

General Terms and Conditions of Supply (as at January 2015)

I. Scope of application

The following General Terms and Conditions of Supply apply exclusively to all of our deliveries and services, including those in the future. The purchaser's general terms and conditions are not accepted, including in particular following an unconditional delivery in the knowledge of the purchaser's contrary terms and conditions or ones which differ from our terms and conditions.

II. Offers, contract formation, rights to documentation

1. Quotes and offers provided by us are subject to confirmation. The order represents a binding offer. In the absence of special agreements the contract shall be formed following our written order confirmation or at the point in time that the ordered goods are sent to the purchaser.
2. We generally provide initial quotes (proposals for the basic solution for the task set) free of charge unless agreed otherwise. Further quotes and design work will only be provided to the purchaser free of charge if an order is placed with us with legal effect. Otherwise a reasonable and standard fee must be paid to us which will be determined at our reasonable discretion.
3. The product information (in particular illustrations, designs, weight and dimensional information) contained in our quotes and informational materials are approximate values, unless they are expressly designated as binding or are acknowledged as being binding in the order confirmation.
4. We shall retain exclusive title and copyright to the designs, drafts, cost estimates and other documentation from us and these may only be provided to third parties following our prior consent. Any use by the purchaser or by third parties shall require our prior written consent. In particular reprinting or other use of our General Terms and Conditions of Supply, sales documentation, price lists and brochures shall only be permitted with our prior written consent. This also applies in particular to any use of our labels such as brand names and business names.

III. Delivery, scope of supply, transfer of risk

1. Deliveries will be made ex works (EXW, Incoterms 2010). The purchaser shall be responsible for payment of shipping and freight charges. Shipments are routinely insured by us against damage through breakage, transportation, fire and water, although there is no legal obligation in this regard. The costs incurred to this extent shall be borne by the purchaser.
2. The written order confirmation applies in terms of our scope of delivery. Any side agreements or changes require our prior written consent. Safety devices will also be supplied if agreed in writing. Consultation services requested following the purchaser's order, including in particular visits by engineers, will be charged separately at our standard rates. The purchaser shall have no right receive our designs related to the item delivered.
3. Risk shall transfer to the purchaser upon shipment of the delivery item and no later than upon leaving our supply plant, including in cases where partial deliveries are made. This shall also apply to deliveries with carriage paid or if our own transportation or transportation selected by us is used, unless a different shipment type has been agreed in writing and we have also accepted responsibility for other services (e.g. assembly) in addition to the delivery. If the shipment is delayed as a result of circumstances for which we are not responsible, then risk shall be transferred to the purchaser from the date that notification is provided that the items are ready for shipment. This shall also apply in the event that we are prompted to store delivery parts outside of our plant premises on grounds for which the purchaser is responsible.
4. The purchaser shall be under an obligation to accept any deviations in terms of dimension, colour, quantity, weight and quality which are permissible in accordance with DIN standards or applicable practice (e.g. commercial practice). Weights are determined on our officially calibrated scales and are definitive for invoicing.

IV. Prices and payment

1. Unless agreed otherwise in writing, our prices are ex works and are subject to any packaging and shipping costs, relevant applicable statutory turnover tax and in the case of export deliveries customs fees and charges and other public levies.
2. We reserve the right to adjust prices in the event that essential cost factors change by the time of order execution, particularly in relation to material and energy costs as well as tax rates.
3. Payments for deliveries shall be due for payment within 30 days of the invoice date unless agreed otherwise in writing. If payment is made within 7 days of the invoice date, we shall grant a 2% discount on the net value of goods invoiced. Discounts are not given if the balance due to us is in arrears at the point in time the payment is made. Payments are offset against the oldest debt outstanding, insofar as this debt is older than 30 days.

