General Terms and Conditions of Purchase of ERICHSEN GmbH & Co. KG

(as of June 2017)

1. Scope

1.1 All purchase, work and work delivery contracts of ERICHSEN GmbH & Co. KG as the "purchaser" or "customer" are based on these General Terms and Conditions of Purchase. They also apply to all future business relationships/contracts without the need for further explicit reference.

1.2 Deviations, amendments and additions require our express written confirmation.

1.3 The supplier's general terms and conditions are rejected. Clause **1.2** applies accordingly.

1.4. The acceptance of deliveries or services and the payment of the purchase price/remuneration shall not be deemed to constitute acceptance of the seller's/contractor's (hereinafter referred to as "supplier") terms and conditions of sale and delivery, even if no express objection is made.

2. Contents of the contract

2.1 Orders, contracts and delivery schedules, as well as any amendments and additions thereto, must be made in writing. Orders and delivery schedules transmitted by remote data transmission and computer printouts are valid even without a signature.

2.2 Verbal declarations must in any case be confirmed in the aforementioned form.

2.3 Our order is decisive for the content and scope (quality and quantity) of deliveries and services.

2.4 If we base our order on additional technical documents, drawings, etc., these shall also be considered part of the contract. The values and standards specified by us determine the scope of services and must therefore be adhered to.

2.5 Drawings/plans including tolerance specifications specified by us in individual cases become binding upon acceptance of the order/commission.

2.6 There shall be no liability in the event of obvious errors, typing errors or calculation errors.

2.7 In this case, as well as in the case of missing or incomplete documents, the supplier must inform us immediately.

3. Property rights and copyrights

3.1 All drawings, models or samples that we provide to the supplier for the execution of the order remain our property and must be returned to us upon request.

3.2 The supplier is obliged to keep confidential all drawings, models, samples, instructions or other documents made available to them in connection with the execution of the contract. The supplier is prohibited from allowing third parties to inspect the aforementioned documents, etc. or making them available to third parties in any other way without our prior written consent.

3.3 In the event of breaches of the obligations under paragraphs 3.1 and 3.2, the supplier shall be obliged to compensate us for all resulting damages.

3.4 The tools and aids necessary for the performance of the agreed work or for the production of the agreed item shall be provided by the supplier at its own expense.

3.5 If we make advance or prepayments for goods, ownership of the goods shall pass to us (pro rata) in proportion to the value of our payment to the total value at the time of receipt of payment by the supplier. The transfer shall be replaced by the supplier holding the goods in safekeeping. The supplier shall ensure that our ownership of the goods is indicated by means of labelling (as far as possible) and separate storage. It must be possible to separate the goods owned by us at any time.

3.6 The supplier is also obliged to observe the EC Machinery Directive, the relevant accident prevention, occupational safety and legal regulations, as well as the generally recognised safety, occupational health and occupational medicine rules when executing the respective order.

4. Terms of delivery

4.1 Partial deliveries or services as well as excess or short deliveries/services require express agreement.

4.2 The goods shall be transported at the supplier's risk and expense.

4.3 The risk of accidental destruction and/or loss shall pass to us upon delivery of the goods to the place of receipt specified by us.

5. Delivery and service deadlines/delays

5.1 The delivery and performance deadlines specified in the written orders are binding.

5.2 The timeliness of deliveries or subsequent performance shall be determined by the date of receipt at the place of receipt specified by us; the timeliness of deliveries including assembly and other work performance shall be determined by the date of acceptance.

5.3 The supplier must inform us immediately of any delays that are foreseeable in advance and obtain our decision.

5.4 The unconditional acceptance of a delayed delivery/service does not constitute a waiver of any claims for compensation to which we may be entitled.

5.5 If the supplier culpably fails to perform within the reasonable grace period set by us, we shall be entitled to withdraw from the contract and/or assert statutory claims for damages.

5.6 In the case of a fixed-date transaction within the meaning of Section 376 of the German Commercial Code (HGB), no grace period is required to exercise the right of withdrawal and assert a claim for damages.

5.7 In cases of force majeure (e.g. natural disasters, mobilisation, war, riots, etc.) or in cases of other similar events (e.g. accidents, strikes, lockouts, significant operational disruptions, official measures or omissions, etc.), we shall be temporarily released from our obligation to accept delivery and perform our services until such events have been remedied or have ended. The supplier shall be notified as soon as possible.

5.8 If the supplier invokes "circumstances exempting it from performance", in particular events of force majeure, it is obliged to notify us of this in writing without delay. If it violates its duty to notify us, it loses the right to invoke this.

6. Prices and terms of payment

6.1 All offers and cost estimates are generally free of charge and binding.

6.2 The agreed prices are net prices, free delivery, including packaging. The applicable value added tax must be shown separately.

6.3 The agreed prices are fixed prices. In the event of an increase in raw material and/or manufacturing costs, the supplier shall bear the price risk. The supplier is not entitled to unilateral price increases. Withdrawal from the contract is only permissible under the conditions of § 313 BGB (German Civil Code).

