5 In the event of the shipment of hazardous goods, we assume that the Supplier as seller of these goods already has comprehensive knowledge of the potential hazards posed by his goods during shipment, packaging, storage, etc. Before accepting the order he must therefore check whether the goods or their constituents stated in the purchase order are to be classified as hazardous goods (e.g. paints, adhesives or chemicals or inflammable, oxidising, explosive, combustible, toxic, radioactive, corrosive goods or goods inclined to self-ignition). In such cases the Supplier must inform us immediately and comprehensively.
- The Supplier must send the necessary binding declarations, correctly completed and bearing a legally binding signature, to us not later than with the dispatch of the order acknowledgement. The latest national and international regulations must be observed for the packaging, labelling and declaration:
- Sea freight : Hazardous Goods Regulations – Sea; IMDG Code
 - Air freight : UN/CAD, IATA
 - Rail freight : EVO/RID, and Hazardous Goods Regulations – Rail
 - Road freight : KVO/ADR, and Hazardous Goods Regulations – Road
- and any deviating or additional regulations of the country of destination, insofar as these are indicated to the Supplier.
- The Supplier shall be responsible for all damage occurring as a result of incorrect information in the binding declarations, or occurring due to the failure to observe existing regulations for the handling (packaging, shipment, storage, etc.) of hazardous goods.
- 4.6 At our request, the Supplier undertakes to provide intermediate storage for the goods supplied by him for a period of up to 3 months free of charge.
- 4.7 The Supplier bears the risk of accidental loss and accidental deterioration and the transport risk until the handover/acceptance at the consignment point. The latest version of INCOTERMS shall be applied for the interpretation of commercial abbreviations used.

5. Compliance with Statutory Regulations

The Supplier shall comply with all statutory and other regulations, in particular for safety at work, accident prevention, product safety, environmental protection and the provisions of foreign trade and payments law and to apply the terms of the tax and customs law in such a way as to avoid double taxation for us.

6. Handover/Acceptance

The condition of the goods/services on receipt (acceptance) by us or by our customer at the consignment point shall be applied for the handover/acceptance. If the goods/services are found to be defective or otherwise non-conformant, it shall be at our discretion to accept the goods/services, possibly with reservations. In the event of a technical acceptance before delivery/service, we shall bear the personnel costs, the Supplier the material costs. We can give notice of obvious defects within 14 days of delivery, notice of concealed defects within 14 days of their discovery by us or within 14 days of notification of the discovery by our customer. To this extent the Supplier waives the right to object for reasons of delay in giving notice of the defects (§§ 377,381 II German Commercial Code (HGB)).

7. Liability for Material Defects/Product Liability

- 7.1 Without prejudice to the statutory provisions on the existence of material defects, the Supplier is liable in particular for ensuring that his supplies and services comply with the acknowledged rules of engineering and the contractually agreed properties and standards, meet the promises, assurances and guarantees and are free from flaws and defects that more than just insignificantly impair the value or suitability of the products for the normal or contractually defined application.
- 7.2 If the goods/services have material defects, we shall have the unlimited statutory rights to subsequent performance, retention, reduction in purchase price and damages.
- 7.3 Costs and damages incurred by us shall be borne by the Supplier within the framework of the statutory provisions.
- 7.4 The claims related to defects shall become time-barred on expiry of 24 months after the acceptance of the machine delivered by us to our customer, insofar as the subject of delivery was installed in such a machine, but not later than 36 months from the date on which the subject of delivery went into our direct possession in our incoming goods inspection.
- Claims related to defects for such subjects of delivery that are not installed in the machines produced for our customers shall become time-barred on expiry of 24 months from the date on which the subject of delivery went into our direct possession in our incoming goods inspection.

7.5 If the Supplier fails to remedy the defect within a reasonable period, we can reject the delivery/service and claim damages. In urgent cases or in the event of default, we can obtain replacements or remedy the defects ourselves or have these defects remedied by third parties at the risk and expense of the Supplier.

7.6 The limitation of time shall be interrupted by a notification of defects until such time as the Supplier finally rejects our claims by registered letter.

7.7 We reserve the right to monitor the subject of the supplies/services, even in the works of the Supplier and/or his sub-supplier, without prejudice to the Supplier's liability obligations.

7.8 The above liability provisions apply also for new supplies/services and for rectifications of defects. After remedying the defects for the rectified or newly supplied parts/newly provided services, the periods as specified in 7.4 shall begin again for these parts.

7.9 For our security, the Supplier shall hereby assign his liability claims towards his sub-suppliers to us on account of performance. We accept this assignment and have the right to decide at our discretion whether we assert such claims against the Supplier or his sub-supplier(s). The Supplier shall provide us with all the necessary documentation to allow us to assert such claims.

7.10 Insofar as the Supplier is responsible for product damage, he shall be obliged to indemnify us against claims for damages from third parties at the first demand to the extent that the cause lies in his sphere of responsibility and organisation and that he is personally liable in the external relationship.

7.11 In this context the Supplier shall also be obliged to refund any costs incurred by us related to or in conjunction with a recall campaign. We shall inform the Supplier – insofar as this is possible and reasonable – of the content and extent of the recall measures to be carried out and shall give him an opportunity to comment.

