

Conditions of Purchase of Walter Herzog GmbH

(Issue: April 2017)

1. General

These conditions of purchase apply to all business transactions between the customer and the supplier. They also apply in particular to all future business transactions, even if no express reference to these conditions is made.

These Conditions of Purchase govern all business transactions between the Customer and the supplier with finality. The supplier's General Terms and Conditions e.g. order conditions, terms of delivery or terms of payment shall in particular not become integral parts of the agreement, regardless whether they contain deviating or supplementary provisions to these Conditions of Purchases.

2. Purchase Orders

The scope and conditions of the purchase order will be set in the written order of the purchaser. Oral customer orders confirmed in writing by the supplier are regarded as a written order unless the supplier objects immediately. In the event of typographical, printing or calculation errors the purchaser is entitled to challenge the order. In such cases, the supplier is not entitled to damage compensation.

All our offer documents, especially drawings, plans, calculations and technical specifications, remain our property and may not be disclosed or made available to third parties without our written approval. Order conditions or contents differing from these Conditions of Purchase apply with priority.

3. Order Confirmation

Our orders are to be confirmed by the supplier within two working days.

4. Dates of Delivery and Services

The delivery date specified in the order is binding and guaranteed by the supplier. Decisive for the meeting of the delivery date is the date of receipt at the delivery address specified by us. In case the delivery date agreed upon is not met, the supplier will be liable for all subsequent damages / costs incurring to us. Any delivery delays must promptly be reported. Additional costs for rush or express deliveries due to delivery delay will be imposed on the supplier. In case of delays of delivery we will be entitled to withdraw from the contract or to make a covering purchase upon the unsuccessful expiry of a reasonable period for subsequent performance. On a case-by-case-basis, the setting of an extension is unnecessary if it would be unreasonable to wait for a reasonable period for subsequent performance to expire. In case of a delay in delivery, we are entitled to claim a contractual penalty of 0.5% of the order value per commenced week, however not more than 5%. The right to assertion regarding further damages remains reserved. The contractual penalty will be credited toward any claims for compensatory damage. The supplier is entitled to submit evidence to us proving that no damage at all or only considerably lower damage was caused by the delay. We are obliged to declare the provision of the contractual penalty within ten working days at the latest, calculated from the time of taking over the delayed delivered goods. The assertion of further rights will be reserved. It is the contractual accessory obligation of the supplier to inform us in writing without delay of any delivery delays concerning the entire delivery or parts thereof, stating the reason for and the expected duration of the delay. In the event of culpable violation of this obligation to give

notice, the supplier is liable for any resulting damage. The liability for default remains unaffected thereof.

5. Retention of Title and Provision of Material

In the case of provision of material for the completion of an order all provided material remains our property and has to be identified as such and stored in such way that it may be used for the placed order only. All documents regarding the construction or the manufacturing of the products of the purchaser made available to the supplier by the purchaser for executing an order are confidential. They may not be reproduced without the permission of the purchaser. Permission is granted for reproductions indispensable for the execution of the order only. All rights of usage not expressly granted will remain with the purchaser. Documents regarding the construction or the manufacturing of the products of the purchaser, made available during purchase negotiations which have not resulted in a purchase order, must be returned promptly to the purchaser on termination of the purchase negotiation.

6. Prices and Terms of Payment

The agreed prices are fixed prices, unless otherwise stipulated in the order, including free shipping to the place of use. Payment is made within 14 days less a 3% cash discount or within 90 days net after the receipt of the goods and the invoice. Invoices of deliveries towards the end of the month have to be received on the 5th of the following month at the latest. If the invoicing exceptionally takes place before the delivery, the payment periods start to run with the delivery only. In the event of premature delivery, the payment period does not begin prior to the agreed delivery date in any case. In the event of premature delivery, the payment period does not begin prior to the agreed delivery date in any case. Any agreements deviating from these Prices and Terms of Payment must be in written form.

7. Shipping and Packaging

The delivery takes place free D-97922 Lauda, unless otherwise agreed. Delivery takes place on working days between 7.00 h-12.15 h and 12.54 h-15.00 h and on Fridays between 7.00 h and 11.30 h exclusively.

