

## General Purchasing Conditions

### 1. General – area of validity

- 1.1 These general purchasing conditions apply for all deliveries and services unless other conditions are agreed specifically.
- 1.2 General terms and conditions of the supplier, which contradict our own terms and conditions, shall only apply when expressly accepted in writing. Our general purchasing terms and conditions apply also if we accept supplier's delivery without any reservations even if we are aware of conflicting or deviating supplier's terms and conditions.
- 1.3 Our purchasing conditions apply in relation to businesspersons within the meaning of Section 310, of the German Civil Code (BGB).

### 2. Orders

- 2.1 All orders and amendments or supplements to these orders must be in writing. Should written orders and order amendments be generated automatically using electronic data processing equipment, the documents are valid without our signature.
- 2.2 We are entitled to cancel our order free of charge if you do not confirm our order in unmodified form within 2 weeks after receipt..

### 3. Time-limits, consequences of delay

- 3.1 Agreed time limits for deliveries of goods and services shall be binding. If delays are expected or occur you shall immediately notify us in writing.
- 3.2 If you still fail to deliver or perform within an additional period of grace set by us, we shall without prior notice be entitled to refuse acceptance, rescind the contract or demand compensation for non-performance. . We shall be entitled to rescind the contract even if the delay was not your fault. The right to demand an agreed contractual penalty for inappropriate performance shall be reserved, particularly where we are obliged to make alternative purchasing arrangements. We are entitled to claim statutory compensation.

### 4. Prices

- 4.1 The price stated in the purchase order shall be binding. They shall include all expenses in connection with the goods and services provided by you.
- 4.2 If no other written agreement has been made, the price shall be "free domicile" including packaging.
- 4.3 Prices shall be understood to be stated without the applicable VAT, and the VAT will be added as a single invoice item.

### 5. Execution and delivery

- 5.1 You may only subcontract with our consent, unless such contracts are merely for the supply of standard parts. Delivery call orders shall be binding with regard to the nature and quantity of the goods ordered and the delivery time. Partial deliveries shall require our consent.
- 5.2 All deliveries must be accompanied by a delivery note stating our order number as well as details of the nature and quantity of the contents.
- 5.3 The delivered goods shall generally be delivered in suitable commercial, product-relevant packaging taking the relevant environmental protection regulations and manufacturers specifications into consideration. One-way packaging shall be disposed of by the supplier at his own cost. If reusable packaging is employed, the supplier shall provide the package on a loan basis. The supplier shall bear the costs and risks of return.

- 5.4 In the event that equipment is delivered, a technical description and instructions for use shall be included free of charge. In case of software products, the delivery obligation shall only have been met once all the (systems and user) documentation has also been delivered. For programs that are specifically developed for us, the program shall also be delivered in source format.
- 5.5 When you are delivering goods or providing services on our premises you shall obey the directions for non-employees concerning security, environmental and fire protection currently in force.

### 6. Invoices, payments

- 6.1 Invoices shall be presented to us with separate post; they shall state our order number. Consequential costs due to failure to comply shall be borne by the supplier, unless the supplier can verifiably prove that it was not their fault.
- 6.2 Your entitlement to payment shall be due 120 days after receipt of the goods and your invoice. We reserve the right to fix alternative payment schedules: We will pay the purchase price minus a 3% discount within 14 days or with a 2% discount within 30 day.
- 6.2 We reserve the right to select the method of payment. When payment is made by bank transfer or check, payment shall be deemed to have taken place on the day our bank has received the transfer order or on the day, the check was forwarded to the supplier.
- 6.3 Payments shall not be deemed as acknowledgement that the good or service is in accordance with the contract. In the event that a good or service is defective or incomplete, we shall be entitled, without prejudice to our other rights, to withhold an reasonable amount of payments with regards to debts based on the business relationship until you have performed in accordance with your contractual obligations.
- 6.4 The cession of your claims against us to third parties shall be excluded..

