

**General Terms and Conditions of Purchasing**  
**Otto Golze & Söhne GmbH**  
**Langes Feld 29**  
**31860 Emmerthal**  
**Germany**

(Hereinafter referred to as "OTTO GOLZE")

**Preamble**

The basic corporate philosophy of OTTO GOLZE is to organise the flow of goods in a perfect and lean way together with the suppliers. For this purpose, a high degree of coordinated standardisation of all products, packaging, data and processes is required. We expect from all suppliers that they share our passion for perfection and that they constantly strive for steadily improving solutions together with us while maintaining an open and fair communication.

Thus, both oral and written agreements – inasmuch as they do not refer to contractual stipulations – shall be equally accepted and respected.

**§ 1 Application of the Terms and Conditions of Purchasing**

1. The following Terms and Conditions of Purchasing shall apply to all business relations between OTTO GOLZE and its business partners and suppliers, provided that the supplier is to be regarded as a business enterprise in accordance with § 14 BGB (German Civil Code).
2. Any deviating provisions, in particular terms of sale, delivery and payment of the business partner or supplier shall only apply if confirmed in writing by OTTO GOLZE. This approval requirement shall always apply, even in the event that delivery is accepted without reservation despite being aware of the general terms and conditions of the supplier.
3. With the first delivery on the basis of these Terms and Conditions of Purchasing, the supplier accepts the Terms and Conditions for all further orders, as well, namely in their respective valid version.
4. Any framework agreements that may have been concluded between the parties shall prevail. They shall be complemented by the present Terms and Conditions of Purchasing unless the framework agreements contain more detailed provisions. With regard to the prevention of misunderstandings, any modifications of the Agreement, amendments thereto or verbal side agreements shall only apply if confirmed in writing by OTTO GOLZE.

**§ 2 Conclusion of the Agreement**

1. Orders shall only be effective if they are made in writing and are signed or provided with a notation of validity. Only the content of the written order shall count.
2. Any quantities ordered are fixed quantities and may only be changed with the prior consent of OTTO GOLZE.
3. The seller shall notify OTTO GOLZE of any obvious mistakes (e.g. typing or calculation errors) and incompleteness of the order including the order documents to enable OTTO GOLZE to correct the mistakes or complete the data, respectively, before acceptance. Otherwise, the Agreement shall be regarded as not concluded.
4. The supplier shall confirm the order in writing within 5 working days of the date the order is placed at the latest or, in particular, complete it without reservation by supplying the goods (acceptance). After expiration of this deadline, OTTO GOLZE

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- shall be entitled to revoke the order(s). The supplier shall not be entitled to assert any claims based on the effective revocation.
5. Delayed acceptance shall be regarded as a new offer and must be accepted by OTTO GOLZE.
  6. Even after the conclusion of the Agreement, OTTO GOLZE shall be entitled to demand changes regarding the delivery item, provided that those changes are reasonable for the supplier.
  7. The supplier may only place suborders with the consent of OTTO GOLZE.

### **§ 3 Prices, Payment**

1. The price mentioned in the order shall be binding.
2. The agreed prices shall be fixed prices and include all costs for packaging, for the transport to the indicated delivery address or application site, respectively, for clearing formalities and customs duty and, if applicable, the statutory VAT. If no prices are mentioned in the order, the prices demanded by the supplier shall be announced to OTTO GOLZE in advance for approval.
3. All orders shall be made on the basis of the respective valid price list of the supplier. However, the price list shall only form the basis if it contains all necessary information related to the product (net price, specifications, packaging quantity, packaging unit, packaging details, terms of payment, discounts, validity period etc.) and if it has been countersigned by OTTO GOLZE. In case of price changes or in case of an expansion or reduction of the supplier's product portfolio, the supplier shall present an updated price list for countersignature. Only the commercial information contained in the respective valid price list shall form the object of the business relationship. Following a respective agreement, prices may only be increased at a term of 90 days.
4. All invoices shall be remitted in duplicate after delivery. Said invoices shall contain the respective purchase price mentioned in the order, the respective measuring units, article numbers, descriptions and quantities as well as the order number of OTTO GOLZE. In addition, said invoices must contain the VAT indication. In the case of a deviation from the aforesaid, the invoice shall be returned to the supplier and shall be reissued.
5. After receipt of the goods and the invoice, OTTO GOLZE shall pay the purchase price within 90 days net. In the case of goods being delivered from outside of Europe, the B/L date shall apply instead of the date of receipt of the goods.
6. OTTO GOLZE shall not have to pay any interest from the due date. The seller's claim to receive default interest payments shall remain unaffected.
7. If early deliveries are accepted, the payment date shall be based on the delivery date primarily agreed upon.
8. In case of incomplete or defective delivery, OTTO GOLZE shall be entitled to retain payment entirely or proportionately until correct performance. The supplier shall have offset and retention rights against claims of OTTO GOLZE only with respect to claims which have been recognised by OTTO GOLZE or recognised by declaratory judgment and/or are already ready for decision.
9. Inasmuch as it is requested due to governmental regulations that the payment and/or transfer of documents may only be effected by means of a Bill of Exchange (B/E) or Letter of Credit (L/C), the agreed terms of payment shall be as follows: 90% of the invoiced amount shall be paid by Bill of Exchange and 10% of the invoiced amount shall be on open account.

