

General Conditions of Purchase

§ 1 General – Scope of Validity

- (1) Our Conditions of Purchase shall apply exclusively; we do not accept Supplier's terms opposing or deviating from our Conditions of Purchase unless their validity was explicitly agreed to by us in writing. Our Conditions of Purchase shall apply even where we unconditionally accept Supplier's delivery despite being aware that Supplier's terms oppose or deviate from our Conditions of Purchase.
- (2) All agreements which are made between us and Supplier for the purpose of execution of the contract shall be laid down in writing in this contract.
- (3) Our Conditions of Purchase shall be valid only vis-à-vis businesses (Unternehmer) as defined in § 310 Para. 1 BGB (Bürgerliches Gesetzbuch – Civil Code).

§ 2 Offer – Offer Documents

- (1) Supplier shall be obligated to accept our order in writing within a period of 5 workdays. A delayed order acceptance will be regarded as a new offer, which is considered to have been accepted unless we reject it in writing within an appropriate period not to exceed 14 days, counted as from receipt of the offer.
- (2) We reserve all property rights and copyrights to illustrations, drawings, calculations and other documents; they may not be made accessible to third parties without our explicit written consent. They shall be exclusively used for manufacture on the basis of our order; after completion of the order, they shall be returned to us unsolicited. They shall be treated as confidential with regard to third parties; in this context, the provision stipulated in § 13 applies additionally.

§ 3 Prices – Payment Terms

- (1) The price specified in the order shall be binding. Prices apply "delivered duty paid" (DDP) to the place of destination.
- (2) The stipulated price includes value-added tax at the statutory rate.
- (3) We are able to process invoices only if they indicate the order number specified there in accordance with the data in our order; Supplier shall be responsible for all consequences resulting from noncompliance with this obligation, unless it proves that it is not responsible for them.
- (4) Unless otherwise agreed upon in writing, we shall pay the purchase price within 45 days, counted as from the date of delivery and receipt of invoice, with a 3% cash discount, or net within 30 days with a 4% cash discount or net within 60 days after receipt of the invoice.
- (5) We shall be entitled to set off and retention rights to the statutory extent.

§ 4 Delivery Periods – Deadlines

- (1) The delivery period specified in the order shall be binding. Times, dates and deadlines agreed upon shall also be binding. The date of receipt of the delivery shall be the date used to determine whether the agreed times, dates and deadlines have been complied with.
- (2) Supplier shall be obligated to advise us immediately in writing if circumstances arise or become evident to Supplier which show that the agreed time of delivery cannot be kept.
- (3) In case of default of delivery, we shall be entitled to the statutory claims. Furthermore, we shall be entitled to demand damages in lieu of performance and rescission after a reasonable cure period has elapsed fruitlessly. If we demand damages, Supplier will have the right to prove that it is not responsible for the breach of the duty.
- (4) Partial deliveries are permitted only if they have been expressly agreed upon in writing.

§ 5 Force Majeure

In the event of force majeure and other unforeseeable, unavoidable, extraordinary circumstances for which we are not at fault (including fire, flooding, tsunami, typhoon, hurricane, earthquake, actions by enemies of the state, government restrictions, bans or prohibitions, expropriation or rationing by government agencies, embargo, civil unrest, labor disputes), the contracting parties shall be released from their performance obligations for the duration of the disruption and in the scope of the effects thereof. This also applies if such events occur at a point in time at which the contracting party affected thereby is in default. The contracting parties are obligated to provide each other with the necessary information without delay, to the extent reasonable, and to adjust their obligations in good faith to the changed circumstances. If Supplier is prevented from delivering due to the force majeure mentioned above, we are entitled, for the duration of the disruption, to reduce the delivery quantity stated in the order without incurring any obligation vis-à-vis Supplier and to seek coverage for our needs elsewhere. Should tools, production equipment or production supplies of Supplier be necessary in order to have manufacturing, production or inspection and/or testing of the contractual articles performed elsewhere, we are entitled to take over such tools, equipment and/or supplies in exchange for payment of an appropriate and customary fee. If an event of force majeure as mentioned above delays the delivery or performance by more than four months, both we and Supplier are entitled, to the exclusion of any and all claims for damages, to rescind the contract with regard to the quantity affected by the disruption in delivery.

§ 6 Delivery – Passing of Risk – Place of Performance

- (1) All deliveries shall be made free, including packaging, to the specific place of destination that has been designated. Unless otherwise agreed, such place of destination is Friedrichsdorf im Taunus, Germany. The INCOTERMS 2010 apply as agreed with Supplier, and unless otherwise agreed, INCOTERMS 2010 DDP (place of destination) applies as a basic principle.
The costs of packaging and insurance, and in particular the costs of transportation for all export, import, and customs formalities, including all customs duties and similar charges, for official permits and authorizations, and for other documents shall be borne by Supplier. The same applies to the costs of inspection and testing certificates and the necessary quality, testing, and inspection labels.
- (2) The place of performance for all deliveries and services shall be the place of destination specified by us.
Unless otherwise agreed, the location of our registered office, in Friedrichsdorf im Taunus, Germany, is the place of performance.