4. Payments by bill of exchange or cheque must be agreed beforehand. The purchaser shall be responsible for payment of discount charges and other costs of bills of exchange. Bills of exchange and cheques shall only be accepted on account of performance and shall only constitute payment once they have been cleared completely and unconditionally. We accept no obligation to observe rights under bills of exchange or cheques.
5. In the event of default of payment on the part of the purchaser then, without prejudice to our right to assert claims for additional damage and the purchaser's right to provide evidence to us of lower damage, we shall be entitled to charge interest at 10% above the relevant base rate in accordance with section 247 of the German Civil Code - BGB; however, we may claim statutory interest on default at a minimum. Our claim to commercial interest payable on the due date from commercial traders (section 353 of the German Commercial Code - HGB) remains unaffected.
6. Failure by the purchaser to comply with the agreed payment terms shall result in us being entitled to revoke agreed payment terms and demand immediate payment of the total amount outstanding, irrespective of any bills accepted by us. If there are circumstances which indicate an essential deterioration in the purchaser's economic or financial conditions resulting in a risk to our claims, we shall also be entitled to make any further execution of the order conditional upon the provision of collateral or an advance payment. This does not affect our right to claim compensation. The essential deterioration in the purchaser's economic or financial conditions and risk arising from this to our claims shall be considered to have been shown if we have corresponding information from a bank, credit agency or similar body, or if the purchaser is subject to attachment or other mandatory enforcement measures. We shall be under no obligation to disclose the source of the information to the purchaser.
7. The purchaser shall only be entitled to withhold payments or to offset these against counter-claims if its counter-claims are acknowledged by us, are undisputed or have been determined in law.
8. If we incur additional bank charges for payments from abroad we shall charge a flat rate of EUR 15.00 for orders from abroad with a net goods value below EUR 150.00.
9. All guarantees shall be subject exclusively to German law.

V. Delivery time, obstacles to delivery

1. Delivery periods or deadlines stated by us shall only be legally binding if they have been expressly confirmed by us in writing. Compliance with the delivery period is subject to timely supplies being received by us from our suppliers, unless we are responsible for the delays in receiving supplies.
2. Delivery periods shall only start once the purchaser has fulfilled all of the conditions for our performance, and in particular has produced all documentation, approvals and releases to be furnished by it and has met its other contractual obligations, and in particular has paid to us the agreed advance payment once due.
3. The point in time that the delivery items are shipped from the plant or of the notification by us of readiness to ship shall be crucial in determining compliance with the delivery period.
4. Fundamental interruptions to operations which are not foreseeable to us, particularly as a result of a lack of raw materials or energy, or as a consequence of legitimate measures related to industrial disputes or illegal strikes or of other force majeure events including those which occur with our sub-suppliers, which obstruct or crucially impair the performance under the contract shall release both parties from the contractual obligations for the duration and to the extent of the obstructions that have occurred, including in relation to subsequent deliveries or failed deliveries. The contractual regulations must also be adapted accordingly if such events change the content of the performance significantly.
5. In the event of an essential deterioration in the purchaser's economic or financial conditions resulting in a risk to our claims, our contractual performance obligations including in particular our delivery obligation shall be suspended from the point of our written notification to the purchaser until such time as we receive collateral or an advance payment. Section IV.6 applies accordingly.
6. We shall be entitled to provide partial deliveries - including via sub-suppliers - and invoice for these provided that this is reasonable for the purchaser.
7. If the shipment time is delayed at the purchaser's request then starting one month following the notification of the readiness for shipment, the purchaser will be charged the costs incurred for storage at our factory; the minimum charge for this will be 0.5% of the net invoice amount for each month. Without prejudice to more extensive statutory rights, we shall also be entitled to demand payment for additional costs and expenditures incurred by us as a result of the time delay.

8. The purchaser must notify us without delay in the event that delivery or assembly conditions have become more complicated. If we do receive notification of complications of this kind, the delivery period shall be extended to a reasonable extent without prejudice to any of our other rights. The purchaser must compensate us for any increased costs or expenditure incurred by us as a result of more complicated delivery or assembly conditions.
9. We shall only be in default following an official warning. Official warnings provided and periods set by the purchaser must be in written form in order to be effective. Grace periods must be reasonable and generally be at least 10 working days.