### 7. Safety, environmental protection

- 7.1 Your goods and services must comply with the statutory provisions, especially the provisions relating to safety and environmental protection, including the regulations on hazardous substances, the ElektroG (German law on the marketing, return and environmentally friendly disposal of electric and electronic equipment) and with the safety recommendations of competent German professional bodies or organizations, such as VDE, VDI and DIN. The relevant certificates and documents must be supplied free of charge.
- 7.2 You shall be obliged to determine and comply with the currently applicable directives and laws with regards to restrictions on hazardous substances for your components. You shall be obliged not to use banned substances. You shall specify all substances to be avoided and all dangerous substances. If applicable you shall submit safety data sheets (at least in German or English) with your offers and with the delivery note of your first delivery. If you have any evidence that your delivery has violated restrictions on substances or contained banned substances, you shall be obliged to immediately inform us.
- 7.3 With respect to deliveries and the performance of services you alone shall be responsible for compliance with regulations for the prevention of accidents. Any necessary safety equipment and manufacturer's instructions shall be supplied free of charge.

## 8. Import and export provisions, customs

- 8.1 For goods and services from a country (other than Germany) that is within the EU, the EU value added tax identification number shall be quoted.
- 8.2 Imported goods shall be delivered duty paid. You shall be obliged to provide at your own expense the required declarations and information under Regulation (EC) No. 1207 / 2001, allow checks to be performed by customs officials and furnish the requisite official letters of confirmation.
- 8.3 You shall be obliged to inform us in writing and detail about any (re-) export license obligations pursuant to German, EU and US export and customs regulations as well as export and customs regulations of the country of origin of the goods and services.

## 9. Passage of risk, acceptance, title

- 9.1 Irrespective of the agreed price terms the risk passes to us in case of delivery without installation or assembly upon receipt at the delivery address we have given and in the event of delivery with installation or assembly upon successful completion of our acceptance. Commissioning or use shall not replace our declaration of acceptance.
- 9.2 We shall acquire property of the delivered goods after payment. Any elongated or extended retention of title shall be excluded.
- 9.3 Under supply or over supply, even with a proviso in the order confirmation of the supplier, shall not be accepted, and if necessary shall be returned to the supplier at the suppliers cost.

## 10. Obligation to examine goods and notification of defects, expenses

- 10.1 The supplier guarantees that the goods that they have supplied with agreed specifications and warranted characteristics. The supplier is liable for defects reducing the value or the capability of material provided. The supplier also ensures and guarantees that the supplied goods are free of construction, material and manufacturing faults and are state-of-the-art.
- 10.2 Examination of incoming goods will take place with regards to obvious defects. Hidden defects will be notified as soon as they are detected according to the circumstances of the orderly course of business. You waive the objection of delayed notification for all defects notified to you within 6 weeks after detection.  
Hidden defects will be notified as soon as they are detected according to the circumstances of the orderly course of business. You waive the objection of delayed notification for all defects notified to you within 14 days after detection.
- 10.3 If we return defective goods to you we shall be entitled to debit back to you the invoice amount paid plus a lump sum for expenses of 5% of the price of the defective goods. We reserve the right to proof of higher expenses. Your right to proof of lower or no expenses shall be reserved.

## 11. Warranty of defects of quality and title

- 11.1 Defective deliveries must be replaced immediately by deliveries that are free from defect, and faulty services must be repeated faultlessly. In the event of development or design, engineering defects we shall be entitled to immediately assert the rights provided for under section 11.3.
- 11.2 You shall require our consent to repair defective goods or services. You shall bear the risk during the time in which the good or service to be delivered is not in our possession.
- 11.3 If you fail to remedy the defect within an additional reasonable period of grace that we have set we shall be entitled at our own discretion to rescind the contract or reduce remuneration and additionally in either case to demand compensation of damages.
- 11.4 In urgent cases (especially where operating safety is in jeopardy or for the purposes of preventing an exceptionally

high damage or loss), for the removal of insignificant defects and in the event that you are in default of remedying a defect, we shall be entitled, after notifying you and after a reasonably short period of grace has expired, to remedy the defect and any resultant damage or loss ourselves or through third parties at your expense. This shall also apply if you deliver the goods or service late and we have to remedy defects immediately so that we do not miss our own delivery deadlines.