§ 7 Information – Documentation Obligations; Supplier's Declaration

- (1) Supplier shall be obligated to specify our order number exactly on all shipping papers and delivery notes, as well as to provide all information relevant for purposes of customs and export control law; if it fails to do this, we shall not be responsible for delays in processing.
- (2) Supplier is obligated to notify us in its business documents of any obligations to obtain permits or authorizations during export or re-export of its goods pursuant to German, European, and/or U.S. export and customs law as well as the export and customs law of the country where its goods originate. To this end, Supplier shall provide at least the following information, with reference to the line items referring to the goods in question, in its offers, order confirmations, and invoices:
 - the export list number (Ausfuhrlistennummer) according to Annex AL to the German Foreign Trade Ordinance (Aussenwirtschaftsverordnung) or comparable list items in relevant export lists,
 - for U.S. goods, the ECCN (Export Control Classification Number) according to the U.S. Export Administration Regulations (EAR),
 - the origin of its goods and their components, including technology and software, from a trade policy and preference standpoint,
 - whether the goods have been transported through the United States, produced in the United States, or stored or produced with the aid of U.S. technology,
 - the statistical goods number (HS code) for its goods, and
 - a contact person within its company to clarify any questions we may have.At our request, Supplier is obligated to provide us with all other foreign trade information on its goods and the components thereof in writing and to advise us immediately in writing (before delivery of the goods concerned) of any changes in the foregoing information.
- (3) The obligation to render long-term supplier's declarations in accordance with the then-applicable version of the Council Regulation is an integral component of the contracts that come into effect pursuant to these General Conditions of Purchase. Should it transpire that the long-term supplier's declarations are not sufficiently meaningful or are defective or erroneous, Supplier is obligated, upon our request, to provide us with error-free, complete information notices regarding the origin of the goods, with confirmation from the appropriate customs authorities. Should we or any of our customers incur subsequent charges from any customs authorities due to defective or erroneous declarations of origin of our own, or should we or our customers suffer any other financial loss or disadvantage as a result thereof where such error is due to an incorrect statement of origin from Supplier, Supplier is required to bear full responsibility therefore.
- (4) All information and documentation must be provided to us at no cost.

§ 8 Quality

- (1) Supplier warrants that its deliveries are in conformity with the state-of-the-art technology, safety and other regulations, the statutory provisions (e.g. ElektroG – German Electrical and Electronic Equipment Act, Directive 2005/95/EC on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment – RoHS), including DIN standards, agreed technical data (including national and international standards/regulations) and the warranted features. Changes to the delivery items and the production process require our prior written approval.
- (2) Regarding the initial sampling inspection we refer to the VDA publication "Quality Assurance of Supplies, Supplier Selection, Quality Assurance Agreements, Production Process and Product Approval, Quality Assurance in Series Production, Declaration of Constituents," VDA Volume 2, in the then-current version thereof. Independent thereof, Supplier shall be obligated to continuously examine the quality of the delivery items.
- (3) We reserve the right to enter into additional quality assurance agreements (QAAs) with suppliers. In such a case the QAA shall be an integral part of this contract.

§ 9 Inspection for Defects – Liability for Defects

- (1) We shall be obligated to examine the goods upon receipt only if and insofar as obvious defects such as transportation damage, quantity deviations, discrepancies between the goods and the orders and/or accompanying documents are identified and/or emerge openly during the spot checks we conduct for quality control purposes. In all other cases, we will complain of defects immediately as soon as they are identified in accordance with the circumstances involved in the ordinary course of business. In that regard, Supplier waives the right to object that a complaint was submitted late.
- (2) We shall be entitled to the full statutory claims for defects; in every case, we shall be entitled to optionally demand from Supplier to either remedy the defect or deliver a new article. We explicitly reserve the right to claim damages, particularly to claim damages in lieu of performance. Costs incurred for the purposes of inspecting and effecting a cure, including the costs of installation and removal, travel, labor, materials, and transportation, shall be borne by Supplier. We shall be liable for these costs only if we have recognized that there is no defect or have not recognized that there is no defect due to gross negligence.
- (3) We shall be entitled to remedy the defects on our own at Supplier's cost if there is imminent danger or in cases of special urgency.
- (4) The statute of limitation shall be 36 months, counted as from the date of the passing of risk.

§ 10 Product Liability – Indemnification – Liability Insurance Coverage

- (1) Where Supplier is responsible for product damage, it shall be obligated to indemnify us upon first request against any third-party damage claims insofar as the cause of damage lies within its scope of authority and organization and Supplier itself is liable with regard to its relationship to third parties.
- (2) Within the scope of its liability for damages as defined by Para. (1), Supplier shall also be obligated to reimburse any expenditure – in accordance with §§ 683, 670 BGB (Civil Code) as well as in accordance with §§ 830, 840, 426 BGB – resulting from measures for the mitigation of damage (e.g. product recall campaigns) conducted by us or third parties. We shall immediately inform Supplier of the content and scope of such measures to be performed – to the extent that this is possible and reasonable – and shall give Supplier the opportunity to make a statement. Nothing herein shall affect any other statutory claims.
- (3) Supplier agrees to maintain a product liability insurance policy with lump-sum coverage of € 5 million per case of personal injury/property damage; nothing herein shall affect any further damage claims to which we may be entitled.

