

CONDITIONS OF PURCHASE

1. General

1.1 These conditions of purchase shall apply to all orders, including future orders placed by our company under purchase contracts, contracts for work and contracts for the supply of materials and labour, and mixed contracts with elements of purchase. Any conflicting General Conditions of Sale or conditions of sale of the supplier/vendor deviating from these conditions are expressly rejected. Nor shall we be bound by them even if we have not again expressly rejected them on receipt.

1.2 To be legally valid, our orders must be in written form. Telephone or verbal orders shall be valid only when confirmed by us in writing.

1.3 Unless otherwise agreed, written confirmation of our orders shall reach us within two weeks of the date of our order, stating the binding delivery time, the price and other conditions. On expiry of this period, we shall no longer be bound by our order.

2. Prices, payment and settlement

2.1 The prices shown in our order are free delivered to our plant or warehouse and are fixed prices, which may not be altered to our disadvantage even in the event of cost increases arising after the contract has been signed. The same shall apply when we order in accordance with the current price list of the supplier, as held by us. Any alteration in price shall require written agreement.

2.2 Invoice amounts shall be settled by us, subject to subsequent inspection and unless otherwise agreed in a specific case:
a) within 30 days of the due date with 3% discount, or
b) within 90 days of the due date, without deduction, at our discretion by bank transfer, cheque or three months' acceptance.

2.3 We shall be entitled to set off all claims against the supplier against all claims which the supplier has against us, whatever the legal justification. This shall apply even where one party has agreed payment in cash and the other party payment in bills or other payment on account of performance. If claims are due on different dates, then our claims shall in this respect be set off not later than the date our liabilities fall due.

3. Assignment

3.1 Claims against us may be assigned only with our written permission.

For assignment in advance within the scope of an extended reservation of ownership of sub-suppliers, this permission is granted now, but on condition that we reserve to ourselves from the assignee all rights against the supplier to which we would be entitled without the assignment.

3.2 The supplier shall not subcontract to third parties the order placed by us, either wholly or in part, without our express permission in writing.

4. Delivery times and dates

4.1 The delivery times and dates quoted in our order shall be firm and binding. They relate to arrival at the destination address.

4.2 Partial deliveries shall be permitted only by special agreement.

4.3 As soon as the supplier becomes aware of circumstances which could result in delayed delivery, he shall report these to us immediately in writing, stating the reasons for and the duration of the probable delay. This shall not affect his obligation to deliver on schedule.

4.4 If the supplier fails to perform his contractual obligations or if he fails to meet the agreed delivery dates or times, and if a delay has occurred (reminders can be dispensed with if deadlines for delivery are determined or determinable by the calendar), we shall be entitled, after granting some additional time for subsequent delivery, to cancel the contract or to claim damages in lieu of

performance due to non-performance, at our discretion. We shall also be entitled to exercise these rights in respect of the whole contract if the delivery is incomplete on expiry of the

period of grace and if part-performance of the contract is of no interest to us. Compensation payable to us for delayed performance shall also include contractual penalties payable by us to our customers on account of the delay.

5. Dispatch, packaging, other incidental costs

5.1 All consignments shall be accompanied by a delivery note, in duplicate, showing the order number and the date of ordering.

5.2 All dispatch documents, as well as all documents in connection with the supply contract, shall contain, in addition to a description of the article(s), our material and order numbers, the date of ordering, the quantities, the place of delivery and the type of packaging. The supplier shall be liable for the consequences of incorrect consignment note declarations.

5.3 The supplier shall bear the sole responsibility for strict adherence to the specified dispatch instructions. We shall be entitled to refuse acceptance of consignments if, on the day of receipt, properly-completed dispatch documents are not available to us or if our order number is not shown or is shown incompletely on the dispatch documents. Refusal to accept delivery for such reasons shall not result in any default in acceptance. The costs of refusal to accept delivery shall be borne by the supplier.

5.4 In view of the current Packaging Regulations, we accept only the following transport packaging:

- a) European fourway wooden flat-pallets, according to UIC 435 – 2, with "EUR" marking,
- b) Euro cage pallets
- c) and other reusable packaging, as well as packaging made from reusable materials as defined by the Packaging Regulations, which must be marked accordingly.

The supplier shall be obliged to take back, at his own expense, all delivery packaging from the place of delivery, during the normal hours of business, not later than one week following a written request from us. In doing so, he shall observe the relevant statutory provisions, in particular the Packaging Regulations of 1 Dec 1991, in the currently valid version.

The aforementioned obligations are applicable by analogy to all other waste and residual materials which may arise as a result of production or delivery.

5.5 Apart from conditions specified below, all deliveries shall be effected at the supplier's cost free domicile or free destination address, including packaging and all other costs, including customs duties, carriage, transportation insurance premiums, etc. If in a specific case carriage forward delivery is agreed, the supplier shall choose the cheapest mode of dispatch and shall take out transportation insurance only on the strength of our express instructions.

6. Risk

The supplier shall bear the risk of accidental loss or deterioration until the arrival of the goods on our premises or at their destination address. This shall apply even where, in a specific case, delivery ex works or warehouse has been agreed or where, in a specific case, carriage is paid by us.

7. Drawings, designs, samples, tools

7.1 Drawings, designs, samples, tools (including all kinds of blanking or punching dies, injection moulds, pressure die-casting moulds, compression moulds, ingot moulds, patterns and cavity dies) and other ancillary production equipment which we have provided to the supplier for tendering or for carrying out an order, remain our property and shall not be used for any other purpose, duplicated or made accessible to any third party. On completion of contract or other termination or in the event of delayed performance by the supplier, they shall be returned to us excluding any right of retention.