6.4 Payment periods set by the supplier shall only commence upon receipt of both the goods and the invoice.

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6.5 Unless otherwise agreed, payment shall be made within 14 days with a 3% discount.
6.6 We reserve the right to retain the purchase price or part thereof or to offset it against other claims under the statutory conditions.
6.7 The assignment of claims of the seller/contractor arising from the business relationship with ERICHSEN GmbH & Co. KG is only permitted with our prior written consent.

7. Warranty

7.1 We fulfil our commercial obligation to inspect goods by randomly inspecting the goods sent to us within the scope customary in the industry. Further quality checks are the responsibility of the supplier.
7.2 The notice of defects is deemed to have been given in good time if we send it to the supplier within 14 days of discovering the defect. In the case of obvious defects, the 14-day period shall commence upon receipt/acceptance of the goods.
7.3 If a material defect becomes apparent within six months of the transfer of risk, it shall be assumed that the item was already defective at the time of the transfer of risk, unless this assumption is incompatible with the nature of the item or the defect.
7.4 In the event of a justified complaint, we shall be entitled to demand, at our discretion, rectification (elimination of the defect) or subsequent delivery (replacement delivery).
7.5 Subsequent performance of the entire delivery may also be demanded if only part of the delivery is defective.
7.6 The expenses incurred in the context of subsequent performance shall be borne by the supplier.
7.7 If the supplier is unable to carry out the desired subsequent performance, fails to comply with the request within the deadline set, the subsequent performance fails or a deadline is not required (e.g. in cases of particular urgency, imminent danger, etc.), we shall be entitled to reduce the purchase price/remuneration, withdraw from the contract and/or claim damages. This shall also include the costs of any replacement procurement or the costs of rectification by a third party. Section 637 of the German Civil Code (BGB) shall remain unaffected.
7.8 The compensation shall cover all damages adequately caused by the defective item.
7.9 If a defect is not detectable in advance by means of appropriate material tests and the defectiveness of the delivered item can therefore only be determined during production, the supplier shall be liable, insofar as he is responsible for the defectiveness of the item, in addition to his obligation to remedy the defect, for all damages resulting from the stoppage and delay of production as well as for the futile expenses already incurred.
7.10 The compensation shall also include damages resulting from the fact that the defective item has led to a faulty product through installation or other processing. In individual cases, the compensation shall therefore also include compensation for damages and expenses which we are obliged to pay within the scope of our statutory warranty obligation and/or recourse liability (Sections 478 et seq. of the German Civil Code (BGB)).
7.11 In principle, the warranty period is three years. If the statutory provisions, including the provisions on recourse liability (Sections 438, 479 BGB) and suspension of expiry pursuant to Section 479 (2) BGB, result in a longer warranty period, these shall apply.
7.12 In the event of a subsequent delivery, a new warranty period shall commence upon delivery of the new goods in place of the defective goods.
7.13 The warranty periods in paragraph 11 shall apply mutatis mutandis to the work performed by the supplier.

8. Product liability

8.1 For defects in the goods that are attributable to the fault of the supplier, the supplier shall indemnify us and, if necessary, our customers against the resulting product liability upon first request to the extent that the supplier would itself be directly liable.
8.2 The supplier is obliged to carry out all necessary measures within the scope of product monitoring at our instruction, including, in individual cases, warning and recall campaigns. The supplier shall reimburse us for any costs incurred by us as a result of recall campaigns.
8.3 The supplier must take out adequate insurance against the risks arising from product liability. Proof of insurance must be provided on request.

9. Infringement of industrial property rights

9.1 The supplier guarantees that the goods are free from third-party industrial property rights.
9.2 The supplier shall indemnify us against all claims by third parties for infringement of industrial property rights in connection with the use, further processing, resale, etc. of the delivered goods. The supplier shall be obliged to compensate us for all damages incurred by us as a result of an infringement of third-party property rights. This also includes the costs of legal advice and representation.

10. Compensation for damages due to breach of other ancillary obligations

10.1 In the event of a breach of any other ancillary contractual obligations, the supplier shall be liable to us for compensation for the resulting damage that is adequately causally related.

11. Claims for damages by the supplier

11.1 Claims for damages by the supplier against us, regardless of the legal basis, in particular due to breach of obligations arising from the contractual relationship and from tort, are excluded. This does not apply in cases of liability for intentional or grossly negligent behaviour, for injury to life, limb or health, or for breach of essential contractual obligations.
11.2 However, claims for damages for the breach of essential contractual obligations are limited to the foreseeable damage typical for this type of contract, unless a limitation is excluded by law for another reason (see 11.1).

12. Miscellaneous

12.1 The legal relationship in connection with this contract is governed by German substantive law, excluding the United Nations Convention on Contracts for the International Sale of Goods.
12.2 The place of performance for all deliveries and services, including payments, is our registered office in Hemer.
12.3 The sole place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship is the court with local jurisdiction for our registered office in Hemer.
12.4 Should any provision in these terms and conditions or any provision in other agreements be or become invalid, this shall not affect the validity of all other provisions or agreements.

13. **World Wide Code of Legal and Ethical Business Conduct** As a member of DMB Dr. Dieter Murmann Beteiligungsgesellschaft mbH, we refer to the "World Wide Code of Legal and Ethical Business Conduct" and expect our suppliers to comply with the standards listed therein.

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