

**General Terms and Conditions of Purchase
of the company Fr. u. H. Lüling GmbH & Co KG - 58762 Altena**

Version dated 06/2015

Note: The English version of these Terms and Conditions serves only for information. In the event of any inconsistency between the German and the English version the German version shall prevail.

§ 1 General provisions – scope of application

- (1) Our Terms and Conditions of Purchase shall apply exclusively: we shall not recognize terms and conditions of the supplier that conflict or deviate from our Terms and Conditions of Purchase, unless we have expressly approved their validity in writing. Our Terms and Conditions of Purchase shall therefore also apply if we unconditionally accept a delivery made by the supplier without reservation in full knowledge, knowing that the terms and conditions of the supplier conflict or deviate from our Terms and Conditions of Purchase.
- (2) All agreements made between us and the supplier for the performance of the contract shall be fully set down in writing in the respective contract.
- (3) Our Terms and Conditions of Purchase shall only apply vis-à-vis companies in accordance with Art. 310 para. 1 BGB [German Civil Code].
- (4) Our Terms and Conditions of Purchase shall also apply for all future business with the supplier.

§ 2 Offer and offer documentation

- (1) The supplier shall be obligated to accept our order within a period of two weeks.
- (2) We reserve the right of ownership and copyright to images, drawings, calculations, technical data and other specification documents as well as models; they shall not be made accessible to third parties without our express written approval. They shall exclusively be used for the processing of our order and shall be automatically returned to us on completion of the order. They are to be kept confidential from third parties; the provision set out at Clause 9 Section (5) additionally applies.

§ 3 Prices - terms of payment

- (1) The price set out in the order shall be binding. Unless otherwise agreed in writing, the price includes delivery by “DDP” (Incoterms 2010) and includes the cost of packaging. The return of the packaging shall require a separate agreement.
- (2) Prices shall include VAT.
- (3) We can only process invoices if they, in accordance with the instructions in our order, quote the order number given in the order. The supplier shall be liable for all consequences resulting from the failure to comply with this obligation insofar as it does not prove that it was not responsible for this omission.
- (4) Unless otherwise agreed in writing, we shall pay the purchase price within 14 days from the delivery and receipt of the invoice and documents with a 2% discount, or net within 30 days from receipt of the invoice.
- (5) We shall be entitled to set off and retain amounts insofar as permitted by law.
- (6) Any prepayment obligation agreed in individual cases, for example, shall not apply if circumstances arise that suggest that it is doubtful that the supplier will provide goods and services as per the contract. This shall therefore also particularly apply if our credit insurance company refuses to cover the order or parts of the order carried out by the supplier. In addition, a threat shall also arise when, in particular, the supplier inadequately fulfils its contractual obligations to us or to third parties or is slow to pay. In this case, delivery versus payment for goods and services shall replace the prepayment.

§ 4 Delivery period

- (1) The delivery period set out in the order shall be binding.

(2) The supplier is obligated to immediately inform us in writing if circumstances arise, or come to its attention, that result in the fact that the stipulated delivery period cannot be met.

(3) In the event of delayed delivery, we shall be entitled to request a lump sum for damages due to delay amounting to 1% of the delivery value per full week, however not more than 5 %: further statutory claims remain reserved. The supplier shall be entitled to prove to us that no or considerably less damages resulted from the delay.

§ 5 Delivery obligation – transfer of risk – documents – hazardous substances

(1) Unless otherwise agreed, the delivery shall be effected “DDP” (Incoterms 2010) to the place of receipt specified in the order.

(2) The supplier shall be obligated to quote our order number exactly on all shipping documents and shipping invoices. If it fails to do so, we shall not be held responsible for processing delays.

(3) The supplier shall ensure that the requirements of the EU chemical legislation REACH (Regulation (EC) No. 1907/2006, Official Journal of the European Union dated 30.12.2006) – hereafter referred to as “REACH” – are complied with within the specified time, in particular preregistration and registration. We shall not be obliged in any way to carry out the (pre)registration. The supplier is aware that the Products cannot be used if the requirements of REACH are not completely and properly complied with. In fulfilling its contractual obligations, the supplier shall also comply with all legal and official regulations with regard to environmental protection.

§ 6 Inspection for defects – liability for defects

(1) Through application of the rules of customary quality management systems like DIN EN ISO 9001 and implementation of his general duty to take care, the supplier ensures, that all goods delivered to us are free from defects. In order to avoid unnecessary double inspection, our receiving inspection is limited to check the following attributes:

- for identity and quality only the bills of delivery are examined without any proper material testing;

- defects that can be detected visually from the outside and transport damages.

Our right to claim remains unrestricted for deliveries with defects which cannot be detected immediately with the abovementioned receiving inspection or where the conformity of a delivery with its contractual specification cannot be assessed at delivery. In this respect the supplier resigns from plea for lapse of time for complaint with regard to our limited receiving inspection.

(2) We shall be entitled to the full statutory claims for damages; in every case we shall be entitled to demand from the supplier remedy of the defect or the delivery of a new item, at our choosing. The right to damages, in particular that to damages instead of performance, remains expressly reserved.

(3) We shall be entitled to remedy the defects ourselves at the cost of the supplier when there is danger in delay.

(4) The limitation period shall amount to 36 months, calculated from the transfer of risk.

§ 7 Product liability – release – liability insurance protection

(1) Insofar as the supplier is liable for product damage, it shall be obligated to release us from claims for damages from third parties on first request as far as the cause lies in its area of control and responsibility and it is liable in the external relationship.

(2) As part of its liability for damages in the meaning of Clause 7 Section (1), the supplier shall also be obligated to reimburse any expenses arising from or in connection with a recall made by us as per Art. 683 and 670 BGB [German Civil Code] and as per Art. 830, 840 and 426 BGB. We shall inform the supplier of the content and extent of the recall measures to be made insofar as this is possible and reasonable and give it the opportunity to make a statement. Other statutory claims shall remain unaffected.

(3) The supplier undertakes to maintain product liability insurance cover of minimum € 10 million per instance of personal injury/damage to property – lump sum. If we are entitled to further claims for damages, these shall remain unaffected.

§ 8 Property rights

- (1) The supplier guarantees that the rights of third parties shall in no way be infringed in connection with his delivery.
- (2) In the event of a third party making claims against us in this respect, the Supplier shall be obliged to indemnify us against such claims upon our first written request. We are not entitled – without the agreement of the supplier – to make any agreements with the third party, and particularly not to conclude a settlement.
- (3) The Supplier's indemnity obligation relates to all expenses incurred by us of necessity as a result of or in connection with claims made by a third party.
- (4) The period of limitation shall be ten years, commencing from the conclusion of the Contract.

§ 9 Retention of title – provision – tools – confidentiality

- (1) The ownership of the delivery items shall be assigned to us unconditionally and without encumbrances upon transfer. Nevertheless, a simple retention of title in the general terms and conditions of the supplier shall be accepted.
- (2) Insofar as we provide the supplier with parts or models, we shall reserve our title to the same. The supplier shall process or transform them for us. In the event that our conditional goods are processed with other objects that do not belong to us, we shall acquire co-ownership of the new item in the proportion of the value of our item (purchase price plus VAT) to other processed objects at the time that our item was processed.
- (3) In the event that the item that we have provided is inseparably mixed with other objects that do not belong to us, we shall acquire co-ownership of the new item in the proportion of the value of our item (purchase price plus VAT) to other mixed objects at the time that our item was mixed. If the goods are mixed in such a manner that the supplier's item is regarded as the main item, the parties hereby agree that the supplier shall transfer proportionate co-ownership to us; the supplier shall hold the sole ownership or co-ownership on our behalf.
- (4) We reserve our title to tools; the supplier is under obligation to use the tools solely for the manufacture of the goods that we have ordered and to mark them clearly as belonging to us. The supplier is obliged to handle parts, tools and models belonging to us with care and skill, and to insure them at his own cost for their replacement value against fire, water and theft. At the same time, the supplier hereby assigns to us all claims for compensation arising from this insurance; we hereby accept this assignment. The supplier is under obligation to perform any necessary service and inspection work on our tools, as well as all repair and maintenance work on the same, in good time and at his own cost. He shall inform us with regard to any defects immediately; if he is negligent in this duty, claims for damages shall remain unaffected.
- (5) The supplier undertakes to maintain strict secrecy with regard to all diagrams, drawings, design calculations and other documentation and information that he has received. Such documents may only be made available to third parties with our express consent. The duty to observe secrecy shall continue to be upheld after the termination of this Contract; it ceases when and inasmuch as the manufacturing knowledge contained in the diagrams, drawings, design calculations and other documents left in the care of the supplier becomes common knowledge.
- (6) Should the security rights accorded to us under the terms of Clause IV Section (2) and/or Section (3) exceed the purchase price of all our conditional goods not yet paid for by more than 10 %, we shall be obliged, at the Supplier's request, to release these security rights at our choosing.

§ 10 Place of jurisdiction – place of performance

(1) Insofar as the supplier is a merchant in terms of German Commercial Code (HGB), our place of business in Altena (Westf.) is the place of jurisdiction; however we shall be entitled to also bring legal action against the supplier at its place of general jurisdiction.

(2) The law of the Federal Republic of Germany shall apply, to the exclusion of the UN law on International Sales (CISG United Nations Convention on Contracts for the International Sales of Goods).

(3) Unless otherwise stated in the order, our place of business in Altena (Westf.) will be the place of performance.

§ 11 Minimum wage

(1) The supplier warrants that he and, if applicable, his subcontractors abide by the statutory provisions according to the German law concerning the minimum wage. If the supplier renders work performances or services he undertakes upon request to quarterly provide evidence of the payment of the minimum wage by him and, if applicable, by his subcontractors. He permits us to inspect the anonymized payroll of his company and, if applicable, of his subcontractors. We are entitled to terminate the contract without notice if the supplier or, if applicable, his subcontractors do not pay the statutory minimum wage.

(2) The supplier shall indemnify us and hold us harmless from and against all claims asserted against us in case the supplier and/or his subcontractor violates any provisions of the Minimum Wage Act or further statutory provisions and collective agreements the compliance of which we are liable for according to clause 14 of the Employee Assignment Act or further comparable provisions.

§ 12 Final provisions

(1) If individual provisions are or become invalid, this shall not affect the validity of the remaining provisions.

(2) All our previous terms and conditions of purchase shall be superseded by these Terms and Conditions of Purchase.

Note in accordance with Art. 33 BDSG [German Federal Data Protection Act]: the supplier's data will be processed electronically.