

General Terms and Conditions of Purchase of Hoffmann + Krippner GmbH

Version: March 2014

§ 1 Scope of application

(1) Our General Terms and Conditions of Purchase (hereinafter referred to as the "Terms and Conditions of Purchase") shall apply to all deliveries and services by the Supplier. Our Terms and Conditions of Purchase shall apply exclusively; any other terms and conditions of the Supplier that are contrary to or deviate from our Terms and Conditions of Purchase shall not be recognised by us, unless we have expressly agreed to their validity in writing. Our Terms and Conditions of Purchase shall also apply if we accept the delivery and/or service by the Supplier without reservation whilst being aware of any other terms and conditions of the Supplier that are contrary to or deviate from our Terms and Conditions of Purchase.

(2) Individual agreements reached with the Supplier in individual cases (including verbal subsidiary agreements, supplements and amendments) shall in any case take precedence over these Terms and Conditions of Purchase. A written agreement and/or our written confirmation shall be required to ensure the content of such agreements takes effect.

(3) Our Terms and Conditions of Purchase shall also apply to all future transactions with the Supplier, even if they are not explicitly included once again.

(4) Legally relevant declarations and notifications that must be issued to us following conclusion of the contract (e.g. setting of deadlines, reminders, notice of withdrawal) shall only be effective if made in writing.

(5) Our Terms and Conditions of Purchase shall apply solely to companies in accordance with § 310 para. 1 of the German Civil Code (BGB).

§ 2 Offer – Offer documents

(1) The Supplier undertakes to accept our orders within a period of two weeks by sending an order confirmation, unless other binding deadlines are agreed in individual cases; failure to do so shall entitle us to cancel said orders.

(2) Offers and quotations shall be prepared and submitted by the Supplier to us free of charge.

§ 3 Delivery and/or performance dates – Default

(1) The delivery and/or performance date specified in the order shall be binding.

(2) The provision of partial deliveries and/or partial performance by the Supplier shall only be permitted with our prior written consent.

(3) If the Supplier is late with regard to the delivery and/or performance date, we shall be entitled to assert a contractual penalty. This shall total 0.5% of the total net amount of

remuneration per working day, albeit no more than 5% of said total net amount of remuneration. We shall be entitled to assert this contractual penalty until the final payment has been received, even if we do not expressly reserve the right to do so as regards accepting a delayed delivery or service. The contractual penalty shall be offset against any damages caused by the delay to be compensated by the Supplier. This contract pertaining to the contractual penalty or enforcement thereof shall not affect our justified legal claims for a delay in delivery.

(4) If our failure to accept the delivery or performance is due to force majeure, labour disputes or other events which are beyond our control, we may request that the delivery and/or service is rendered at an appropriate time in the future, either in full or in part, without the Supplier being entitled to assert any claims against us in relation to this.

(5) The Supplier undertakes to inform us immediately in writing if circumstances occur or become known to it meaning that the delivery and/or performance date cannot be observed. However, this notice shall not affect the responsibility of the Supplier to comply with the agreed delivery and/or performance date.

§ 4 Delivery – Transfer of risk – Acceptance – Packaging

(1) The delivery and/or performance shall be made "ex works" to the location specified in our order. If the destination is not specified, and unless otherwise agreed, the delivery and/or performance shall be made to our premises.

(2) In the case of contractual works and services, the acceptance of performance shall be decisive for the transfer of risk. Formal acceptance shall always take place unless otherwise agreed.

(3) The goods to be delivered must be packed properly and in line with industry standards, or provided with special packaging in line with our instructions. The Supplier shall be liable for any damage caused by defective packaging.

(4) If the Supplier is required to take back any used packaging in accordance with the German Packaging Ordinance, then it shall bear any costs for the return transportation and recycling of the packaging.

§ 5 Prices – Payment terms

(1) The price stated in the order is a fixed price and binding. All prices shall be quoted in EUR, and invoices shall also be issued in EUR too. Unless otherwise agreed, the price is understood to include delivery and/or performance "ex works" including packaging. Unless otherwise agreed in individual cases for the specific assignment, the price shall also include all additional services provided by the Supplier (e.g. assembly, installation)

and all ancillary costs (e.g. transport charges, including potential transport and liability insurance).

(2) Unless otherwise agreed in writing, we shall pay the price stated in the order within 14 days of delivery and/or acceptance and receipt of a proper verifiable invoice, and shall receive a 3% discount for doing so, or within 90 days of receipt of invoice.

