

§ 1 General – Area of Application

1. These General Terms of Purchase apply to all present and future legal relationships between ruhlamat GmbH, hereinafter jointly called the *Principal*, on the one hand, and the *Contractor* on the other.
2. Solely the Terms of Purchase of the *Principal* will apply. No terms of the *Contractor* which may contradict or differ from these Terms of Purchase will be recognized, unless the *Principal* has expressly agreed to their application in writing. The Terms of Purchase of the *Principal* shall also apply if the latter has accepted delivery without reservation despite knowledge of contradicting or differing terms of the *Contractor*.
3. All agreements made between the *Principal* and the *Contractor* must be recorded in writing accordingly. No verbal arrangements have been made.
4. The rights which we hold under legal rulings going beyond these Terms of Purchase shall not be prejudiced.

§ 2 Purchase Order

1. If the *Contractor* fails to accept the purchase order/delivery call in writing within 5 working days of receipt, the *Principal* has the right to revoke the same, without the *Contractor* being entitled to make any claims against the *Principal* for this reason.
2. As far as can be reasonably expected of the *Contractor*, the *Principal* can require amendments to the design and construction of the item being supplied. In such cases, the effects, especially in relation to increased or reduced costs and delivery dates, must be reasonably and mutually agreed between the parties.
3. The *Principal* reserves the ownership rights and copyrights to illustrations, drawings, calculations and other written material; they must not be made available to third parties without the express written consent of the *Principal*. They are to be used exclusively for production based on the *Principal's* purchase orders and are to be automatically returned to the *Principal* when the purchase order has been completed. They are to be treated as confidential in dealings with third parties and to this extent the ruling under § 12 shall apply.
4. In regard of software included in the scope of product supply, including its documentation, the *Principal* holds both the right to use to the extent permitted by law and the right to use with the agreed performance features and to the extent necessary for contractual use of the product. We are also entitled to make a back-up copy without express consent.

§ 3 Spare Parts

1. The *Contractor* undertakes to supply spare parts for technical supplies for the period of normal service life, but at least for a duration of 10 years, and at customary market prices and terms.

§ 4 Prices – Terms of Payment

1. The price quoted in the purchase order is binding. If no written agreement to the contrary has been made, the price covers supply including packaging (INCOTERMS 2010: DAP Ruhlamat, Marksuhl). Return of packaging is subject to special agreement.
2. Statutory value-added tax is not included in the price. Any other taxes, customs duties and other charges will be paid solely by the *Contractor*.
3. The *Principal* can only process invoices if they - as per the specifications in the purchase order - also include the order number shown there; the *Contractor* is responsible for all consequences of non-compliance with this requirement, unless he can prove that he was not to blame.
4. Insofar as nothing to the contrary has been agreed in writing, the *Principal* will pay the purchase price net within 30 days or with a 3% discount within 21 days, starting from the date of receipt of the goods and the invoice.
5. If deliveries are accepted prematurely, payment shall be due in compliance with the agreed delivery date.
6. If a delivery is defective, the *Principal* has the right to withhold a value-related proportion of payment until due performance has been rendered. Rebates, discounts and price reductions are not affected thereby.
7. The *Principal* holds offsetting and withholding rights to the extent provided by law.

§ 5 Delivery Period

1. Agreed dates and periods are binding. The criterion for observance of the delivery date or period is the time of receipt of goods at the *Principal's* works.
2. The *Contractor* must notify the *Principal* immediately in writing if circumstances arise or become known to him which mean that the agreed delivery period cannot be met.
3. In the event of default on delivery, the *Principal* has the right to require payment of a contractual penalty of 1% of the value of the goods scheduled for delivery per full week but not amounting to more than 5% of the goods value; the right to make further statutory claims (e.g. rescission or damages) is reserved. In addition, the *Contractor* shall be liable for losses which the *Principal* incurs through default on delivery as a result of production bottlenecks, order rejections, loss of pay etc., insofar as such losses exceed the contractual penalty.
4. If the *Principal* is not able to take over/accept the delivery/service as ordered due to unforeseen events, such as force majeure, labor dispute action, operational disruptions of any kind, reduction of sale, etc., that result in a lessening of requirements, the *Principal* can amend and reduce the order accordingly to a reasonable extent. In such a case, the *Contractor* will have no claim to compensation for expenses or damages and cannot require payment of a higher price or make any other claims.
5. If the performance obligations of the *Contractor* are suspended for more than two weeks due to force majeure, the *Principal* has the right to terminate the contractual relationship with immediate effect. In such a case, the *Contractor* can require compensation for the expenses which can be proved to have been incurred before suspension of the contractual obligations due to expectancy of continuation of the contractual relationship.