§ 11 Industrial Property Rights

- (1) Supplier shall be responsible for ensuring that no third-party rights will be infringed in connection with its delivery.
- (2) If a third party lodges claims in this respect against us, Supplier shall be obligated to indemnify us against these claims upon the first written request; we shall not be entitled to enter into any agreements whatsoever with the third party without Supplier's consent, especially to conclude a settlement.
- (3) Supplier's indemnification duty shall relate to any expenditure which we necessarily incur due to or in connection with the assertion of claims by a third party.
- (4) The statute of limitation shall be ten years, beginning with the conclusion of the respective contract.

§ 12 Reservation of Ownership – Provision of Parts – Tools

- (1) As far as we provide parts to Supplier, we shall reserve ownership thereof. Processing or modifications by Supplier shall be carried out on our behalf. If our provisional goods are processed with other articles which are not our property, we shall acquire co-ownership in the new item at the ratio of the value of our item (purchase price plus value-added tax) to the other processed articles at the time of processing.
- (2) If the item provided by us is inseparably mixed with other articles which do not belong to us, we shall acquire co-ownership in the new item at the ratio of the value of the provisional item (purchase price plus value-added tax) to the other mixed articles at the time of mixing. If mixing is done in such a manner that Supplier's item is to be considered the main item, it shall be agreed that Supplier assigns proportional co-ownership to us; Supplier shall safeguard our sole or shared property on our behalf.
- (3) We reserve the right of ownership for all tools; Supplier shall be obligated to use the tools exclusively for the manufacture of goods ordered by us. Supplier shall be obligated to insure the tools belonging to us at their replacement value against damage or loss due to fire, water, and theft at its own expense. At the same time, Supplier hereby assigns to us, already at this time, any and all damage claims under such insurance; we herewith accept the assignment. Supplier shall be obligated to perform any required maintenance and inspection work on our tools, as well as any preventive maintenance work and repair work in due time and at its own expense. Supplier shall report any technical failures to us immediately; if it culpably fails to do so, any damage claims shall remain unaffected.
- (4) Where the security rights to which we are entitled in accordance with Para. (1) and/or Para. (2) exceed the purchase price of all our as yet unpaid provisional goods by more than 10%, we shall be obligated to release the security rights at our discretion upon Supplier's request.

§ 13 Secrecy

- (1) The contracting parties undertake to treat all non-public and technical details of which they gain knowledge through their business relationship as trade secrets.
This includes illustrations, calculations, drawings, models, molding tools, samples, data sheets, software and other similar items; these must not be disclosed or provided to others except within the scope of the contractually stipulated purposes. The duplication of such items shall only be admissible within the scope of business requirements and the provisions of applicable copyright law.
- (2) Employees and subcontractors shall be bound to this duty of secrecy accordingly.
- (3) The contracting parties shall be allowed to use their business relationship for advertising purposes only with prior written consent.

§ 14 Social Responsibility – Environmental Protection

- (1) Supplier undertakes to comply with the applicable legal provisions regarding its relations with employees, environmental protection, and occupational safety and health and to work toward reducing adverse effects on people and the environment in its activities and manufacturing operations. To this end, Supplier shall, within the scope possible for it, establish and further develop a management system that meets the requirements of ISO 14001. Furthermore, Supplier shall observe the principles of the United Nations Global Compact, which primarily involve protecting international human rights, the right to collective bargaining, abolition of forced labor and child labor, elimination of discrimination in employment and occupation, environmental responsibility, and prevention of corruption.

§ 15 General Provisions

- (1) If either contracting party discontinues payment or if a petition for institution of insolvency proceedings with regard to that party's assets or a petition for out-of-court composition proceedings is filed, the other contracting party is entitled to rescind the portion of the contract that has not yet been fulfilled bbo
- (2) The place of jurisdiction for any disputes directly or indirectly arising from the present contractual relationship shall be the court of jurisdiction for our firm's registered place of business, unless otherwise agreed or other mandatory statutory provisions prevail. However, we are also entitled to bring action against Supplier at the place of its general jurisdiction.
- (3) The contractual relations between the parties shall be governed and construed by the laws of the Federal Republic of Germany, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods dated April 11, 1980 (CISG) and the German conflict of law principles.
- (4) Should individual provisions of these Conditions of Purchase be or become invalid or unenforceable, the contract as a whole and the remaining provisions hereof shall remain in force. As soon as a provision becomes invalid and/or unenforceable, the contracting parties are obligated to replace such provision with a provision that is as similar to the original provision as possible, from a financial standpoint, with consideration for their mutual interests. The foregoing shall apply mutatis mutandis in the event of any gaps in the provisions hereof.

Friedrichsdorf, May, 1st 2011