

General Terms and Conditions of Purchase I/2006

I. General

These terms and conditions, which are intended for use in respect of contractors, shall become part of the contractual purchase order automatically; other agreements, amendments, and subsidiary agreements shall only be valid if the buyer consents to these in writing.

II. Offer

The supplier's offer must adhere strictly to the requirements of the request for tender and, in the event of deviations, must expressly indicate these. The offer must be provided free of charge and does not establish any obligations on the part of the party requesting the offer. Cost estimates shall be remunerated only by special agreement.

III. Purchase Order

Only written purchase orders are valid. Oral agreements require confirmation by both parties to be binding.

All purchase orders and changes to orders must be confirmed in writing by the supplier. If the supplier does not accept a purchase order within one (1) week of receipt, the buyer shall be entitled to withdraw the purchase order without the supplier being entitled to any claims for compensatory damages as a result.

IV. Changes and Additions

1. The buyer can request changes and additions to the contract at any time until acceptance according to the buyer's reasonably exercised discretion and taking into account the interests of the supplier. The supplier agrees to suggest changes to the buyer that the supplier deems necessary and appropriate to ensure successful performance of the agreement. The supplier shall also perform these changes after receiving the buyer's written consent.
2. Insofar as a change results in an increase or decrease in costs and/or will cause deadlines to be missed, the supplier undertakes to notify the buyer and submit an offer updated accordingly at the time the change is suggested or immediately after the buyer's change request is received. The remuneration must be adjusted to take into account the change in cost.

V. Delivery Schedule

1. The delivery period begins with the order date. The deadline specified is a fixed deadline. The supplier undertakes to comply with the delivery schedule unless the supplier is unable to do so due to force majeure (e.g. strike, lockout, riot, war, natural disaster). As soon as the supplier is able to identify that it will be unable to fulfill its contractual obligations either in whole or in part or by the deadline, the supplier must inform the buyer immediately, stating the reasons and the anticipated length of the delay. The delivery deadline can be extended by an appropriate period by mutual agreement. If the supplier fails to notify the buyer, the supplier shall not be entitled to rely on the hindrance in claims against the buyer.
2. The supplier shall be fully liable for procuring the supplies and services required for performance, even if the supplier is not at fault (full acceptance of procurement risk).
3. If the supplier does not perform its obligations within the agreed period, it shall also be liable in accordance with the statutory provisions. Any possible contractual penalty agreed in the event of delayed delivery shall remain unaffected in accordance with Section 340 (2) of the BGB (*Bürgerliches Gesetzbuch* – German Civil Code). If a contractual penalty is agreed, the penalty can be applied until the due date of the final payment without requiring a reservation of the right to enforce the penalty in accordance with Section 341 (3) of the BGB, Section 11 (4) of the VOB/B (German Standard Building Contract Terms/Part B).

VI. Insurance

1. Transportation insurance shall be taken out exclusively by the buyer. The supplier must take out sufficient third-party liability insurance for damage caused by the supplier, its employees, or agents commissioned by the supplier by way of services provided, work performed, or goods delivered. Evidence of the amount of the coverage per damage event must be provided to the buyer upon request. Any special assembly insurance in addition to third-party

liability insurance requires case-by-case agreements between the buyer and the supplier.

2. Equipment, etc. loaned to the buyer shall be insured by the buyer against the usual risks. The buyer shall not be liable above and beyond this amount for the loss of or damage to loaned machines, equipment, etc., except in the case of willful or grossly negligent actions.

VII. Warranty, Liability and Defect Notification, Breach of Duty

1. The supplier shall guarantee that the delivery item does not contain any defects that impair its value or its usability, has the agreed or guaranteed quality, is suitable for the use stipulated in the agreement, and complies with acknowledged technical rules, the most recent regulations issued by the authorities, the *Gerätesicherheitsgesetz* (German Equipment Safety Act), and the applicable technical safety requirements and occupational safety and accident prevention regulations.

If the delivery item does not meet these requirements, even if the supplier is not at fault, the buyer can elect to request correction of the defect or delivery of defect-free goods, withdraw from the agreement in accordance with the legal regulations, or reduce the purchase price, claim compensatory damages, or claim reimbursement of unnecessary expenses. In urgent cases or in the event of delinquency or lack of success of the supplier in correcting the defect, the buyer can correct the defects itself at the expense of the supplier. The buyer is entitled to the aforementioned rights even in the event of only insignificant deviation from the agreed quality or only insignificant impairment of usability.