§ 6 Quality Management

1. The *Principal* expects the *Contractor* to comply in full with the terms of delivery.
2. The *Contractor's* deliveries must conform to the state of the art, safety regulations and the agreed technical data. He shall assign only qualified personnel to the respective job order. If specific qualifications are required for the provision of the performance, this shall be indicated separately in the order. He should set up and maintain an appropriate quality management system based on DIN EN ISO 9001. The *Principal* reserves the right to inspect the efficiency of the quality management system on site. The *Contractor* also grants the *Principal's* customers this same right. Any changes to the item scheduled for delivery are subject to prior written consent. The *Contractor* must monitor the quality of the items

scheduled for delivery on an ongoing basis. Individual quality management agreements can be made if necessary. The contracting partners will each notify the other of any possibility of quality improvement.

3. In his quality records for all the products, the *Contractor* must also note when, how and by whom the fault-free production of the deliveries was ensured. The *Contractor* shall place sub-suppliers under this obligation to the same extent as far as legally possible. All the materials used for production must comply with the applicable statutory safety and environment regulations of the relevant country of production or sale. The *Contractor* guarantees that any goods supplied that are subject to application of the RoHS Directive will comply with the requirements of said RoHS Directive applicable at the time or the relevant regulation(s) of the Electric and Electronic Appliance Act (ElektroG).
4. For materials (substances, compounds) and items (e.g. goods, parts, technical equipment, non-cleaned empties) from which risks to the life and health of people, the environment and property could emanate due to their nature, characteristics or condition and which are thus required by regulations to undergo special treatment with regard to packaging, transportation, storage, handling and waste disposal, the *Contractor* will supply the *Principal* - together with the offer - with a fully completed EC safety data sheet pursuant to Regulation (EC) no. 1272/2008 and an appropriate Accident Procedures Sheet (transportation). In the event of any changes in materials or in legal position, the *Contractor* will supply the *Principal* with updated data and procedures sheets.
5. The Supplier is therefore obliged to comply with the requirements of the Regulation (EC) 1907/2006/EG (hereafter referred to as "REACH-Regulation") and the EC Directive 2011/65/EU (hereafter referred to as "RoHS-directive") in their most recently revised form at the time of the delivery, and to fulfill all of the duties which concern suppliers according to the REACH-Regulation and the RoHS-Directive. The Supplier will place a safety data sheet at *ruhlamat* disposal according to Article 31, REACH-Regulation. In addition, the Supplier will inform *ruhlamat*, unsolicited and without de-lay before a delivery, if a "substance of very high concern" as described by Articles 57 to 59 of REACH-Regulation is contained in a component or in the packaging of a good in a mass concentration of more than 0.1 percent. The Supplier guarantees that the goods comply with the requirements of the RoHS-Directive and will provide *ruhlamat* with a respective written confirmation of the RoHS conformity.