VI. Security rights

1. We shall retain the title to the goods (hereafter "goods subject to retention of title") provided that we are still entitled to claims of any kind whatsoever from the current or future business relationship with the purchaser. In the case of ongoing open accounts this retention of title shall also be for the purpose of securing our relevant claim for the balance. In the event of sustained default of payment or an essential deterioration in the purchaser's economic or financial conditions, we shall also be entitled to take the goods subject to retention of title back on a provisional basis at the purchaser's expense without exercising our right of withdrawal and without setting a grace period for performance. Assertion of the retention of title as well as seizure of the goods subject to retention of title by us shall not be deemed to be a withdrawal from the contract.
2. The purchaser shall be entitled to resell or to process the goods subject to retention of title in the ordinary course of business. The requirement for ordinary course of business is not met if the goods subject to retention of title are not resold subject to retention of title or if a non-assignment clause is agreed with the purchaser's second purchaser or client. The authorisation shall be cancelled from the point that the purchaser is in default of payment or there is an essential deterioration in the purchaser's economic or financial conditions. The purchaser hereby assigns to us all claims from the resale of the goods subject to retention of title together with all ancillary and security rights at the amount of the invoice value of the goods subject to retention of title. If the purchaser has sold its claim by way of real factoring then it shall assign to us the claim arising in its place against the factor. The aforementioned assignments are hereby accepted by us.
3. In the event that our goods are processed by the purchaser then we shall be considered to be the producer and shall acquire title to the new goods that arise. If the goods are processed together with other materials we shall acquire co-ownership at the ratio of the invoice value of our goods to that of the other materials. If our title is extinguished as a result of combining, mixing or processing, the purchaser hereby transfers to us the purchaser's due rights of title or expectant rights to the new stock or the new item to the extent of the invoice value of the goods subject to retention of title, in the event of processing at the ratio of the invoice value of the goods subject to retention of title to the ratio of the other goods used, and will hold these for us free-of-charge. Our rights of co-ownership shall be considered to be goods subject to retention of title. The purchaser hereby assigns to us all claims from the resale together with all ancillary and security rights with priority above the remaining parties. If the purchaser has sold its claim by way of real factoring then it shall assign to us the claim arising in its place against the factor. The aforementioned assignments are hereby accepted by us.
4. The purchaser shall also be entitled to collect the assigned claims until the authority granted in section VI.2 is cancelled. If the authority is cancelled we shall be entitled to inform the purchaser's own customers or clients of the assignment and to collect the claims ourselves.
5. Assigning, transferring or mortgaging the goods subject to retention of title or the assigned claims are not permitted. The purchaser must notify us in writing without delay of any attachment of the goods or other attacks by third parties.
6. The purchaser must provide a precise breakdown of the goods to which we have title and of the claims assigned to us upon request at any time. In the event that the authority granted in section VI.2 is cancelled the purchaser must also provide all of the information and all documentation to us which is required in order to assert the assigned claims.
7. The purchaser will hold the goods subject to retention of title for us in safekeeping free of charge. It must insure them adequately at replacement value against the usual risks, such as fire, theft and transportation or tap water damage. The purchaser assigns the claims against the insurer and third parties arising from a damage event to us in advance at the invoice value (proportionate if applicable) of the relevant goods. We accept this assignment.
8. If the value of the collateral to which we are entitled exceeds our claims by more than 20%, then at the request of the purchaser or of a third party

negatively affected by the surplus collateral we shall be obliged to release collateral at our discretion to this extent.

9. In the event that the retention of title governed in this section VI. and/or the other collateral rights awarded to us are ineffective on legal grounds or if their justification or applicability in relation to third parties is dependent upon conditions which we or the purchaser are unable to meet or which are unreasonable or uneconomical, then we may demand other collateral which is standard in business and make delivery of the goods dependent upon the provision of collateral of this type. The purchaser shall be under an obligation to cooperate on all measures which are required for the purposes of awarding collateral of this type.

