

GENERAL TERMS AND CONDITIONS OF PURCHASE

1. Applicable Conditions and Scope of Application

1.1 All orders for goods or services are exclusively governed by the General Terms set forth below, unless otherwise expressly agreed in writing. The General Terms only apply to traders. Our Terms and Conditions of Purchase shall be deemed equally applicable to all follow-up orders.

1.2 All Terms and Conditions of the supplier shall be contradicted; these shall only be valid if and to the extent that we expressly accept them in writing.

2. Orders

2.1 Orders, alterations or supplements to these orders as well as any orders on call shall only be binding if placed or confirmed by us in writing. We will only abide by our written orders for a period of two weeks from the date of order. Order confirmations we receive after this period has expired will be regarded as new offers which require our written acceptance.

2.2 The contract shall become effective at the time of our receipt of the written order confirmation of the supplier or on delivery of the goods or services to us. If the contents of the order confirmation deviate from the contents of the order, the supplier shall draw our attention to this fact explicitly and separately. In this case a contract shall only be validly concluded upon our written approval. Notwithstanding the above, a contract on the purchase of goods for capital investment shall be concluded if we accept the binding offer of the supplier in writing.

2.3 If the prices were not fixed at the time the order was placed, the supplier shall state the price together with the order confirmation at the latest. If we do not object to the price quotation within ten (10) working days from the receipt of the order confirmation, the contract shall be concluded with the price as stated.

2.4 Any drawings, plans or other documents that are part of the order remain our property. We reserve all copyrights to these. In the event that the supplier does not accept our offer within the period stipulated in paragraph 2.1, these documents have to be returned to us without delay.

3. Delivery

3.1 Unless otherwise agreed, the clause CP Incoterms® 2010 always applies. Place of performance shall be the place of destination indicated by us; the supplier delivers at his own risk.

3.2 The agreed dates and time limits shall be binding for the supplier; the stipulated delivery periods shall start at the date of the order. The time when the goods arrive at the named place of destination shall determine whether the delivery period has been kept or not.

3.3 If a delivery condition other than "free domicile" at the place of destination has been agreed, the supplier has to make the goods available in time, allowing for the time usually required for loading and dispatch. In case of deliveries on call, delivery dates set by us shall be binding pursuant to the same principles, unless the supplier objects to such dates immediately.

3.4 If more goods are supplied than agreed, we shall be entitled either to accept the excess goods and pay the duly amended invoices or to store the excess at the expense of the supplier until it is collected by the supplier and/or to return it to the supplier at his expense.

3.5 The supplier is not entitled to deliver prior to the agreed delivery date. If delivery is made prior to the agreed delivery date, we shall be entitled either to store the goods at the expense of the supplier until the agreed delivery date or to return them to the supplier at his expense.

3.6 We shall accept partial deliveries only upon explicit agreement.

3.7 If the supplier does not fulfil the contract in time, he shall be liable pursuant to the legal provisions, unless otherwise provided in the following.

3.8 In case of default of the supplier and in addition to any further claims for compensation we shall be entitled to charge a penalty equivalent to 0.5% of the total value of the order for every week which has commenced after the due date of delivery up to a maximum of 10% of the total value of the order. The supplier is obliged to notify us in writing without delay if a late delivery or a complete or partial failure of supply is to be expected. The notice shall give reasons for the delay and state its estimated duration. If we accept a late delivery, we shall still be entitled to assert the rights pursuant to this clause 3, even if we have not explicitly reserved these rights at the time of delivery.

3.9 In case of force majeure, such as war, obstruction or breakdown of transport or production, industrial actions, hindrances caused by foreign exchange regulations or other delivery problems beyond our control, we shall be entitled to withdraw from the contract or to request fulfilment at a later date, and the supplier shall not be entitled to make any claims resulting from the above. The claim of force majeure must be made in writing by us or by the supplier within one week after the incident has become known.

3.10 On the day of shipment, the supplier shall send us a notice of dispatch for each delivery. The said notice of dispatch shall be sent separately from the goods and the invoice. Deliveries must be accompanied by a delivery note in duplicate which also contains the order number.