(3) Invoices must be in accordance with our order and must in particular include the order number, a description of each invoice item, stating the item numbers, the point of use, the net unit prices for each invoice item as well as the place of delivery and performance and the type of delivery and performance. Insofar as we are to be charged separately for transport costs, the originals and copies of the bills of lading with full details regarding the distance travelled, vehicle number etc. and the transport invoices must also be attached to the invoices in question; in the case of consolidated shipments, such invoices must state the weight and partial amount of the goods delivered. The Supplier undertakes to render its invoice in accordance with the provisions of the German Value Added Tax Act (indicating the tax number/international value added tax identification number, invoice number etc.) to enable us to deduct input tax in respect of the value added tax invoiced, if applicable, or to apply for a refund of value added tax. If not, it shall be liable to us for any tax disadvantages that may arise on our part. We shall be entitled to return all invoices not conforming to these provisions as incorrectly rendered.

(4) We shall be entitled to offset and retain payments to the extent permitted by law. We shall in particular be entitled to retain payments due provided we are still entitled to submit claims against the Supplier for incomplete or incomplete deliveries and/or services.

(5) The Supplier shall not be entitled to assign any receivables arising from the contractual relationship to third parties. This shall not apply in relation to money claims.

(6) The Supplier shall only be entitled to offset and retain payments for legally established or undisputed counterclaims, or for counterclaims for which a decision is pending as part of legal proceedings.

§ 6 Liability for defects and limitation period

(1) Where applicable, the various statutory provisions (§ 377 of the German Commercial Code (HGB)) shall apply to the commercial duty to examine and requirement to give notice of defects, subject to the following condition: our duty to examine shall be limited to defects which openly manifest themselves at our premises (e.g. transport damage, incorrect delivery and undersupply). Our commercial requirement to give notice of defects shall be deemed to have been submitted promptly and on time if it is issued within 10 working days.

(2) We shall be entitled to submit all statutory claims for defects in full. We shall also be entitled to choose the type of remedy (remedy of defects or replacement).

(3) Any payments made toward the price before any defects are determined or the acceptance of the goods by one of our representatives at the Supplier shall not constitute recognition of the goods' freedom from defects and shall not relieve the Supplier from any liability for defects.

(4) The limitation period for claims for defects is 36 months commencing from transfer of risk. Unless longer periods apply by law, these longer periods stated here shall apply instead.

(5) The limitation period for claims for defect shall be suspended upon receipt of our written notice by the Supplier. In the case of a replacement and/or reproduction and remedy of defects, the limitation period for replaced or newly produced and remedied parts shall commence once again, unless we are led to believe by the Supplier's behaviour that it did not feel obligated to take this measure, but rather completed the replacement or remedy of defects in goodwill, or for similar reasons.

§ 7 Quality assurance

(1) The Supplier must observe the recognised rules of technology and the agreed technical data for its delivery and/or performance.

Any changes to the item to be delivered shall require our prior written consent.

(2) The Supplier undertakes to observe the related protection laws and safety regulations for the delivery and/or service items, such as labour inspectorate requirements, VDE provisions for electrical parts and similar provisions. The Supplier shall indemnify us from all public and private law claims arising from culpable violations of such provisions.

(3) With respect to first-time orders or changes to the types of orders, the number of sample items requested by us and indicated as such must be sent to us prior to final production commencing. The order shall only be deemed to have been submitted if we have approved the sample items in writing by way of release. We undertake to reject any defective sample items and other sample items deviating from our suggestions within a reasonable period of time. The Supplier must nevertheless ensure that checks are constantly made as regards the quality of the delivery items.

§ 8 Product liability – Indemnity – Insurance coverage

(1) If the Supplier is responsible for product damage, it undertakes to release us from third-party damage compensation claims at our initial request as if the cause were under its control and organisation and as if it were personally liable to third parties.

(2) As part of its liability for damages within the meaning of § 8.1, the Supplier also undertakes to reimburse any expenses arising out of or in connection with a recall campaign conducted by us or our customer. Insofar as this is possible and reasonable, we shall inform the Supplier of the subject and extent of the recall measures to be carried out and afford it the opportunity to respond. This shall not affect any other statutory claims.

(3) We shall be entitled, without limitation, to our statutory rights of recourse within a supply chain (supplier recourse in accordance with §§ 478, 479 of the German Civil Code (BGB)) in addition to submitting claims for defects. We shall in particular be entitled to stipulate the precise type of remedy (repair or replacement) to be carried out by the Supplier that we owe to our customers on an individual basis. Our legal right to vote (§ 439 para. 1 of the German Civil Code (BGB)) shall not be limited by this.