§ 7 Inspection for Defects - Warranty

1. The goods are accepted subject to inspection to ensure that they are free from defects, especially to ensure that they are correct, complete and serviceable. For inspection of the goods supplied, the *Principal* reserves the right to take a period of up to 20 working days as of arrival of the goods at our works. The inspection can be limited to random samples. The *Principal* has no obligation to perform technical function tests during this time or to test whether the goods are suitable for further processing or treatment by the *Principal*. The *Principal* must only submit an immediate notice of complaint after expiry of 20 working days in relation to defects which are immediately identifiable to the naked eye, including by random sampling. We will submit an immediate notice of complaint when we discover defects. The figures that we establish at the inspection of incoming goods shall be decisive for quantities, weights and measurements, subject to any evidence to the contrary.
2. In urgent cases, the *Principal* can rectify defects himself or have them rectified by third parties, after consultation with the *Contractor*. The costs incurred thereby will be payable by the *Contractor*. If the same goods are repeatedly supplied with defects, the *Principal* must give a written warning and then has the right of rescission, including that of deliveries not yet made, if he receives another defective delivery.
3. The warranty period shall be 24 months, beginning on passage of risk or, respectively, after successful final acceptance if final acceptance has been agreed.
4. If nothing to the contrary is agreed in the above, the warranty shall be based on statutory regulations.
5. In the event of a breach of obligations going beyond the supply of defective goods (e.g. a breach of the obligation of disclosure, the obligation to give advice or to perform inspection), the *Principal* can require compensation for the damages thus resulting (including consequential damage).
6. For machines and systems, the agreed tests will be carried out to monitor performance and compliance with the contract-relevant characteristics. If the actual findings differ from the agreed contractual condition, the *Contractor* will be granted a reasonable period to rectify the defects. If the relevant requirements are still not met following two attempts at rectification, the *Principal* reserves the right to have the defects rectified or to require substitute supply or to rescind the contract or to reduce payment. If a contractual penalty has been agreed for the event that a performance parameter is not achieved, such a penalty shall be due even if the *Principal* does not demand it directly after unsuccessful acceptance.
7. If a defect is not found in the goods supplied until after further processing, the *Contractor* shall also be liable for the resulting damages.
8. The performance of the *Contractor* shall have an effect upon the supplier assessment undertaken by the *Principal*.
9. The *Principal* reserves the right, in the event of complaints handled by him, in addition to claiming compensation for the resultant loss to also charge a processing fee per individual case to the amount of EUR 150.00. The *Principal* also reserves the right to charge for greater loss incurred (transportation, service, downtime).

§ 8 Product Liability - Holding Harmless - Liability Insurance

1. If the *Contractor* is responsible for product damage, he shall hold the *Principal* harmless at first request in respect of damages claims by third parties, this being to the extent that the cause lies within his domain and sphere of organization and he is himself liable in external relations with third parties.
2. Under his liability for losses as set forth in paragraph 1, the *Contractor* shall also be liable to pay compensation for any expenses under Sections 683, 670 of the German Civil Code and under Sections 830, 840, 426 of the German Civil Code if they result from or are in connection with a recall program that we perform. The *Principal* shall inform the *Contractor* of the content and scope of the recall measures scheduled to be taken - as far as possible and reasonable - and will give said *Contractor* the opportunity to state his opinion. Other statutory claims are not prejudiced thereby.
3. The *Contractor* undertakes to maintain product liability insurance with coverage of a flat rate of €5 million per personal injury/property damage. If the *Principal* holds further damages claims, they shall not be prejudiced thereby.

§ 9 Property Rights

1. The *Contractor* warrants that the items he has supplied do not breach any patent rights or other industrial property rights held by third parties.
2. If a third party makes claims against the *Principal* for this reason, the *Contractor* shall hold the *Principal* harmless in relation to these claims at first written request. The *Principal* does not have the right to enter into any agreements with the third party without the consent of the *Contractor* and shall not, in particular, make a settlement.
3. The *Contractor's* obligation to hold the *Principal* harmless relates to all the expenses which the *Principal* necessarily incurs as a result of or in connection with claims made by a third party.

§ 10 Termination:

1. The *Principal* is free to terminate a contract at any time. In such a case, costs saved shall not be billed. Any further claims, especially for loss of profit, are excluded. Our property must be surrendered immediately. This also applies to property owned by customers of the *Principal* insofar as they make appropriate claims. Similarly, any services and products already finished must be surrendered to the *Principal* upon request.

§ 11 Reservation of Title – Provision of Material - Tools

1. Rights of retention of title by the *Contractor* will only be recognized in the event of express written confirmation by the *Principal*. The title already passes to the *Principal* upon payment of the invoice relating to the contractual item, even if the *Principal* has made justified deductions.
2. The *Principal* reserves the title to any material that he may furnish to the *Contractor*. Any processing or conversion work by the *Contractor* is performed for the *Principal*. If reserved goods belonging to the *Principal* are processed or mixed with other items not belonging to the *Principal*, the latter acquires a co-title to the new item in the ratio of the value of the *Principal's* item (cost price plus VAT) in relation to the other processed/mixed items at the time of processing/mixing. If mixing is performed in a way that means that the *Contractor's* item is to be regarded as the primary item, it is deemed agreed that the *Contractor* will assign a proportionate co-title to the *Principal*; the *Contractor* will keep the sole title or co-title on behalf of the *Principal*.
3. The *Principal* reserves the title to tools. The *Contractor* has an obligation to use the tools exclusively for production of the goods ordered by the *Principal*. He must notify the *Principal* immediately of any failures. If he culpably fails to do so, damages claims shall not be prejudiced.
4. Title to the goods supplied from the order shall be transferred to the *Principal* with delivery and acceptance of the goods.