3.11 Any extended or expanded retention of title, in particular any retention of title concerning the supplied goods until full and complete payment of all claims arising out of the business relation, shall be excluded. In particular, the delivered goods shall not be processed for the supplier pursuant to §950 of the German Civil Code (BGB).

4. Prices and payment

4.1 The agreed prices are fixed prices. Unless otherwise agreed, they are quoted including free delivery to the place of destination indicated by us, and including standard commercial packaging as well as carriage and storage charges and the applicable VAT. The shipment costs are always borne by the supplier, even if we request a special method of shipment.

4.2 Unless otherwise agreed, payment shall be effected within 14 working days with a 3% discount on the net amount of the invoice or within 30 days net. The period allowed for payment shall commence after due receipt of the goods including due delivery notes and invoices.

4.3 Invoices shall be submitted to us in duplicate stating our order number. If the supplier does not meet this requirement, he shall be held liable for all the resulting consequences.

4.4 The supplier shall not be authorised to assign any claims or allow a third party to collect any debts on his behalf without our prior consent. We are fully entitled to all statutory offset rights and rights of lien.

4.5 The time of payment shall not affect the warranties of the supplier or our right to raise objections against defective goods. In case of a delivery of defective goods we shall be entitled to retain a proportional part of the payment until the supplier duly fulfils his obligations under the contract.

4.6 If a contracting party suspends payments or if an application for bankruptcy, judicial or extrajudicial composition proceedings with respect to the property of a contracting party is filed, the other contracting party shall be entitled to withdraw from the unfulfilled part of the contract.

4.7 If in the period between the conclusion of the contract and the supply of the goods, the prices have risen by more than 20%, for example due to increased raw material prices or fluctuations in the exchange rate, we shall be entitled to withdraw from the contract, provided that we announce our withdrawal from the contract immediately after being made aware of the increased prices.

5. Quality Assurance

5.1 The supplier guarantees that all goods delivered by him are free of defects and that they comply with the properties and quality requirements stipulated in the order.

5.2 The goods have to comply with the applicable and valid national and international provisions, rules and directives of the competent authorities and professional associations and have to be in line with the state-of-the-art technology. The supplier is obliged to notify us in writing of any restrictions in use and of any obligations with respect to product declarations.

6. Provision of parts

6.1 We reserve the right to the ownership of all parts and materials that we placed at the disposal of the supplier or sold to him. The parts provided by us are merely designed to be processed and to perform our order according to contract. They may only be used according to their intended use. The resale of these articles by the supplier is expressly prohibited. In case of depreciation or loss of the provided parts, the supplier shall be obliged to reimburse us accordingly.

6.2 If the processing takes place with both items that do and do not belong to us, we obtain co-ownership of the newly created article in proportion of the value of the parts issued by us to that of the other parts processed in the creation of the new article. The supplier shall store the new articles on our behalf free of charge with the due diligence of a responsible businessman.

7. Warranties

7.1 We undertake to inspect the goods for quality defects and quantity variances within a reasonable period of time after receipt from the supplier. The duty to examine and notify non-conformities shall commence at the time the goods are delivered to the agreed place of destination and when we have received the due delivery documents (especially notification of dispatch and delivery note). We are entitled to give notice of defects within 14 working days from the time of delivery, in case of hidden defects within 14 working days from the time we have discovered the defect.

7.2 If any defective goods are delivered, the supplier shall be obliged at our request to separate the defective goods and to either rework the goods or to effect a new delivery within a reasonable period fixed by us. In this case, the supplier shall bear all costs incurred to remedy the defect. The supplier is not entitled to refuse the method of subsequent performance requested by us. If the subsequent performance does not remedy the defect, or if this is unacceptable to us under the circumstances or if the new delivery again contains defective goods, we shall be entitled to withdraw from the contract. This also applies to any goods that have not yet been delivered. In the event of a possible risk of delay, we are entitled to rework the goods ourselves at the cost of the supplier or have them reworked by a third party.

7.3 The warranty period shall end two (2) years after the date of delivery of the goods to us. In case of subsequent performance the warranty period shall be extended by the duration of such subsequent performance. The warranty period shall end at the latest three (3) years after the date of the delivery to us.