### **§ 4 Delivery Dates and Deadlines**

1. The agreed delivery dates and deadlines shall be binding. For compliance, receipt of

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- the goods at OTTO GOLZE or at the agreed – and in case of doubt to be stipulated by OTTO GOLZE – place of performance shall be decisive.
2. The supplier shall be obligated to immediately inform OTTO GOLZE in writing in case he realises any circumstances which lead to the fact that the agreed delivery dates cannot be complied with.
  3. If the supplier does not meet delivery dates and deadlines for reasons he is responsible for, OTTO GOLZE shall be entitled to charge the supplier with an administrative fine, beginning on the agreed day of delivery. Said fine shall amount to:
    - a) 3% of the invoice amount for every commenced week for a delay of up to 3 weeks,
    - b) 5% of the invoice amount for every commenced week for a delay of more than 3 weeks.
  4. In addition, OTTO GOLZE shall, after having sent a notice of default or granted an additional deadline, be entitled to withdraw from the Agreement, to claim damages or to make covering purchases.
  5. If there is a delay in delivery of more than 3 weeks with respect to suppliers from outside of Europe, OTTO GOLZE shall be entitled to demand delivery by air cargo at the supplier's expense.
  6. If the supplier does not meet delivery dates and deadlines for reasons he is demonstrably not responsible for, the contractual parties shall undertake to adapt the Agreement to the changed conditions in good faith. In this case, however, OTTO GOLZE shall be released from any obligation to accept the ordered delivery and shall be entitled to withdraw from the Agreement if the delivery is no longer of economical use for OTTO GOLZE due to the delay.
  7. Partial deliveries shall only be acceptable upon explicit written agreement.
  8. No retention of title is agreed upon.

## **§ 5 Passing of Risk / Packaging / Insurance**

1. Delivery shall always be made free buyer's house and the supplier shall bear all risks until complete delivery to the contractually agreed delivery address or application site. In case OTTO GOLZE arranges for the delivery, the supplier shall nonetheless bear the risk of the transport.
2. The supplier shall be obligated to pack the goods to be delivered in a way so that any damages in transit will be avoided.
3. The supplier shall, at his own expense, insure the delivery against loss and damage during transport. Upon request of OTTO GOLZE, the supplier shall provide evidence for said insurance.

## **§ 6 Acceptance and Quality Controls**

1. Acceptance of the goods shall at any rate only be made after delivery and inspection of the goods at the place of delivery specified by OTTO GOLZE. No preshipment inspection shall constitute an acceptance.
2. Before shipment, OTTO GOLZE shall at any time be entitled to conduct quality controls according to AQL regulations (Acceptable Quality Level). The costs related thereto shall be borne by OTTO GOLZE. In case a shipment is refused, the supplier shall bear the costs for all further inspections until acceptance.
3. Inasmuch as nothing else is stipulated, the inspections of the goods shall be conducted according to DIN ISO 2859, double sampling plan for normal inspection, general inspection level II, AQL rating: 0 / 2.5 / 4.0 (critical / major / minor defects).