§ 12 Confidentiality

1. The *Contractor* must treat as strictly confidential all non-evident technical and commercial details of which he learns, such as illustrations, drawings, calculations and other written material and information. They may only be disclosed to third parties subject to the *Principal's* express consent. The obligation to maintain confidentiality also applies after termination of this contract. It shall expire if and insofar as the production knowledge contained in the illustrations, drawings, calculations and other written material has become generally known. Different rulings can be agreed in a special non-disclosure agreement.

§ 13 General Terms

1. If a contracting partner discontinues payment or if insolvency proceedings relating to his assets or court or out-of-court composition proceedings are initiated, the other partner has the right to rescind the part of the contract not yet performed.
2. If a provision in these Terms and the other agreements made is or becomes ineffective, the effectiveness of the rest of the contract will not be prejudiced thereby. In such a case, the parties undertake to enter into an agreement approaching the original financial purpose and content as closely as possible.
3. Solely the law of the Federal Republic of Germany shall apply, if nothing has been agreed to the contrary, with exclusion of the Hague and UN Convention (CISG).
4. The data necessary for handling the purchase order and monitoring invoices can be stored electronically by the *Principal*.
5. The *Contractor* must give the *Principal* separate notification of additional freight costs and furnish evidence of correction measures.

§ 14 Legal venue – Place of Fulfillment

1. The legal venue is the *Principal's* seat of business. The *Principal* reserves the right to file legal action at any other legal venue.
2. The place of fulfillment is the location at which the goods are scheduled to be delivered or the services rendered according to the order.

§ 15 Social Responsibility and Environmental Protection

1. The supplier undertakes to observe the relevant legal regulations relating to treatment of employees, environmental protection and work safety and to make every effort to reduce detrimental effects on man and environment in his work. He shall pay attention to environmentally friendly and energy-efficient implementation.
2. The supplier shall respect the basic principles of the Global Compact Initiative of the UN. These relate essentially to the protection of international human rights, the right to collective wage negotiations, the elimination of forced labour and child labour, the elimination of discrimination in engagement and employment, responsibility for the environment, and the prevention of corruption. Further information regarding the Global Compact Initiative of the UN is available at www.unglobalcompact.org.
3. The supplier shall avoid the use of materials from conflict regions. In the event of the use of such materials be unavoidable, the supplier is to inform ruhlamat forthwith.
4. The supplier shall further be required to establish, within the scope of possibility, a management system in accordance with ISO 14001 and develop it further. Ruhlamat seeks to reduce the burden on the environment due to packaging waste, and recycles a high proportion of packaging derived from purchased materials by recycling. The supplier undertakes to avoid waste and to make use of environmentally-friendly packaging materials.
5. In the event that a supplier contravenes the law repeatedly and/or despite receiving relevant instruction and does not provide evidence that the contravention has been

remedied as far as possible and appropriate measures taken to prevent such contraventions of the law in the future, we reserve the right to rescind existing contracts or terminate them without notice.

§ 16 Minimum Wage

To the extent that the *Contractor* has his registered office in Germany, he commits himself to the *Principal* to fulfil his obligation to pay the statutory minimum wage as well as taxes and social security charges and, where applicable and at the request of the *Principal*, to furnish suitable proof of this. Furthermore, the *Contractor* commits himself to observe the further terms of the Minimum Wage Act (MiLOG) and take responsibility for ensuring that all subcontractors also fulfil their obligations under MiLOG. The *Contractor* shall release the *Principal* on first demand from all claims of third parties (in particular employees) relating to a breach of his duties under MiLOG, or the subcontractors assigned by him. Moreover, the *Contractor* shall be liable to the *Principal* for all loss incurred as a result of failure to observe the duties under MiLOG of the *Contractor* and/or subcontractors assigned by him.

§ 17 Electronic Communication

Please see the document entitled "Instructions on Procedures for Electronic Communication with ruhlamat GmbH Marksuhl" for information on procedures for electronic communication with the *Principal*. You will find the latest version of these Instructions on our website at www.ruhlamat.com → General Terms.

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