7.4 Unless otherwise provided for in the above regulations, the warranty shall be governed by the valid legal provisions. All warranty claims come under the statute of limitation within the legally stipulated period after discovery of the defect, at the earliest, however, on expiry of the warranty period. The statutory period of limitation for any warranty claims shall be suspended as from the date of our notification of defect and shall not restart until the supplier expressly rejects the warranty and/or after the breakdown of the negotiations.

8. Liability and insurance

8.1 The supplier is obliged to indemnify us and hold us harmless at our first request against all claims by third parties, in particular if these are based on product liability, including all costs necessary to defend ourselves against such claims, to the extent that the supplier himself would be directly liable. The same applies to strict liability, for instance pursuant to the German Product Liability Act (Produkthaftungsgesetz). The supplier shall provide appropriate insurance for this indemnification obligation.

8.2 The supplier is liable for all defects in title, in particular if the delivered goods are subject to trademark rights or protected by any other kind of commercial property right of a third party. The supplier shall indemnify us and our customers and hold harmless at our first request against any claims based on a defect in title and the expenses arising from the defence against such claims. The contracting parties undertake to inform each other immediately of all risks or cases of infringement.

8.3 Unless otherwise stipulated in the present terms and conditions, the supplier shall only be liable to provide compensation for damages pursuant to the provisions 8.4 through 8.8 which are incurred by us either directly or indirectly as a result of a defective delivery, due to a violation of regulatory safety regulations or any other reasons which are within the responsibility of the supplier.

8.4 In principle, the supplier shall only be liable for compensation if he is at fault and responsible for the damage he caused.

8.5 If a claim is asserted against us by a third party on the basis of strict liability pursuant to mandatory foreign law, the supplier shall be liable to us to the extent that he would be directly liable to the third party. With regard to the internal settlement between us and the supplier concerning damage payments to be made, the provision of §254 of the German Civil Code (BGB) (Co-Liability) shall apply. The same applies if the supplier is directly held liable.

8.6 The supplier shall not be held liable for damages if and to the extent that we have validly restricted our own liability towards our customers.

8.7 The supplier shall be liable for any measures we take to prevent or minimise damages (e.g. recall actions) provided that these measures are required due to the delivery of defective goods. The supplier shall reimburse us of any expenses arising from or in connection with any recall actions carried out. §254 of the German Civil Code (BGB) shall apply accordingly.

8.8 We are authorised to settle claims with injured third parties. The liability of the supplier to compensate for such claims shall remain unaffected provided that such settlements were necessary for business reasons.

9. Use of Confidential Information

All information provided in connection with our order or in the course of our business relations may not be disclosed by the supplier to third parties without our prior written consent. Such information shall continue to be treated with absolute secrecy beyond the execution of our order. If the supplier discloses our information to his sub-suppliers, having obtained our prior written consent, the supplier shall be obliged to swear his sub-suppliers to secrecy. In return, we undertake to treat confidential information of the supplier in the same way. Commercial or technical details that have become part of the public domain shall be exempted from the obligation to maintain secrecy.

10. Applicable law and Jurisdiction

10.1 The relations between us and the supplier are exclusively governed by the laws of the Federal Republic of Germany, to the exclusion of any foreign law. Neither the United Nations Convention on Contracts for the International Sale of Goods (CISG) nor any other existing or future interstate or international treaties, even if incorporated into German law, shall be applicable.

10.2 If the supplier is a merchant, legal entity of public law or of special fund under public law, the exclusive place of jurisdiction for all disputes arising from or in connection with the delivery transaction shall be Lemgo. Notwithstanding the foregoing, we are also entitled to sue our customer at his place of residence/place of business. Any statutory provisions regarding exclusive jurisdiction remain unaffected.

11. Final provisions

11.1 Any alteration of or supplement to this contract, including this clause providing for the written form, must be made in writing to be valid. The same applies to collateral and additional agreements.

11.2 If a clause in these terms and conditions is or becomes partly or completely invalid, the invalidity of that clause shall not affect the validity of the remaining contractual clauses. The same applies to possible loopholes in the present contract.

Gebr. Brasseleer GmbH & Co. KG · Trophagener Weg 25 · 32657 Lemgo · Germany · As at April 2014