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## **§ 7 Notice of Defects**

1. OTTO GOLZE shall examine the delivered goods in accordance with its duty of examination and notice of a defect stipulated in § 377 HGB (German Commercial Code). This shall be done within a period of two weeks after delivery of the goods. If it is not possible to examine the function of the delivered goods and to examine whether the goods are free of defects other than with unreasonable effort before the goods' assembly or commissioning and/or acceptance of the finished goods, the examination may be carried out at a later stage in connection with any one of these occasions.
2. In case the supplier and OTTO GOLZE have concluded a special quality assurance agreement, the duty of examination shall be limited to transport damages, the examination of identity and quantity and – if reasonable – the examination of function. This shall also apply if the supplier is certified according to ISO 9000 et sqq., has advertised by using this certification and has not clearly stated towards OTTO GOLZE in writing within one week after conclusion of this Agreement that this provision shall not be linked to the certification.
3. Any detected defects shall be objected within two weeks.
4. The supplier shall waive any objections based on late examination and/or notification of defects, provided that OTTO GOLZE has fulfilled its obligations as stated in paragraphs 1. to 2. hereunder.

## **§ 8 Warranty / Guarantee**

1. The supplier guarantees that all deliveries/services conform to the latest state of the art, the relevant national, European and international legal regulations as well as to the relevant provisions and directives of authorities, professional organisations and trade associations.
2. The supplier undertakes not to use any substances or preparations which are listed as illegal substances according to the German Chemikalienverbotsverordnung (Chemicals Ban Ordinance).  
In addition, the supplier undertakes to ensure that none of the delivered products exceeds the maximum allowable concentrations of harmful substances according to the "agreement regarding the maximum allowable concentrations of harmful substances" (Appendix 1).  
The supplier guarantees the environmental compatibility of its delivered goods and packaging materials.
3. If the delivered products do not correspond to the assumed guarantee, the supplier shall be liable for all damage resulting there from, including consequential damage. OTTO GOLZE shall be entitled to demand the supplier to present certificates of inspection regarding the delivered goods at no cost.
4. The supplier undertakes to deposit a prototype of every article at OTTO GOLZE. Said prototype must be identical to the model that is in the supplier's possession.
5. The warranty period shall be two years from the detection of the defect by OTTO GOLZE, however not longer than 5 years after the transfer of risk or in the case of works and services that are performed by the supplier from the time of acceptance of the goods.
6. Any recourse rights shall remain unaffected which OTTO GOLZE may have against the supplier in case warranty claims are made by a consumer against his contractual partner for repurchase of the goods or reduction of the purchase price. In this case, the special provisions regarding the purchase of consumables set out in §§ 478, 479 BGB (German Civil Code) shall apply.
7. If, during the warranty period, material defects come to light with respect to the delivered goods, the supplier must provide supplementary performance. He shall, at

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- OTTO GOLZE's discretion, either repair the goods or replace them with defectfree goods. Claims by OTTO GOLZE for compensation or reimbursement for fruitless expenditure shall remain unaffected hereby. All costs necessarily incurred by the supplementary performance, replacement or repair (costs for labour / material / transport / essential recalls / litigation costs etc.) shall be borne by the supplier.
8. If OTTO GOLZE's claim for supplementary performance is not satisfied within the set time limits, the supplementary performance shall be deemed as failed and OTTO GOLZE shall be entitled to remedy the defects itself or have them remedied by third parties at the supplier's expense and risk without the supplier's liability for material defects being otherwise affected thereby.

## **§ 9 Product Liability**

1. The supplier is obligated to compensate OTTO GOLZE all such damage that results from delivered goods being defective. If OTTO GOLZE, according to provisions of domestic or foreign product liability regulations, is held liable for any product defects resulting from the defectiveness of the goods delivered by the supplier, the supplier shall be obligated to indemnify OTTO GOLZE from all claims attributable to a defect in the delivered parts. The supplier's liability to pay compensation covers both compensation payments to third parties and expenditure on legal defence, recall, assembling and dismantling as well as OTTO GOLZE's administration and other expenses for processing the claim.
2. The supplier shall, at his own expense, be obligated to take out product liability insurance which shall include cover if and to the extent coverable of the recall risk, and to present OTTO GOLZE evidence of this upon respective request. The cover provided by the product liability insurance shall be extended worldwide and shall, as far as its scope and duration are concerned, be in accordance with the applicable maximum limits of liability under the German Product Liability Act.