- 11.5 The period of limitation for claims for defects of quality shall be 36 months as from the passage of risk in accordance with section 9.1; the period of limitation for defects of title shall be ten (10) years as from the passage of risk in accordance with section 9.1. The expiry of the period of limitation shall be suspended from the date of notification of defects until our claim for defects has been fulfilled.
- 11.6 If you have to deliver or perform in accordance with our plans, graphs or other specific demands, you expressly guarantee the conformity with our demands. If delivery or performance deviates from the demands we shall immediately have the rights under section 11.3.
- 11.7 Our statutory rights shall in any case be reserved.

## 12. Repeated default

If, after receipt of a warning letter, you are again late in supplying essentially identical or similar goods or services, or such goods or services are again defective, we shall immediately be entitled to rescind the contract. In this case, we shall be entitled to rescind contracts with regards to future delivery of goods and services on basis of this or another contractual relationship, too.

## 13. Indemnification in the event of defects

You shall indemnify us against all claims raised against us by third parties – for whatever legal reason – due to a defect of quality or title or another defect of a product delivered by you and shall reimburse our expenses necessary for the defence against the claims.

## 14. Technical documentation, tools, means of production

- 14.1 All technical documents, tools, in-house standard sheets, means of production, etc., that we provide shall remain our property; all trademark, copyright or other property rights shall remain with us. They, together with all duplicates that you may have been made, must automatically be returned to us as soon as the order has been executed. You shall not be entitled to assert a right of retention in this respect. You may not pass them on, or make them otherwise accessible, to unauthorized third parties. The said objects may only be duplicated in so far as it is necessary for the execution of the order.
- 14.2 In the event that you wholly or partly create the objects mentioned in sentence 1 of section 14.1 for us at our expense, section 14.1 shall apply accordingly. We shall own the objects on a pro rata basis according to our share of the costs of manufacture, and you shall keep these objects safe for us free of charge; we may, at any time, acquire your rights in respect of the object by compensating for expenses that have not yet been amortized and reclaim the object.
- 14.3 You are obliged to service and maintain the aforementioned objects as well as to mend defects caused by normal wear and tear at your expense. If you, in order to execute our order, subcontract the production of samples and tools to a third party you shall cede to us your claims for cession of property in those tools and samples against the subcontractor.

## 15. Provision of materials

- 15.1 Materials that we provide shall remain our property. You shall store them free of charge with due care and diligence. You shall keep them separate from your property and mark them as our property. They may only be used to implement our order.

15.2 In the event that you process or transform the materials provided, this shall be done for us. We shall become the direct owner of the resulting new objects. If the materials provided only constitute a part of the new objects we shall be entitled to ownership of the new objects on a pro rata basis according to the value of the materials provided and contained therein.

#### **16. Confidentiality**

16.1 You shall be obliged to handle confidential and not pass on to third parties all non-evident commercial and technical data that you become known to you through our business relationship.

Exceptions hereof apply in terms of planned distribution transactions; hereby information is have passed on to the sub-suppliers (usually the manufacturers), relating to the technical handling necessities.

16.2 Our prior written consent shall be required for the manufacture for third parties and exhibition of products manufactured specifically for us, especially those made according to our drawings and manufacturing specifications, for publications relating to ordered goods and services and for references to this order vis-à-vis third parties.

16.3 The name or logo of the supplier or manufacturer may only be used on printed materials, drafts or samples with out expressed written permission. Consent is only issued to the supplier for a specific case.

16.4 We point out that personal data in relation to our contractual

relationship may be stored by us and may be transferred to companies associated with us in the Asteelflash group.

#### **17. Miscellaneous**

17.1 Place of jurisdiction is the corresponding delivery address stated.

17.2 To the extent the supplier is a trader as defined in the German Commercial Code (HGB), the registered Asteelflash Germany GmbH office shall be the place of performance and exclusive place of jurisdiction for deliveries and payment. However, we are entitled to bring legal action against the supplier at his registered office.

17.3 The laws of the Federal Republic of Germany shall apply exclusively under the exclusion of its conflict of law provisions. The CISG United Nations Convention on Contracts for the International Sale of Goods shall not apply.

#### **18. Severability clause**

If a provision of these general purchasing conditions is or becomes partly or completely invalid, the remaining provisions of this conditions shall not be affected by the invalidity of such provision.

These terms and conditions are also available in German. The German version has to be applied for any legal interpretation of this agreement.

#### **Asteelflash Germany GmbH**

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