VII. Assignment of rights, export

1. Any assignment of rights from the supply relationship by the purchaser shall require our prior written consent in order to be legally valid.
2. Our prior written consent shall also be required for export of the product supplied by us, particularly beyond the borders of the country to which we have delivered.

VIII. Warranty: Scope and conditions

1. Provided that the purchaser has met its contractual obligations, and in particular has made the agreed payments, we shall provide a warranty to cover goods which have become unusable or the usability of which has become significantly impaired following commissioning as a result of a circumstance arising prior to the transfer of risk - in particular on account of faulty design, defective material or improper execution. The DIN standards shall apply in the absence of any agreement to the contrary. The application of DIN or other standards along with any application of or statement on certain features, including in particular the delivery item's performance values, are not warranted features.
2. We shall provide a warranty for third-party products by hereby assigning our warranty claims against our suppliers in advance. If claims against our supplier remain unsuccessful in whole or in part then we shall provide a warranty in accordance with our General Terms and Conditions of Supply. This shall not apply if we are guilty of wilful or grossly negligent conduct in selecting or installing third-party products. In terms of parts or equipment which we do not supply, but which are functionally connected with our delivery item as a result of installation or attachment by the purchaser, we shall be under no obligation to verify suitability for the intended purpose in the absence of an express order in this regard confirmed by us in writing.
3. In the case of systems which we are unable to test operationally in our plant, we must be provided with the opportunity to carry out adjustment and amendment work as part of the assembly. Work of this kind shall count as part of the assembly time which is subject to remuneration.
4. The purchaser must inspect the delivery item without delay upon delivery and, if this is not possible at this time, without delay following commissioning, independently of acceptance. Defects along with incorrect or short deliveries which can be identified in this process must be communicated to us in writing or by telex without delay within 8 working days following the delivery or no later than within 8 working days following commissioning if inspection was only possible after commissioning. If a defect becomes apparent which was not initially identifiable at the inspection or an incorrect or short delivery is also only revealed later then we must still be notified of this within 8 working days in writing or by telex. If timely notification is omitted then this shall be considered in all cases to constitute an unconditional approval. The purchaser's warranty claims shall also hereby cease to exist. Likewise these claims shall cease to exist if changes have been made to the delivery item or it has otherwise been interfered with without our consent, including in particular where attempts are made to repair it or the purchaser has not followed the operating instructions provided with the system, unless the lack of causality of such measures for the defect asserted is obvious or is proven by the purchaser. The regulations under section 377 HGB (Obligations to examine and provide notification of defects) remain unaffected in all other respects.
5. The purchaser shall only have statutory rights of recourse against us to the extent that the purchaser has not entered into any agreements with its own customers which go beyond the statutory claims for defects.

IX. Warranty: Rights of the purchaser

1. In the event of a justified complaint for defects for which we are responsible, we shall be entitled at our discretion either to rectify the defect or to deliver flawless goods within a reasonable period which also takes into account the time required to procure goods and materials from the upstream supplier (supplementary performance). If the supplementary performance is not successful within a reasonable period, then the purchaser may demand a reduction in the purchase price or rescission of

the contract if use of the delivery item is impaired to an extent which is not merely negligible.

2. The purchaser must provide us with the time, opportunity and support for the repair measures and replacement deliveries which we believe to be required or are relevant following agreement with us. The purchaser shall only be entitled to rectify the defect itself or have it rectified by a third party and to demand reasonable compensation of the costs for this from us in urgent cases of a risk to operational safety, which must be communicated to us immediately, or if we are in default with rectification of the defect after a reasonable period has been set.
3. We shall be responsible for paying the costs of spare parts and of shipment of these in the event of a repair or replacement delivery. We shall also provide a domestic technician at our expense for installation purposes. The purchaser must provide any other auxiliary staff and equipment required at its own expense. We shall assume the costs of providing a technician up to a maximum of 3% of the net delivery value of the system for deliveries made outside of Europe, as well as in cases where there is a significant misconception between the value of the goods delivered and the installation costs. We shall be entitled to demand a reasonable advance on costs if it is possible to foresee that this maximum amount will be exceeded. We shall be entitled to require that the parts and units subject to the complaint are sent to our plant if local repairs appear to be inconvenient.
4. Measures on our part to reduce damage and review complaints as well as the negotiations in this regard do not constitute a legal acknowledgement of any warranty obligation. Our legal position remains unaffected by this, including in relation to ongoing warranty periods.
5. Section X. of these General Terms and Conditions of Supply applies to the scope of claims for compensation and claims for reimbursement of futile expenditure, including by way of recourse.