7.12 The Supplier undertakes to maintain a product liability insurance with an insured lump sum of at least € 5 million per case of personal injury/property damage; this shall not prejudice any further claims for damages to which we may be entitled.

8. Force Majeure

The Supplier shall notify us without delay of events of force majeure or strike, insofar as his scope of supplies/services is affected. We shall then be entitled to either withdraw in whole or in part from the contract for the part not yet fulfilled or to demand the supplies/services at a later date, without the Supplier accruing any rights against us. If any events of force majeure or strike occur within our sphere of influence, we shall not be in default of acceptance, nor shall the Supplier have any right of retention or contractor's lien.

9. Invoices and Payment

9.1 The Supplier shall submit invoices to us in duplicate immediately after delivery/service, separately from the shipment. They must contain the prescribed order reference and be submitted by the 7th day of the following month, at the latest. Otherwise the period for payment will be extended by one month.

9.2 Our payments shall be made after notification of receipt of the goods and presentation of your correct contractual invoice on the basis of the quantities, dimensions and weights, etc. determined by us on the 20th of the month following the delivery/service with a deduction of 3% discount, or after 90 days net without deduction. If premature deliveries are accepted, our payments shall be due in relation to the agreed delivery date.

9.3 Payment shall not constitute a waiver of existing rights and claims, in particular claims for damages, and shall not prejudice our claims for fulfilment and warranty.

10. Third Party Property Rights

The Supplier shall indemnify us for all claims lodged against us by third parties for infringement of industrial property rights in conjunction with the delivery/service.

11. Withdrawal, Interruption/Postponement

11.1 In the event of a cessation of payments by the Supplier or attachments of Seller's accounts or in the event of insolvency or extra-judicial composition proceedings being initiated against the assets of the Supplier, we shall be entitled to withdraw from the contract, notwithstanding further legal and contractual rights and claims.

This shall apply also for other good causes, including in particular events of force majeure such as strike, lock-outs and serious interruptions of operations.

11.2 We shall be entitled to demand a temporary interruption or postponement of the deliveries/services at any time.

12. Acting on Behalf of Third Parties

If we order on behalf of and for the account of third parties, we shall accept the deliveries/services and bring about the consideration for his invoice.

13. Assignment and Transfer

We shall be notified in writing of the assignment of any claims against us. The complete or partial transfer of this order to third parties shall only be permitted with our prior written approval.

14. Reservation of Ownership

14.1 Ownership of the goods supplied shall pass to us not later than with the payment or offsetting. Further rights of reservation of ownership shall be excluded.

14.2 If the goods supplied by us are inseparably mixed with other items not belonging to us, then we shall acquire joint ownership of the new goods in the ratio of the value of the goods under reservation of ownership to the value of the other mixed goods at the time of mixing. If the goods are mixed in such a way that the goods of the Supplier are to be seen as the main item, then it shall be deemed to have been agreed that the Supplier shall assign pro rata joint ownership to the main item to us. The Supplier shall hold the sole ownership or joint ownership for us.

14.3 We reserve the ownership of tools; the Supplier shall be obliged to use the tools exclusively for the production of the goods ordered by us. The Supplier shall be obliged to insure the tools belonging to us at their new value against fire, water and theft at his own expense. He shall also be obliged to carry out necessary maintenance and inspection work in good time at his own expense. He shall notify us immediately of any malfunctions; if he culpably fails to do so, this shall not affect our rights to claim damages if the failure to notify us results in damage for us.

15. Liability

We shall be liable only for

- Claims for death, personal injury or health damage resulting from a culpable infringement of our obligations, and/or
 - Other damage resulting from an intentional or grossly negligent infringement of our obligations or major infringement of our contractual obligation (cardinal obligation) by us.
- Claims for damages for the infringement of major contractual obligations shall be limited to the typical contractual and foreseeable damages unless intent or gross negligence can be proved.

An infringement of obligations by us shall be equivalent to an infringement by our legal representatives or other persons employed by us.

16. Place of Performance/Venue

16.1 Place of performance for our services shall be the head office of our company. Place of performance for supplies/services of the Suppliers shall be the respective place of destination.

16.2 Venue shall be the head office of our company or, at our discretion, the general venue of the Supplier. Insofar as the Supplier's head office is in a country that is not a partner to the European Convention on the Recognition and Enforcement of Court Rulings dated 16.9.1988 in Lugano, all disputes shall be settled to the exclusion of ordinary jurisdiction by the International Court of Arbitration in Paris in accordance with the ICC Rules of Arbitration. The language of the proceedings shall be German.

17. Applicable Law

All contracts shall be subject to the law of the Federal Republic of Germany, to the exclusion of the UN Convention on Contracts for the International Sale of Goods.

18. Severability Clause

Should individual provisions of these General Conditions of Purchase be or become inapplicable or unenforceable, in whole or in part, this shall not affect the applicability or enforceability of the other provisions. Instead of the inapplicable or unenforceable provision(s), other provisions shall be found closest to the intended economic purpose of the inapplicable or unenforceable provision(s).

19. Data Security Clause

We should point out that in accordance with § 33 of the German Data Security Act (BDSG), we are entitled to store, transmit and/or process data on the Supplier.