## **§ 10 Secrecy / Models / Tools / Data Protection**

1. The supplier is obligated to treat the conclusion of the Agreement confidentially. All commercial and technical details as well as operational procedures which have come to his knowledge through the business relationship with OTTO GOLZE are to be treated as business secrets unless they have entered the public domain. The supplier shall contractually impose the same duty of secrecy, which shall remain in force after the Agreement has expired, on his personnel, subcontractors or other agents.
2. Items such as in particular tools, dies, fixtures, models, matrices, templates, patterns and other manufacturing aids which OTTO GOLZE has made available to the supplier shall remain the property of OTTO GOLZE. If the aforementioned items are manufactured for OTTO GOLZE, they shall already become the property of OTTO GOLZE when being produced/made, whereas the supplier shall act as a bailee. This shall also apply with regard to compositions, drawings, analysis methods and any procedural methods that are disclosed.  
The above items, documents and procedures may only be passed or otherwise disclosed to third parties with OTTO GOLZE's prior written consent. Such consent is contingent on information being provided to OTTO GOLZE as to the intended purpose and recipient.
3. The supplier shall be obligated to only use tools belonging to OTTO GOLZE for producing goods ordered by OTTO GOLZE. Moreover, the supplier shall insure them at his own expense against loss through fire, water and theft. Any necessary maintenance and inspection work on the tools shall be performed by the supplier at his own expense.
4. The supplier is aware of the fact that his personal data will be stored on data carriers

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by OTTO GOLZE.

### **§ 11 Intellectual Property Rights**

1. The supplier shall be liable for any damage resulting from an infringement of intellectual property rights and/or applications during the contractual use of the supplied goods.
2. If any third party asserts a claim against OTTO GOLZE or its customers, the supplier shall, on request, indemnify them against all claims arising from the use of such intellectual property rights. The supplier's obligation to indemnify relates to all costs incurred by OTTO GOLZE or its customers from or in connection with the third party claim. These shall in particular include the costs of legal defence and exercising of rights together with all costs for providing necessary replacements.
3. The supplier shall not have any obligation to indemnify if the supplied goods were manufactured in accordance with compositions, drawings, models or other equivalent specifications or information provided by OTTO GOLZE while being unaware of third party intellectual property rights. This shall not apply in the case of grossly negligent ignorance on the supplier's part. Where the supplier shall not be liable under section 3, OTTO GOLZE shall indemnify him against any third party claims.
4. The supplier shall give written notice of using published, his own unpublished or licensed third party intellectual property rights or applications before the conclusion of the contract negotiations at the latest. The supplier shall not be entitled to claim additional remuneration for the use of his own or third party intellectual property rights or applications entailed in using the supplied parts.
5. The limitation period for the claims against the supplier referred to in § 11 shall be 10 years, calculated from the conclusion of the Agreement.
6. All products delivered to OTTO GOLZE within Germany shall exclusively be intended for OTTO GOLZE. Without the written consent of OTTO GOLZE, said products may not be sold to third parties. Such a consent can exclusively be given by adding a respective comment regarding the relevant product on the supplier's price list according to § 3.3. which has to be countersigned by OTTO GOLZE.

### **§ 12 Safety Requirements**

1. With regard to the goods he supplies, the supplier shall observe the generally accepted rules of engineering, safety regulations and agreed technical data or limit values according to § 8 Sec. 1 and 2 which reflect the state of the art or go beyond it. In addition, he shall particularly comply with: DIN, EN, ISO, the German Association of Electrical Engineers (VDE), EC Directives (e.g. EC Machinery Directive) and other relevant codes of practice.
2. The supplier undertakes to use only materials that conform to the respective applicable statutory safety requirements and regulations, in particular for restricted, toxic and dangerous substances. The same shall apply with regard to environmental protection provisions and regulations relating to electricity and electromagnetic fields. This obligation covers all globally applicable regulations.
3. If the supplier's products do not meet the requirements stipulated in sections 1. to 2., OTTO GOLZE shall be entitled to withdraw from the Agreement. Any further-reaching claims for damages shall remain unaffected.
4. OTTO GOLZE must be notified of any proposed changes to the delivery items. Any such changes shall require OTTO GOLZE's prior written approval.

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### **§ 13 Quality and Documentation**