We are self-insurers.

The shipping method used must always be at the lowest possible cost. In case of delay the supplier will use the fastest possible method of shipment and pay the extra costs. If the costs for packaging are not included in the price such cost must be shown separately on the invoice. All shipments must be accompanied by a packing slip and delivery note. This also applies when delivered to our incoming department or collected by ourselves from the supplier.

8. Warranty and Liability of the Supplier

The warranty for all services, including warranted properties, applying to defective materials, defective titles as well as faults with regard to grade and extent of the shipments is 24 months commencing on the date of goods receipt or final date of acceptance. It is made subject to conditions by the purchaser that in compliance with the provisions regarding the execution of the object to be delivered all applicable statutory and legal regulations e.g. machine protection act, safety regulations, environmental regulations as well as DIN and VED/VDI provisions be observed. In case of violation of these regulations we are exempt from claims by third parties. All performance data prescribed in the order or all performance information furnished in offers and on data sheets must be met and are guaranteed. Before the execution of

an order the supplier has to confirm that all parts to be delivered meet applicable legal requirements e.g. patent infringement, RoHS (2011/65/EU), REACH ((EG) No. 1907/2006 (REACH). Consequences arising through non-compliance with any legal requirements will be borne by the supplier. In urgent cases, or in cases of default of the supplier in remedying defects, we are entitled to remedy the defect ourselves or have the defect remedied by a third party at the supplier's expense. Limitation of liability of the supplier for direct or indirect damages resulting from tort or positive breach of obligation is excluded. If a defect exists, the supplier is obliged to submit a statement by an 8 D-report within 10 working days after the receipt of the notification of defect regarding cause of error, detection of error as well as troubleshooting measures. If, taking into account all factors relevant to the circumstances of the case in particular it proves impossible to submit such a report, the period will be extended by a reasonable time.

Upon delivery of faulty goods the purchaser has the right to either

- return the defective goods and reduce the order price accordingly
- demand rectification / perform rectification themselves
- demand replacement
- or cancel the entire order.

If the purchaser decides to opt for rectifications, the purchaser is entitled to perform rectifications themselves, and to demand compensation for the necessary expenses of this repair from the supplier unless rectifications performed by the purchaser lead to disproportionate burden on the supplier compared to rectification performed by the supplier and the supplier immediately objects. For reasons of urgency the purchaser is entitled to perform rectifications in any case. The purchaser will inform the supplier about any self-performed rectifications in advance, if possible.

Returns of defective goods will be made at the expense and risk of the supplier Purchaser's liability for returns of goods and choice of carrier is excluded unless the purchaser is guilty of gross negligence or willful intent.

9. Acceptance and Inspection of Goods

Force majeure, as well as other unforeseeable occurrences beyond our control of any kind like strikes, lock-outs or natural disasters, release us from the obligation of acceptance for the duration of the disturbance.

In case of excess deliveries > 10% or early deliveries > 10 calendar days, we reserve the right to return the goods delivered in excess or too early at the cost of the supplier. Any inspection obligations that we are subject to are limited to the immediate check of the goods on visible transportation damages or externally recognizable defects. As far as we are obliged to carry out an immediate notification of defects, the complaint is in good time when externally visible defects are notified within 10 working days of transfer of risk or upon receipt (depending on whichever occurs the later) and in the event of concealed defects within 10 working days of their discovery unless a longer period needed for inspection applies.

10 Place of Fulfillment and Jurisdiction

The place of fulfillment for the supplier is Lauda or the forwarding shipping address stated in the order. The risk for any item to be

supplied by the supplier is permanently transferred to the purchaser upon arrival at the place of delivery stated.

The sole place of jurisdiction for all disputes is Tauberbischofsheim.

11. Governing Law

Governing law for contractual relations is the law of the Federal Republic of Germany. If any provisions of the agreement should be or become invalid, the validity of the remaining provisions remains unaffected thereby.

Deviations from these Conditions of Purchase have to be made in written form.