X. Compensation and reimbursement of futile expenditure

1. Unless otherwise stated in these General Terms and Conditions of Supply including the following provisions, we shall be liable in accordance with the applicable statutory regulations for any breach of contractual and non-contractual obligations.
2. We shall be liable for compensation based on any legal grounds whatsoever in the event of wilful intent or gross negligence. In the event of ordinary negligence we shall only be liable for
 - a) damage or harm arising from injury to life, limb or health,
 - b) damage or harm arising from the breach of an essential contractual obligation (an obligation the fulfilment of which enables proper implementation of the contract in the first place and which the contractual partner normally trusts and is able to trust will be fulfilled); however, our liability in this event shall be limited to compensation for foreseeable damage which typically occurs.
3. The restrictions on liability arising from the preceding section X.2 shall not apply if we maliciously conceal a defect or have accepted a guarantee for the particular condition of the goods. The same applies to the purchaser's claims under the Product Liability Act.
4. To the extent that our liability is excluded or limited then this shall also apply to the liability of our employees, workers, colleagues, representatives and vicarious agents.

XI. Limitation

All of the purchaser's claims under warranty and for damage and reimbursement of expenditure shall expire in 12 months from the transfer of risk unless stated otherwise below. The statutory periods shall apply to cases of grossly negligent or wilful conduct, claims under the Product Liability Act, claims associated with rights of recourse in the delivery chain in accordance with sections 478 and 479 BGB as well as in cases of injury to life, limb or health.

XII. Withdrawal from the contract

1. Without prejudice to statutory rights of withdrawal we shall be entitled to withdraw from the order if unforeseeable events occur for which we are not responsible and which prevent our contractual performance, as well as if such events make our contractual performance difficult or change its content so fundamentally that execution of the order is not economical or is unreasonable for us, even under amended conditions. We must communicate any intention on our part to make use of this right of withdrawal to the purchaser without delay once we are aware of the scope of the event, irrespective of the agreed delivery periods. For its part the purchaser shall then be entitled to withdraw from the contract if we have

not provided conclusive notification within a reasonable period of whether we wish to withdraw from the order or still wish to deliver.

2. There shall be no rights on either side to claim compensation or reimbursement on account of a withdrawal in accordance with the preceding section XII.1.

XIII. Miscellaneous

1. Irrespective of any other agreements regarding delivery and payment terms the place of fulfilment is our registered place of business in 42653 Solingen, Germany. This also applies to deliveries and services to purchasers based abroad.
2. Our registered place of business is the exclusive place of jurisdiction for all present and future claims from business relations with commercial traders, including claims involving bills of exchange and cheques. The same place of jurisdiction applies if the purchaser has no general jurisdiction in Germany, relocates its residence or usual place of residence from abroad after formation of the contract or if its residence or usual place of residence is unknown at the time that the action is brought.

Our registered place of business is the exclusive place of jurisdiction for all disputes which arise directly or indirectly from the contractual relationship; however, we shall be entitled to bring an action against the purchaser at the latter's main place of business or that of its branches.
3. The entire contractual relationship is subject to the law of the Federal Republic of Germany. However, application of the "United Nations Convention on Contracts for the International Sale of Goods" from 11 April 1980 (CISG) is excluded.
4. In the event that individual provisions in these General Terms and Conditions of Supply are ineffective, null and void or incomplete, this shall not affect the effective nature of the remaining provisions. The parties shall replace the ineffective or void provision with a regulation or will complete the contractual loophole with a regulation in the appropriate form as applicable which is best capable of achieving the economic purpose pursued by them.