

General Terms of Purchase of Hanning Elektro-Werke GmbH & Co. KG

I. Quotations and Orders

- 1.1 All contracts are subject to our subsequent Terms of Purchase. By executing the order Supplier acknowledges these Terms even if he uses divergent terms of sale. Our Terms of Purchase shall also apply if we accept supplies although we are aware of Supplier's terms.
- 1.2 Orders and other agreements are valid only if they are in writing. The requirement of the written form may be ruled out by written agreement only. Written form for the purposes of these terms is also fulfilled by mails or fax letters.
- 1.3 Supplier has to confirm our order within two weeks from the date of the order. This shall also apply if our order refers to a quotation of Supplier. Regardless of the aforesaid the contract shall also be accomplished if our order is executed by timely supply of the goods.

II. Documents, Ownership

- 2.1 We retain title and copyright to all documents. They may solely be used for the execution of our order. Upon execution the documents must be returned unasked.
- 2.2 All material provided by us under the contract shall remain our property. Any combination, mixing or processing with other material shall be made on our behalf in which case we shall become co-proprietor of the new product. A combination with our movables which have to be regarded main part of a product is subject to our explicit consent in writing. Supplier shall be liable for loss or damage to our property.

III. Delivery, Packaging

- 3.1 Deliveries have to be made DDP delivery address (Incoterms 2010).
- 3.2 All goods shall be packed to prevent damage from dampness, rust, moisture, erosion and shock. Supplier shall be liable for any damage and loss of the goods attributable to inadequate or improper packaging.

IV. Delivery Period

- 4.1 It is imperative that Supplier meets dates and deadlines. In case of just-in-time deliveries or a respective indication in the order we may claim damages instead of delivery even if we have not set a period of grace beforehand. This shall not apply in case of non-material violations of the contract.
- 4.2 If Supplier has to suspect that delivery deadlines cannot be met he must inform us immediately. The written notice must state the reasons for the delay and its expected duration.
- 4.3 We are entitled to interrupt the delivery for a reasonable period. Time for delivery shall then be prolonged by the period of the interruption.
- 4.4 In case of culpable default with supply we may claim a penalty of 0.15 % of the net value per any working day of the missed deadline. The aggregate penalty may, however, not exceed 5 % of the net order value of the delivery. Any further statutory claims, in particular claims for damages, are reserved.

V. Prices, Invoices, Payments

- 5.1 Purchases are made at fixed net prices including packaging.
- 5.2 Invoices have to be issued upon delivery and may not be attached to the goods. They must state the order number (our item number), model number, delivery number, VAT-number, tax identification number, weight and packaging.
- 5.3 Unless agreed otherwise, payment of invoices will be made less a prompt payment discount in the amount of 3 % on the due dates shown below:
 - Receipt of invoice and delivery between the 1st and the 15th day of a month: payment on the 25th on the month
 - Receipt of invoice and delivery between the 16th and the last day of the month: payment on the 10th day of the subsequent month
 - Payment net without deduction of prompt payment discount: with 3 months of receipt of the invoice or delivery
 - In the event invoice and delivery are not received the same day, the later date will apply for purposes of determining the due dates mentioned above.
 - The day on which payment is transmitted will apply for purposes of determining compliance with the due dates mentioned above.
- 5.4 If we accept premature deliveries, due date shall be determined having regard to the agreed delivery time. Payments may be effected by cheque, by bill of exchange or by money transfer. In case of defective deliveries we are entitled to retain payment until orderly performance.

VI. Quality of the Goods, Quality Management, Certificates

- 6.1 Supplier warrants the „RoHS-conformity“ (Directive 2011/65/EU of the European Parliament and Council of June 08, 2011).
- 6.2 In order to prove the agreed quality standards Supplier has to produce inspection certificate 3.1 in accordance to EN 10204 upon request.
- 6.3 Supplier will execute effective quality assurance measures. He will provide proof on demand. Upon our request Supplier shall apply a Quality Management System pursuant to DIN EN ISO 9001/2008. Supplier will make it possible for us or for our designees to verify execution of quality assurance measures during normal business hours.

VII. Material Certificates/Attestation, Origin of Goods

Supplier has to provide for certificates for all components. He will submit certificates of origin for the goods supplied.

VIII. Delivery Instructions

All deliveries shall contain delivery notes in duplicate and packing slips. Delivery documents and the outside of the packaging must show the order number, our item number, VAT-identification number, customs number, gross and net weight, number of pieces and kind of packaging, delivery address and consignee.

IX. Warranty Rights

- 9.1 Supplier warrants that the deliveries and services are free from defects and that the goods show the agreed quality characteristics. He warrants in particular that the deliveries and performances are state of the art and that they comply with the applicable statutory provisions.
- 9.2 We may raise claims for defects within ten days upon receipt of the goods, in case of hidden defects upon their detection. This also applies to processed goods.
- 9.3 We may require payment of a minimum amount of 35,50 EUR per notification of default. Supplier may however prove that we have not suffered any damage or that our damage is lower than the above amount.
- 9.4 We will be rightfully entitled to all statutory claims for defects. If the defect shows during the first six months upon handing over of the delivery, it shall be assumed that it already existed at the date of the passing of the risk unless this assumption is irreconcilable with the kind of the defect.
- 9.5 When providing for remedy of a defect Supplier must consider our operational concerns. In the event Supplier fails to provide for remedy of the defect within a reasonable period of time, if remedy of the defect was unsuccessful or if a deadline did not have to be set we may claim further statutory rights. Any claims based on different statutes or warranty claims remain unaffected.
- 9.6 If the remedy was unsuccessful we may ask an advance payment from Supplier for the costs of the remedy. In urgent cases, we may correct the defect or have the defect corrected at Supplier's expense without having to set a deadline beforehand.
- 9.7 The limitation period shall be 36 months starting upon transfer of risk. If one of our costumers claims defectiveness of the goods, our claims shall be time barred at the earliest two months after we have corrected the defects. This shall only apply if the defect is attributable to Supplier. The suspension of the warranty period in cases of sections ss. 476 et seq. German Civil Code shall end five years upon delivery at the latest.

X. Product Liability

- 10.1 Supplier shall exempt us from all and any claims of third parties based on extra-contractual product liability caused by defects of the goods supplied. He shall reimburse any expenses and costs of preventive actions or a defence against product liability, i.e. public warnings or call-backs. We will inform Supplier about such actions immediately. Any call-back costs must be borne by Supplier.
- 10.2 The Supplier will provide for an adequate product liability insurance.

XI. Industrial Property Rights

- 11.1 Supplier warrants that the delivery and use of the products will not lead to an infringement of third party rights.
- 11.2 If we are held liable by a third party, Supplier has to exempt us from all claims upon our first written request. This shall also cover all costs and expenses incurred by us in connection with such claims.
- 11.3 The limitation period shall be three years upon conclusion of the contract.

XII. Confidentiality

- 12.1 All requests, orders, supplies and performances shall be considered business secrets. All specifications and documents including models, tools etc. which are left to Supplier under the contract may only be used for the agreed and appropriate purpose. They must not be copied or made available to third parties. Documents shall remain our property and must be returned upon request without delay.
- 12.2 Only with our written consent shall Supplier be entitled to inform third parties about the business relation.

XIII. Protection of the Environment

- 13.1 Supplier has to observe the environment and industrial safety provisions applicable in Germany, the European Union and in the country of destination.
- 13.2 Supplier will choose packing material with a view to environmentally friendly disposal and a high degree of reusability. He will favour environmentally friendly auxiliary material which does not imperil employees.
- 13.3 Supplier will apply an environmental management system in accordance to DIN EN ISO 14000 upon request.

XIV. Final Provisions

- 14.1 The contractual relations shall be governed by German Law with exclusion of the UN-Convention on the International Sale of Goods of April 11, 1980.
- 14.2 Place of performance is the place indicated in the order, alternatively: Oerlinghausen. Place of performance for payment is Oerlinghausen.
- 14.3 Upon our choice the venue shall be either Oerlinghausen or the legal domicile of the Supplier.