

# Terms and Conditions of Purchase

Applicable in business dealings with companies, legal persons under public law and separate estates under public law.

## 1. General

Only the following conditions of purchase apply to all our orders, transactions and delivery requests. Amendments and additions as well as differing conditions of sale and delivery require our prior written consent. The acceptance of deliveries and services shall not constitute consent to any conditions of sale and delivery.

## 2. Orders

Orders, transactions and delivery requests as well as amendments/additions must be in writing; data transmission via telecommunications and EDP printouts are valid without signature. If the supplier does not accept the order within 2 weeks after receipt, we shall be entitled to annul these. Delivery requests shall be binding if the supplier does not reject them within 2 work days of receipt.

## 3. Delivery

Our delivery periods and dates are binding. If a delay in delivery or service is foreseeable and/or their quality will be other than that laid down in the contract, we must be informed without delay and our decision must be obtained. Acceptance of a delayed delivery/service does not constitute a waiver on claims for compensation. Place of performance is the location to which the goods are to be delivered.

## 4. Force majeure

Instances of force majeure, labour disputes, operational disturbances without fault, unrest, governmental measures and other unavoidable events entitle us to request an appropriate amendment of contract or release from purchase obligation.

## 5. Price, shipment, transfer of risk

In the absence of any other agreement, prices are duty paid at our delivery point (DDP – Delivery Duty Paid, Incoterms 2000), including packaging. The mode of transportation is to be agreed upon with us. As far as is possible and permitted, we will undertake the disposal of packing materials, and charge these costs to the supplier. The supplier shall otherwise regularly collect packing from us and properly dispose it at their own cost.

Loan packing, such as spools, drums or boxes, must be credited to its full amount. The transfer of risk takes place at the reception point specified by us.

## 6. Payment

In the absence of any other agreement, the invoice shall be paid either within 14 days subject to deduction of a 3% discount or within 30 days net without any deduction. The payment term begins as soon as the delivery or service has been rendered in its entirety and we have received the properly issued invoice. Payment does not indicate acceptance of the delivery or service as being in accordance with the contract. Invoice duplicates are to be marked as duplicates.

## 7. Warranty

Acceptance of goods shall be subject to examination for correctness and suitability. Obvious defects shall be reported within 4 weeks of receipt of delivery/service; concealed defects immediately after identification. The supplier will provide warranty for a period of 24 months. The warranty period begins with the transfer of risk. The supplier shall guarantee against defects for the period of the guarantee such that we are entitled to request, at our discretion, either replacement delivery, rectification of defects or a reasonable price reduction, regardless of our other legal rights. The supplier shall bear any necessary costs if overall control measures exceed usual goods inward control measures, due to faulty deliveries. In emergencies (e.g. to avoid production breakdowns) we shall be entitled to rectify the defects identified ourselves, at the supplier's expense and without setting a deadline. The supplier shall bear the costs and risk of returning defective delivery items.

## 8. Intellectual property rights

The supplier shall guarantee that the delivery items are free from third-party rights. The supplier shall in particular indemnify us against third-party claims in respect of intellectual property infringements. If we and/or our customers are prohibited from manufacturing and/or supplying due to intellectual property infringements, the supplier shall compensate us for any damages which have arisen from this and either acquire a license from the holder of the intellectual property rights or take back the goods supplied.

## 9. Product liability

In relation to us the supplier assumes product liability for their products. The supplier shall bear all costs and expenditures including those resulting from a possible lawsuit or necessary repair/recall actions. The supplier shall take out adequate product liability insurance.

## 10. Conducting of work

Persons who carry out work on our factory premises in fulfilment of contract must observe the terms and conditions of the respective plant regulations. The liability for accidents suffered by these persons on our factory premises is excluded except to the extent caused by wilful or gross negligent breach of duty by our legal representatives or persons employed in the performance of our obligations.

### **11. Provision of materials**

Materials or parts provided by us remain our property. These may only be used as agreed. The processing of materials and the assembling of parts is carried out on our behalf. It has been agreed that we shall be joint owners of products that have been produced using our materials and parts, according to the value of the materials supplied relative to the value of the total product, which in this respect our supplier stores on our behalf. The supplier is responsible for the compensation of any reduction in value or losses.

### **12. Tools, forms, patterns etc.**

Tools, forms, patterns, drawings, testing guidelines, standards, templates and training materials provided by us, as well as goods made with or according to them, shall not be passed on to third parties nor used for purposes other than those specified in the contract without our written approval. They shall be secured against unauthorised inspection and use. We shall be entitled to demand their return, subject to further rights, if the supplier breaches these duties.

### **13. Confidentiality**

Insofar as it is not in the public domain or legitimately known to the supplier in other ways, the supplier shall not make any information obtained from us available to third parties, during or after our business relationship, and shall only use it for the implementation of orders that have been placed. Products manufactured according to our designs, such as drawings and models or similar, or our confidential specifications or with our tools (including tools manufactured under license), may neither be used by the supplier themselves, nor offered or supplied to third parties. This also applies analogously to printing orders.

### **14. Export control and customs**

The supplier shall be obliged to inform us about any applicable (re-) export licence requirements for the goods under German, European or US export control law and customs regulations as well as the export control law and customs regulations of the country of origin of the goods. Therefore, at least in their offers, order confirmations and invoices the supplier shall provide the following information for the respective goods:

- export list number (*Ausfuhrlistennummer*) pursuant to Annex AL to the German Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*) or any comparable export list information of applicable export lists;
- ECCN (*Export Control Classification Number*) for US-goods pursuant to the US Export Administration Regulations (*EAR*);
- country of origin of the goods and of the components thereof, including technology and software;
- whether the goods have been transported through the USA, manufactured or stocked in the USA and whether the goods have been manufactured using US technology;
- HS-Code of the goods; as well as a contact person in their organisation to provide further information to us upon request.

Upon our request the supplier shall provide any other foreign trade data with respect to the goods and their components in written form and shall inform us of all changes to said data without delay and prior to supply to us.

### **15. Replacement parts for discontinued series requirements**

The supplier shall commit to supplying, at reasonable prices, replacement parts for the duration of 10 years after series production shipments have ceased. Replacement parts can also be supplied from current production with our consent. Consent will only be given if we do not incur any additional expenditure and there is no reduction in quality. We will consent to prematurely stopping supplies after 5 years have elapsed, if contingency stocks are economically justifiable and demand is foreseeable.

### **16. Assignment of accounts receivable**

Assignment of accounts receivable shall only be permitted with our written consent.

### **17. Place of performance**

The place of performance is the place to which the goods are to be delivered in accordance with the contract or where the service is to be rendered.

### **18. Court of jurisdiction, applicable law**

The court of jurisdiction is Kandel, Germany, if the supplier is a merchant, legal person under public law or separate estate under public law. German law applies, to the exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).

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