General terms and conditions of purchase of the firm Heinrich Kipp Werk KG

1. General - scope of application

(1) Our terms and conditions of purchase apply exclusively; we do not acknowledge contradictory terms and conditions or vendor's terms and conditions at variance from our terms and conditions of purchase, except on the condition that we had acknowledged their application expressly in writing. Our terms and conditions of purchase also apply when we, being aware of contradictory terms and conditions or vendor's terms and conditions at variance from our terms and conditions of purchase, accept or pay for vendor's delivery without reservation.

(2) All agreements reached between ourselves and the vendor for the purpose of executing this contract must be set down in writing. Orders and delivery schedules can proceed via telefax, email and EDI as well.

2. Quotation - quotation documents

(1) We retain title and copyrights to images, drawings, calculations and other documents. They must be used exclusively for production based on our order; they must be returned to us unbidden upon completion of the order. They must not be made accessible to third parties and must be kept confidential vis-à-vis such parties. Prior to any dissemination of them, the vendor must have first obtained our express approval in writing.

(2) Quotations submitted by the vendor must correspond to the inquiries. The quotation must expressly indicate any differences. All quotations submitted to us are made free of charge.

3. Orders

(1) We consider only orders issued in writing as binding.

(2) The vendor is obligated to accept our order at short notice. Pending receipt of vendor's notice of acceptance, we are entitled to cancel orders at any time.

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4. Prices - delivery and payment conditions

(1) The price stated in the order is binding. Absent another written agreement the price includes delivery "free to the door", including packaging. Return of the packaging requires separate agreement.

(2) We can only process invoices if they include - in accordance with the specifications of our order - the order number stated in the order; the vendor is responsible for any consequences resulting from failure to comply with this obligation.

(3) Except when otherwise stipulated in writing, we pay the purchase price within 14 days with 3% cash discount or 30 days net. Payment is conditional on invoice verification.

(4) The term of payment shall commence as soon as the goods or services have been fully delivered or provided and the properly issued invoice is received. A cash discount deduction is also permitted if we offset or withhold payments in a proportionate amount due to defects; in this case, the term of payment shall commence once the defects shall have been remedied in full.

(5) We are entitled to setoff and retention rights to the extent legally provided.

5. Time of delivery

(1) The time of delivery specified in the order just as deadlines and due dates are binding.

(2) The vendor is obligated to inform us immediately in the event circumstances occur or are discernible to him, from which result that the agreed delivery time cannot be adhered to.

(3) If the agreed terms of delivery are not adhered to, then we shall be entitled, without prejudice of further legal rights, to cancel the order and/or to demand compensation and/or to obtain reparation from a third party.

(4) Accepting a later delivery of goods or provision of services does not imply a waiver of claims for indemnity.

(5) In the case of delayed delivery we are entitled to demand lump-sum damages for delay in the amount of 1% of the delivery value for each completed week, however not more than 10%; further legal claims shall

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remain reserved. The vendor is entitled to prove to us that no or materially less damage has occurred as a result of the delay.

(6) Should we default on acceptance or payment, the vendor's entitlement to compensation for expenses shall be limited to 0.5% of the delivery value for each completed week, insofar as the default is not attributable to intent or gross negligence.

6. Transfer of risk – documents

(1) Except when otherwise stipulated in writing, the delivery has to occur franco domicile.

(2) The vendor is obligated to state precisely on every document (order acknowledgements, shipping documents / bills of lading and invoices) the vendor number, our order number and our item number; if he fails to do this, then delays in processing are unavoidable, for which we are not responsible.

7. Examination for defects - warranty

(1) Upon receipt of the goods we shall examine them for demonstrable defects, identity, shortages and shipping damage. A complaint is timely provided it is received by the vendor within 14 working days following the delivery. The vendor waives objection to the delayed notification of defects.

(2) We shall be entitled to legal warranty claims without restriction; notwithstanding the above, we shall be entitled to demand of the vendor at our option the remediation of defects or delivery of non-defective goods. In this case, the vendor is obligated to bear all expenses required for the purpose of the remediation of defects, in particular transport, travel, labour and material costs. The right to reparation in full remains expressly reserved.

(3) Remediation of defects can be carried out by us or by third parties contracted by us without a deadline at the expense of the vendor if we have a particular interest in an immediate remedy in connection with avoiding a delay of our own or some other urgency.

(4) If we take back products produced and/or sold as a consequence of the defectiveness of the object of agreement delivered by the supplier or if valid claims are made against us because of this, then we are entitled to the lawful rights of recourse according to §§ 478/479 of the Civil Code without restriction.