If the supplier has provided a warranty for the quality or durability of the delivery item, the buyer can also assert claims arising from the warranty.

This does not apply to defects or damage to the delivery item caused by the following:

- regular wear and tear
 - negligent damage or inappropriate use by the buyer.
2. The supplier's warranty also extends to the parts manufactured by subcontractors.
 3. The buyer shall inform the supplier of defects in the delivery item without delay as soon as such defects are identified in accordance with the practices of proper business process. The supplier's warranty obligation shall not be affected by the buyer's acceptance of the deliveries and services.
 4. The statute of limitations for the claims and rights of the buyer with respect to defects in performance—regardless of the legal grounds—is four (4) years. This period also applies to the extent that the claims are not related to a defect. Longer statutory statutes of limitations shall remain unaffected, along with the regulations concerning the start date, suspension or interruption, and the restart date of the limitation period. The statute of limitations shall not begin to run until the buyer becomes aware of the defects in the delivery item or fails to become aware of such defects due to gross negligence. If notification of defects has been given, the statute of limitations shall be extended by the length of time between notification and correction of the defects. If the delivery item is replaced completely, the warranty period is restarted; if the delivery item is replaced in part, this applies to the parts replaced.
 5. The parts rejected based on the warranty shall remain the property of and under the disposal of the buyer until they are replaced, and shall become the property of the supplier upon replacement.
 6. The supplier shall indemnify the buyer against all claims by third parties arising from product defects and from manufacturer's liability or based on the *Produkthaftungsgesetz* (German Product Liability Act), to the extent that the supplier or the supplier's subcontractors caused the product defect resulting in the liability.
 7. The supplier shall indemnify the buyer from all claims of the consumer ("customer") that the customer asserts based on advertising claims made by the supplier, by a subcontractor of the supplier (i.e. manufacturer within the meaning of Section 4 (1) or (2) of the German Product Liability Act), or by an agent of one of the aforementioned parties and that would not have existed or would not have existed in this scope without the advertising claim. This agreement applies irrespective of whether the advertising claim is made before or after this agreement is entered into.
 8. If the event of the supplier's breach of its contractual obligations, the buyer is entitled to withdraw from the agreement with or without prior notice.
 9. All of the above provisions apply analogously to services such as assembly, maintenance, etc.

10. The supplier shall also be liable in accordance with the statutory provisions.

VIII. Drawings, Standards, and Guidelines

All documents, drawings, etc. handed over by the buyer to the supplier for the manufacture of the delivery item, as well as the drawings prepared by the supplier according to special instructions by the buyer, remain the property of the buyer; the supplier is not permitted to use these materials for other purposes, or to duplicate them or make them available to third parties. The buyer shall retain the intellectual property rights to all of the drawings and documents handed over to the supplier.

The supplier must treat as trade secrets the request for tender and purchase order and the related work and any and all kind of information whatsoever which has been disclosed to him by Hennecke or of which he has somehow obtained knowledge and handle these confidentially. The supplier is not entitled to disclose the information to third parties (including subcontractors) without the prior written consent of Hennecke. The supplier shall be liable for all damage caused to the buyer as the result of the breach of any of these obligations. The supplier must submit to the buyer all necessary drawings and documents required for technical agreements on the delivery item. Such agreements or other forms of participation by the buyer in the design process are solely within the sphere of responsibility of the supplier and shall not relieve the supplier of any warranty obligation or other obligations.

Drawings and all documents that the buyer requires for the set-up, operation, maintenance, inspection, or repair of the delivery item shall be made available by the supplier unsolicited and in a timely manner, along with the necessary manufacturer's declarations of compliance and conformity. The most recent version of the standards and guidelines stipulated by the buyer shall apply. The buyer's factory standards and guidelines shall be requested by the supplier insofar as they have not already been made available.

IX. Documentation

The documentation must include the Hennecke purchase order and/or contract number and must be submitted in an electronic file no later than the time of delivery. Files up to 5 MB can be sent by e-mail to documentation@hennecke.com, but larger files must be submitted on a CD-ROM. The documentation must be provided in German, as well as in any other language stipulated in the contract, as applicable. The documentation must include, but is not limited to, the following:

- (1) Operating instructions in accordance with the European Commission's Machinery Directive 98/37/EC, including repair instructions in an electronic file (PDF, DOC formats, no scanned documents);
- (2) Lubrication schedules and maintenance plans in an electronic file (PDF, DOC formats, no scanned documents);
- (3) Technical drawings (hydraulics/pneumatics) in an electronic file (PDF and MI (ME10), DXF formats);
- (4) Drawings (including manufacturing drawings) and parts lists, which enable unique identification of the individual parts.
- (5) Identification of replacement and spare parts with indication of the manufacturer and complete type codes or unique order codes (file formats for drawings: PDF and MI (ME10), DXF; file formats for three-dimensional representations: STEP, SAT; file format for parts lists: XLS or DOC);
- (6) Schematic circuit diagrams, schematic diagrams, terminal diagrams in accordance with VDE (German Association for Electrical, Electronic & Information Technologies) guidelines in an electronic file (file formats: E-Plan or PDF), including parts lists with indication of the manufacturer and complete type codes for all items in an electronic file (file formats: XLS or DOC).
- (7) Documentation for pressure equipment in accordance with the Pressure Equipment Directive 97/23/EC.
- (8) Spare parts catalog (for mechanical and electrical parts)

X. Patent Infringement

The supplier shall be liable for ensuring that the delivery and use of the delivery items do not infringe patents, licenses, and industrial property rights of third parties. The supplier shall bear all license fees.

XI. Testing

1. If testing is planned for the delivery item, the supplier shall bear the material costs of the testing and the supplier's personnel expenses associated with testing. The buyer shall bear the buyer's personnel expenses associated with testing. The supplier shall provide binding notification to the buyer of the readiness to test at least one week in advance and agree on a testing date with the buyer. If the delivery item is not presented on this date, the buyer's personnel expenses

associated with testing shall be borne by the supplier. The supplier shall bear the material costs and personnel expenses associated with the material test certificates for the raw materials.

2. If defects are identified in the course of receiving inspections performed by Hennecke that lead to the necessity to correct defects in the goods delivered by the supplier, the supplier shall also bear the costs of the quality assurance measures that must again be performed by Hennecke as a result. The costs of the receiving inspections and quality assurance measures to be performed by Hennecke are set at a flat rate of 5% of the relevant item costs. Additional claims by Hennecke shall not be affected by this provision.

XII. Shipping

1. All letters, shipping notices, waybills, invoices, etc. shall always contain the order codes prescribed by the buyer along with information about the unloading site. The supplier shall send a detailed shipping notice for each individual shipment on the day of shipment separate from the goods and the invoice. The shipment must include the delivery note and packaging slip. In the case of delivery by ship, the shipping documentation and invoices must contain the name of the shipping line and the ship. If equipment or machinery is broken down or delivered in more than one part, these parts must be labeled, and the delivery note must contain a listing and description in line with this labeling.
2. The supplier must choose the transportation option that is most cost-effective and suitable for the buyer. Shipment of tools and similar equipment with the delivery items is not permitted, otherwise the supplier shall bear the transshipment costs. All shipments refused by the buyer on the basis of non-compliance with these shipping guidelines shall be warehoused at the expense and risk of the supplier. The buyer is entitled to inspect the contents and condition of such shipments. The supplier shall also be liable for ensuring that the supplier's subcontractors comply with the shipping guidelines. The supplier shall be liable to the buyer for damage and costs incurred by the buyer due to the supplier's non-compliance with the aforementioned terms and conditions.

XIII. Invoicing and Payment

The terminology, text order, and prices in invoices must correspond to those in the purchase orders. Any additional services or services omitted must generally be described separately. The buyer shall effect net payment less a 3% discount within 14 days after the receipt and successful verification of the service and invoice, or full payment within 60 days of receipt and successful verification. The statutory rate of VAT shall be listed separately in all cases. Models, swages, devices, and other tools shall become the property of the buyer upon delivery insofar as these are invoiced in full or in part. Payment shall not constitute acknowledgement of terms and conditions or prices. The time of payment shall not affect the supplier's warranty and the right to defect notification in any way.

XIV. Assembly

If the shipment involves assembly of the delivery item in one of the buyer's or a third party's plant, the currently valid version of the buyer's assembly terms shall apply additionally.

XV. Governing Law, Interpretation of Clauses

This agreement is governed by the law of the Federal Republic of Germany. The United Nations Convention on Contracts for the International Sale of Goods (CISG) shall not be applicable. Customary commercial clauses shall be interpreted in accordance with the applicable Incoterms.

XVI. Advertising Materials

Reference may be made to the existing business relationship with the buyer in informational and advertising materials only with the express permission of the buyer.

XVII. Place of Performance and Place of Jurisdiction

The place of performance is the receiving site stipulated by the buyer unless stated otherwise in the purchase order. The place of jurisdiction is Cologne, Germany.

Hennecke GmbH