1. The scope of delivery shall, without any additional charge, contain productspecific and/or technical documentation, the declaration of conformity and any other documents and certificates needed for the ordered goods or their use, together with the necessary marking of the parts (trademarks, manufacturer's marks, order references, article numbers, batch numbers etc.) and/or their packaging.
2. The costs for declarations of conformity shall be borne by the supplier. Upon request of OTTO GOLZE, the declarations of conformity shall be presented immediately in the German language.
3. Irrespective of this, the supplier shall constantly verify the quality of the delivered items. He shall notify OTTO GOLZE immediately of any possible improvements. He shall notify OTTO GOLZE immediately of any discernible errors in the specified parameters and of any foreseeable complications.
4. If minimum and/or maximum parameter values are specified at the time of ordering, the stated maximum values may not be exceeded in any part of the work piece or product and the stated minimum values may in no case be undershot at any point. This shall be ensured by using suitable testing and measuring procedures and must be documented. OTTO GOLZE may, at any time, require to be given the results of this testing in writing and at no additional cost.
5. If the supplier and OTTO GOLZE have not firmly agreed on the nature and scope of the testing as well as the testing equipment and methods, OTTO GOLZE shall, at the supplier's request and within the scope of its knowledge, experience and facilities, be prepared to discuss the tests with the supplier in order to determine the respective necessary state of the test technique. Irrespective of this, the nature and scope of the testing shall at least correspond to the state of the art in technology.
6. If, in order to verify specific requirements, any public authorities that deal with production safety, production marking, exhaust gas provisions etc. require to inspect the production process and the test records of OTTO GOLZE, the supplier shall assure OTTO GOLZE of his willingness to grant OTTO GOLZE the same rights in his plant and to give all reasonable assistance.

### **§ 14 Audit**

1. OTTO GOLZE shall be entitled to carry out an audit of the supplier himself or to have it carried out by an authorised expert of its choice. This audit shall comprise an inspection of the supplier's plant and of his quality assurance system, followed by a subsequent assessment. The findings obtained in the audit shall form the basis for any future placement of orders and for internal grading (rating) of the plant by OTTO GOLZE.
2. OTTO GOLZE shall be entitled to carry out announced inspections of the supplier's ongoing business operations to monitor the quality assurance measures.
3. In case there have been any quality problems in the past, OTTO GOLZE shall also be entitled to carry out unannounced inspections to monitor the quality assurance measures. OTTO GOLZE does not have this right if the most recent complaint regarding the supplier's quality assurance measures was more than one year ago or if no defects were found in two consecutive unannounced inspections.
4. Inasmuch as OTTO GOLZE can demonstrate an appropriate warranted interest, it shall be entitled to inspect the subcontractor's records. Such warranted interest shall in particular exist when knowledge may be obtained by this means which enables OTTO GOLZE to assess the need for and scale of a recall.

## **§ 15 Anti corruption**

1. The supplier undertakes to take all necessary and reasonable measures to prevent any sort of corruption and bribery.  
Consequently, the supplier may not by its employees or by the management or through third parties offer grant or promise directly or indirectly any benefits to the staff of OTTO GOLZE that are not primarily serving the commercial purpose of business with Otto Golze & Söhne GmbH. This includes also relatives and other related parties of Otto Golze & Söhne GmbH staff.  
Benefits are understood to include inter alia Money and expensive gifts such as trips, jewellery, electronics, clothing and invitations to sporting and cultural events.
2. This provision does not apply for making available product samples / patterns to OTTO GOLZE during the regular course of business for examination or testing.
3. Supplier agrees to immediately inform Otto Golze director about any attempt offering or asking for benefits.
4. OTTO GOLZE may terminate in case of any violation of this anti-corruption agreement, after previous written warning all existing contracts immediately without further notice. In case of serious breach, no prior warning is necessary.
5. In addition the supplier agrees that in each case of any violation of this anti corruption agreement a fine of EUR 25.000, - is to be paid to OTTO GOLZE.
6. In case the total value of benefits paid or given is exceeding above amount, the total value shall be paid to OTTO GOLZE. In addition, further damage claims remain unaffected.

## **§ 16 General Provisions**

1. If the supplier suspends his performance or if insolvency proceedings are initiated against his assets or if judicial or out of court composition proceedings are applied for, OTTO GOLZE shall be entitled to withdraw from the unfulfilled part of the Agreement.
2. If individual clauses are invalid, the validity of the remaining parts of the Terms and Conditions of Purchasing shall remain unaffected.
3. The contracting partners shall be obligated to replace any invalid provisions with other provisions that have an equivalent economic outcome. The same shall apply in the case of an omission.
4. The laws of the Federal Republic of Germany shall apply. The languages applicable with regard to this Agreement and any proceedings or court proceedings relating thereto shall be German and English.
5. The application of the United Nations Convention on Contracts for the International Sale of Goods (CSIG) shall be excluded.
6. The principle place of business of OTTO GOLZE shall be the place of performance and the place of jurisdiction. However, OTTO GOLZE shall, at its own discretion, also have the right to file a lawsuit at the supplier's principle place of business or at the place where services are rendered or deliveries are made.