(5) The period of warranty expires after 24 months from the date that the delivery item shall have been put into service by the end user, however upon the expiration of 3 years from the

date of delivery to us at the latest.

(6) The vendor guarantees the all necessary administrative permits and reporting requirements in connection with the importation of goods have been met by him at his own expense.

8. Product liability

(1) If the vendor is responsible for product damage, he is obligated to exempt us from third-party claims for indemnity at the first request insofar as the cause of the loss is within his sphere of control and organization and he is liable himself in the external relationship.

(2) The vendor shall bear all costs and expenses in these cases, including the costs of a possible legal dispute or product recall.

(3) The vendor is obligated to maintain product liability insurance with an adequate limit of liability for damage to persons and property. However our claims for indemnity are not restricted to the amount of this limit of liability.

9. Product materials

(1) The supplier undertakes to supply only contract products that conform to the EU chemical regulation REACH (Regulation (EC) No. 1907/2006). The supplier will inform us immediately about relevant product changes caused by legal provisions, by REACH in particular, the capacity to supply them, their applicability or quality and consult with us as to appropriate measures on a case-by-case basis. The supplier is obligated to have all materials delivered to us that are subject to the REACH registration requirement (pre-)registered by himself or by pre-suppliers.

(2) The supplier has to satisfy the RoHS directive as per directive numbers 2011/65/EU and 2002/95/EG to its full extent. The supplier guarantees that all products are in conformity with the requirements of the RoHS directive.

(3) The supplier is obligated to keep us indemnified against all liability whatsoever relating to failure to comply with the above mentioned regulations or to compensate us for damages that accrue to us from supplier's failure to comply with the regulations or result from it.

(4) The supplier is obliged to identify the so called “Conflict Minerals” (tin, gold, tantalum, tungsten) used in his supply chain and take suitable measures to ensure that the supplied articles do not contain any conflict minerals pursuant to

Section 1502 of the US American Dodd-Frank Act.

10. Trade mark rights

(1) The vendor warrants that no third-party rights shall be infringed on in connection with his delivery.

(2) If claims are made by a third party against us to that effect, then the vendor is obligated to exempt us from these claims at the first written request; we are not authorized to make any agreements with the third party - without vendor's consent - in particular to agree on a settlement.

(3) The obligation to hold harmless refers to all expenses which we necessarily incur through or in connection with the claims asserted by a third party.

11. Free issue equipment - tools - reservation of title

(1) If we place component parts at the vendor's disposal, we retain title thereto. Processing or alteration by the vendor shall be undertaken on our behalf. If the goods subject to our retention of title are processed with other items that do not belong to us, then we acquire co-ownership of the new article in proportion to the value of our article to the other processed items at the time of processing.

(2) If the article made available by us is inseparably mixed with other items that do not belong to us, then we acquire co-ownership of the new article in proportion to the value of the article subject to retention of title to the other mixed items at the time of mixing. If the mixture is performed in such a way that the vendor's article must be regarded as the primary article, then it is considered as agreed that the vendor shall transfer to us proportional co-ownership; the vendor takes charge of the sole or co-ownership on our behalf.

(3) We reserve our title to tools; the vendor is obligated to use the tools solely for the manufacture of the goods that we have ordered. If tools are produced on our behalf for the purpose of manufacturing products for us, then title to these tools is transferred to us with payment of the initial deposit invoice - even if only a partial payment is involved. The transfer of the tools in question to us is superseded by the contractor's gratuitous duty of custody and care as per agreement.

(4) Upon demand, the tools must be surrendered to the purchaser with the waiver of any right of lien or retention.

(5) The vendor is obligated to insure the tools belonging to us at replacement value against fire damage, water damage and theft at his own expense. His is obligated to

perform any necessary maintenance and inspection work at its own expense in a timely manner. He shall immediately inform us of any malfunctions; in the event of non-compliance with this requirement, we reserve the right to claim damages.

(6) Articles produced according to documents prepared by us such as drawings, models and the like, or according to our confidential specifications or with our tools shall not be used by the vendor himself, nor provided or made available to third parties.

12. Place of jurisdiction - place of fulfillment

(1) Provided the vendor is a business enterprise, the place of jurisdiction is Rottweil. However we are entitled to institute proceedings against the vendor in the court of his domicile as well.

(2) Except when otherwise stipulated in writing, the place of fulfillment for all obligations resulting from the agreements concluded with the vendor is Sulz am Neckar.

(3) The laws of the Federal Republic of Germany apply exclusively to this agreement, to the exclusion of any conflict of laws and the United Nations Convention on Contracts for the International Sale of Goods (CISG).

As of: February 2017

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