7.1 Tools for which we pay tool costs by agreement pass into our ownership when purchased or manufactured by the supplier. In place of handover, the supplier shall look after these tools on our behalf, free of charge. On completion or other termination of the contract or in the event of delayed performance by the supplier, tools shall be returned to us, excluding any right of retention.

In the event of premature removal of tools, which is possible at any time, we undertake to reimburse the supplier for that part of the agreed tool costs (discounted at market interest rates), which has not yet been paid at the time of removal or which has not yet been paid off by price supplements per part supplied, as agreed in the specific case. The supplier shall not be entitled to any right of retention from this claim.

7.2 The supplier shall be obliged to maintain and repair at his expense, tools as described under paras 1 or 2 above and, in the case of tools according to para 2, to replace them as necessary during the agreed tool life; para 7.2 shall apply analogously to replaced tools.

7.3 Without our written permission, the supplier shall not be entitled to pass on to any third party tools or other production equipment as described in para 7.1, or to use them for his own or other purposes. These provisions shall also apply after termination of the contract.

8. Industrial property rights of third parties and product liability

8.1 The supplier shall be responsible for ensuring that no patents or other property rights of third parties are infringed by the goods supplied to him. He shall be bound to indemnify us and if applicable, our customers against any third party claims. The supplier's obligation to indemnify us shall include all expenses which would necessarily incur to us from or in connection with any third party claims, especially the appropriate costs of legal action.

8.2 The supplier shall also be bound to indemnify us against any claim arising from national or international product liability, insofar as he is responsible for the fault incurring product liability.

9. Warranty and notice of defects

9.1 Except for purchases of consumer goods, to which the statutory provisions apply, the following provisions shall apply:

9.2 At the time of the transfer of risk the goods supplied shall be of the warranted quality and suitable for the intended use according to the contract. Hence, they must conform to the latest state of the art in their design and material. The quality of the supplied goods includes properties which we can expect according to public statements made by the supplier, the manufacturer or his agent about certain properties of the goods, especially in the form of advertisements or markings. All deliveries must also conform to the currently applicable VOB (standard terms for building contracts), accident prevention and other relevant safety regulations.

9.3 Without prejudice to our statutory warranty claims (cancellation of contract, reduction of purchase price, compensation for loss incurred, reimbursement of vain expenses), we shall at any rate be entitled to demand from the supplier the remedy of defects or substitute supply of new goods, at our discretion. In this case the supplier is obliged to bear the costs which occur as a result of the subsequent delivery, especially costs of travel and transportation, labour and material. The right to claim damages, especially the right to claim damages in lieu of performance, remains expressly reserved.

9.4 We shall be entitled to remedy the defects ourselves at the supplier's expense if there is imminent danger or particular urgency, especially when the need to avoid disproportionate losses makes it impossible to await corrective action by the supplier.

9.5 Unless otherwise agreed in the specific contract, warranty claims shall be limited to 24 months following the delivery of the goods, for construction work 5 years following acceptance. In deviation from this ruling, longer limitation periods prescribed by law shall apply where the supplier has fraudulently concealed the defect.

10. Construction contracts

10.1 The following shall apply, in the order shown, as the contractual basis of contracts for construction work as defined in section 1 of the VOB Part A (General regulations for the Award of Construction Contracts – DIN 1960 latest edition):

- a) the individual terms of contract in conjunction with the bill of quantities,
- b) our General Conditions for Construction Work;
- c) the General Contractual Conditions for the Performance of Construction Work DIN 1961 (VOB Part B, latest edition),
- d) the General Technical Regulations for Construction Work, in particular the relevant DIN specifications (VOB Part V)
- e) the statutory regulations.

10.2 Material provided by us for the execution of construction contracts or other contracts for work shall remain our property. It shall be used only as part of the intended production and shall be insured by the supplier, at his expense, against all customary risks.

10.3 Furthermore, the safety regulations described at para 11 are applicable to the execution of construction contracts.

11. Contracts for work

The following shall apply additionally to services of installation, repair and other work and services performed:

- a) Invoices for such services will be accepted by us only when they are properly recorded on our "proof of performance" form and signed by both parties (see our Leaflet on Proof of Performance appended to these conditions.)
- b) In performing all work, the contractor shall observe the regulations of the relevant Berufsgenossenschaften (statutory accident prevention and insurance institutions), the regulations on accident prevention, and the regulations of the VdS – Association of Property Insurance Companies. He shall bear sole responsibility and liability for any damage caused by him or his representatives or agents. He shall indemnify us against all claims for damages and appropriate costs of legal action taken against us in connection with his contractual obligation of delivery or performance. In the case of installation or other work, the HOPPECKE „Health & Safety Requirements for Contractors“, available to suppliers on request, shall be observed during the execution of our order. The same applies to the HOPPECKE "Fire Prevention Regulations".
- c) The supplier and his representatives or agents shall themselves be responsible for the careful and safe keeping of their property brought on to our premises. We shall not be liable for any loss.

11.1 Place of performance, jurisdiction and applicable law

11.2 The delivery point specified in the order shall be the place of performance for all goods and services.

11.3 Brilon shall be the place of jurisdiction for all legal disputes arising from the orders and deliveries, insofar as the supplier is a fully qualified businessman or a legal entity under public law. We may also take legal proceedings against the supplier at his place of general jurisdiction.

11.4 All legal relations between ourselves and the supplier shall be governed by the law of the Federal Republic of Germany, which is applicable to legal relations between domestic parties. The application of the Vienna Convention on Contracts for the International Sale of Goods (CISG) of 11 April 1980 is excluded.

12. Data protection

By means of electronic data processing, we store personal data relating to the supplier within the context of the business relationship.