(4) The Supplier undertakes to take out product liability insurance with coverage of at least EUR 5 million for personal injury/property damage and at least EUR 1 million for financial losses, as well as environmental liability insurance which provides a minimum guarantee for basic environmental and recourse risks; any other entitlement on our part to submit compensation claims shall remain unaffected. The supplier must provide written proof that appropriate insurance is in place at our request.

§ 9 Industrial property rights

(1) The Supplier undertakes to ensure that the rights of third parties are not breached in connection with its delivery and/or performance.

(2) If we are held liable by third parties due to a breach of their industrial property rights, then the Supplier undertakes to indemnify us from any such claims upon receiving the first written request to do so; this shall not apply if the Supplier is not responsible for the breach of third party rights. In the case of any such indemnification, we shall not be entitled to conclude any agreements whatsoever with the third party without the consent of the Supplier, including in particular the conclusion of settlements.

(3) The indemnification obligation of the Supplier refers to all expenses we might necessarily incur as a result of or in connection with claims made by a third party.

§ 10 Manufacturing equipment – Non-disclosure – Retention of title

(1) Tools, devices and models that we make available to the Supplier or which are manufactured for contractual purposes and billed separately to us by the Supplier shall remain our property or become our property. They must be designated by the Supplier as our property, stored carefully, protected against damage of any kind and used solely for the purposes of the contract. The supplier undertakes to insure them against fire, water and theft at replacement value. At the same time, the Supplier shall now assign to us all claims for compensation arising from this insurance policy; we shall hereby accept this assignment. The Supplier undertakes to return these items to us upon request in an orderly condition; the Supplier shall have no right of retention here.

(2) The Supplier undertakes to keep all documents and information received by us in strict confidence; the same shall also apply to any business and trade secrets notified to it or that it has become aware of. Such business and trade secrets may only be disclosed to third parties with our prior express written consent. The non-disclosure obligation shall survive the termination of this Contract; it shall expire if and to the extent that any business and trade secrets contained in the documents and/or information provided become known generally.

(3) We shall reserve the right of ownership of any illustrations, drawings, calculations and other documents handed over to the Supplier; the same shall also apply to our intellectual property rights provided that the documents in question are protected under copyright law. They may not be disclosed to third parties without our prior express written consent. They

shall be used solely for purposes based on our order; they must be returned to us once the order has been processed without being prompted to do so. They must also be kept confidential; the provision contained in § 10.2 shall also apply here. The Supplier shall have no right of retention of these documents.

(4) If an item provided by us to the Supplier is inseparably mixed with other items not belonging to us, we shall acquire co-ownership of the new item in proportion to the value of the purchased items with the other processed items at the time of mixing (purchase price plus VAT). If the items are mixed in such a way that the Purchaser's item is deemed to be the main item, then it is agreed that the Purchaser shall transfer proportional co-ownership to us. The Purchaser shall keep the resulting sole ownership or co-ownership for us.

(5) The Supplier shall not be entitled to arrange for contractual works and services to be carried out by third parties (e.g. subcontractors, freelancers etc.) without our prior written consent. In cases where the commissioning of third parties is approved, the third parties in question shall be obligated in writing by the Supplier to non-disclosure in accordance with § 10.2; the Supplier must provide us with a copy of this non-disclosure obligation upon request.

§ 11 Replacement parts

(1) Unless otherwise agreed, the Supplier undertakes to supply us with spare parts for the products delivered to us over a period of 15 years after the delivery and/or service, and shall do so at competitive prices.

(2) If the Supplier intends to discontinue production of spare parts for the products delivered to us, it shall inform us immediately after the decision is taken to discontinue production. Without prejudice to Clause 11.1, this decision must be at least 6 months prior to production discontinuing.

§ 12 General provisions – Place of jurisdiction – Place of performance and/or delivery

(1) The place of performance for all claims arising from or in connection with the contract shall be the location of the registered office of our company and/or the place of delivery and/or performance nominated by us.

(2) The place of jurisdiction for merchants, legal entities under public law or special public funds for all disputes arising from the contractual relationship, as well as relating to its drafting and validity, shall be settled by the court that has jurisdiction for our company's registered office. We may also initiate legal proceedings at the location of the Supplier's registered office.

(3) The laws of the Federal Republic of Germany shall apply to all claims arising from or in connection with the contract, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods.