

General Terms of Purchase of HANNING ELEKTRO-WERKE GmbH & Co. KG

1. 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 The supplier must confirm our order within two weeks of the date the order was placed at the latest. Our order is binding until this date. The same also applies when our order is placed based on an offer the supplier has made. Regardless of the aforesaid the contract shall also be accomplished if our order is executed by timely supply of the goods.

2. 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

3. Delivery, Packaging

- 3.1 Deliveries have to be made DDP delivery address (Incoterms in current version).
- 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.

4. 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.

5. 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.
- 5.5 We shall be entitled to the rights of set-off and retention as well as the defense of non-performance of the contract to the extent provided by law. In particular, we are entitled to withhold due payments as long as we are still entitled to claims against you arising from incomplete or defective performance.

6. Quality of the Goods, Quality Management, Certificates

- 6.1 Supplier warrants the „RoHS-conformity“ directive 2011/65/EC and following implemented version. Supplier must provide his ROHS declaration on demand of HANNING.

6.2 In order to prove the agreed quality standards Supplier must produce inspection certificate 3.1 in accordance to EN 10204 upon request.

6.3 The supplier will carry out an effective quality management and will execute among others product tests in the production on the basis of his test planning and quality assurance system. The QM system should be based on the requirements of ISO 9001.

We are entitled to check the quality assurance system and processes or the compliance with agreed inspections ourselves or by third parties commissioned by us during the working hours applicable at the supplier after appropriate notification and appointment coordination. Process control and evidence documents are to be presented during such an audit, and the justified right to confidentiality will be accepted.

7. Material Certificates/Attestation, Origin of Goods

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

8. Delivery Instructions

8.1 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.

9. 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 In handling the rectification of defects, the supplier shall be guided by our operational concerns. Rectification of defects shall also include the removal of the defective goods and their re-installation, if the goods have been installed in another device or mounted to another device in accordance with their nature and intended use; our legal claim to reimbursement of corresponding expenses shall remain unaffected. 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.

10. Product Liability

10.1 If the supplier is responsible for damage to the product, the supplier shall indemnify us against all claims made by third parties to the extent to which the cause is within the supplier's sphere of control and organization, and the supplier himself is liable in relation to the third parties. The supplier shall reimburse us for the expenses and costs incurred by us as a result of the type and scope of precautionary measures required to make a claim arising from product liability, for example as a result of public warnings or recall campaigns. We shall inform the supplier immediately of which kind of measures have been implemented and give the supplier the opportunity to respond. Expenses arising out of or in connection with a recall action carried out by us shall be borne by the supplier

10.2 The Supplier will provide for an adequate product liability insurance.

11. 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.

12. 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.

13. 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 favor environmentally friendly auxiliary material which does not imperil employees.

13.3 Profitable business should be organized with environmentally friendly manufacturing processes and a philosophy of environmental protection. The company's operations should be based on the requirements of ISO 14001. If HANNING carries out a process and system audit, aspects of environmental protection and environmentally friendly shop floor organization will also be included in the assessment.

14. 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.