

1. Scope

These general conditions of purchase, exclusively, apply to the entirety of the relationships of the Machining Technologies GmbH Co. KG Werk Königsbronn ("purchaser") with any supplier and business associates ("suppliers") that are contractors, pursuant to § 14 of the German Civil Code (BGB), to the procurement of tangible goods (supplies) and services or work performances (services). They apply, furthermore, to all the supplier's future supplies and services. Should the supplier use conflicting, divergent or supplementary general terms and conditions of business then they shall become part of the contract only if the purchaser expressly agrees to their validity. The approval is required in all cases, for example, even if the purchaser, being aware of the general conditions of purchase of the supplier, accepts deliveries/services unconditionally.

2. Contract formation, performance

(1) The supplier is obliged to accept orders within a period of two weeks. A call-off by the purchaser under a multi-delivery contract is legally binding unless the supplier objects the call-off within one week of receiving notification of it.

(2) The supplier is not entitled to perform the services, owed by him, by third parties (e.g. by subcontractors) without the prior written consent of the purchaser. The supplier bears the risk of procurement (*Beschaffungsrisiko*) for his services, unless otherwise agreed in the individual case (e.g. limited to inventory stock).

(3) The purchaser has the right to monitor the manufacture of supplies or the provision of services during normal business hours after having given notice of its intention to do so.

3. Delivery conditions (Deadlines, delays, retention of ownership)

(1) The deadlines agreed for deliveries and performances shall apply. The arrival of goods at the purchaser's premises is relevant for compliance with supply deadlines or delivery periods. In the event of sale by delivery to a place other than the place of performance (*Versendungskauf*), the supplier must have the goods ready in good time, taking into consideration the normal time required for loading and despatch and possible normal delays in transportation.

(2) The delivery shall be accompanied by a delivery note stating the date (issue and dispatch), the content of the delivery (article number and number of articles) as well as the purchase order identifier (date and number) of the purchaser. If the delivery note is missing or incomplete, the purchaser is not responsible for the resulting delays in processing and payment. Separate from the delivery note, a corresponding dispatch note with the same content must be sent to the buyer.

(3) The supplier must inform the purchaser immediately after identification and in writing of all circumstances that might adversely affect timely delivery or performance and of the probable duration of the interference.

(4) Unless otherwise agreed, delivery must be made as free house to whatever purchaser delivery address specified by the purchaser. Unless otherwise agreed, the purchaser's registered office is the place of fulfilment (obligation) and a possible supplementary performance (*Nacherfüllung*).

(5) If the supplier fails to perform his performance or fails to meet the agreed time or falls into delay, the purchaser's rights – in particular, rescission and compensation – are determined according to the legal requirements. The provisions of paragraph 6 shall remain unaffected.

(6) In the event of delay in delivery the purchaser has the right to demand a contractual penalty at the rate of 1% of the net delivery value per completed week, but not more than 5% of the total net delivery value. The purchaser has the right to claim a contractual penalty in addition to the fulfilment and as the minimum amount compensation due to the supplier under the

statutory provisions. The assertion of further damage remains unaffected. If the purchaser accepts the delayed service, the purchaser will claim the contractual penalty at the latest with the final payment. The supplier is free to prove that a smaller loss has arisen or that there has been no damage at all.

(7) Any extended or enlarged title retention (*Eigentumsvorbehalt*) of the supplier is excluded.

(8) Order-related manufacturing equipment manufactured or procured by the supplier to the purchaser's major costs shall be transferred to the purchaser upon payment. The supplier shall store the manufacturing means for the purchaser. They shall be used exclusively for the purposes of the contract. Such items – as long as they are not processed – shall be kept separately at the supplier's expense and insured to an appropriate extent against destruction and loss. The supplier shall immediately notify the purchaser of all and material damage to manufactured products and objects.

4. Passing of risk, acceptance, default of acceptance

(1) Unless otherwise agreed, risk passes over to the purchaser when the delivery (on free delivery terms) arrives. In the case of deliveries involving installation or assembly and in the case of services risk passes over on acceptance, but if neither installation nor assembly is involved in deliveries it passes over on their arrival at the delivery address specified by the purchaser.

(2) Unless otherwise agreed, the acceptance of work performances takes place at the delivery or service address and requires the purchaser to issue a written certificate. The transfer or acceptance shall be deemed to have been completed if the buyer is in delay of acceptance.

(3) The statutory provisions shall apply for the occurrence of default of acceptance of the purchaser. However, the supplier must also explicitly offer us his service to the purchaser if a specific or determinable calendar time is agreed upon for an action or cooperation of the buyer (e.g. provision of material). If the purchaser is in default of acceptance, the supplier may, in accordance with the statutory provisions, claim the replacement of his extra charges (§ 304 German Civil Code (BGB)). If the contract relates to non-fungible item to be produced by the supplier (individual production), the supplier is only entitled to additional rights if the purchaser is obliged to cooperate and is responsible for the failure to cooperate.

5. Prices, payment conditions

(1) Unless otherwise agreed, the agreed price is a fixed price that includes all services and ancillary services (e.g. assembly, installation) as well as packaging, delivery, insurance, other ancillary costs and taxes.

(2) Unless otherwise agreed, payment of invoice amounts is, at the purchaser's option, within 14 days with 3% cash discount or within 30 days net. These periods of time allowed begin with the receipt of a proper invoice at the purchaser but not before the goods have completely been delivered or the services completely provided.

(3) The purchaser owes no due date interest (*Fälligkeitsszinsen*). The statutory provisions apply to the delay of payment.

(4) The purchaser is entitled to assert the statutory rights of set-off and lien.

(5) Set-off by the supplier against claims that are contested by the purchaser or have not been established with legal force is excluded.

(6) The supplier is only allowed to assert a right of retention to the extent that the counter claims are undisputed, legally determined by judgement or have been acknowledged by the purchaser. This does not apply if the counter claims are based on the same contractual relationship.

6. Liability for defects, barring by time, duty to investigate, warranty holdback

(1) The supplier shall supply/provide the goods and/or services free of material and legal defects and in line with the state of the technology and with the safety requirements applicable. Should the supplier have to deviate from the state of the technology and from the safety requirements applicable because of an instruction from the purchaser, he has to inform the purchaser immediately.

(2) The purchaser must investigate goods received immediately for possible defects or quality deviations. The purchaser must notify obvious defects within 4 days of the delivery, while concealed defects must be notified within 10 days of their discovery.

(3) If the supplier fails to fulfill his obligation to supplemental performance – by choice of the purchaser by removing the defect (repair) or by delivering a defect-free good (replacement delivery) – within a reasonable period set by the purchaser, the purchaser shall be able to remedy the defect himself and demand compensation from the supplier for the necessary expenses or a corresponding advance. If the supplemental performance has failed or has been unreasonable for us (e.g. due to special urgency, endangerment of the operational safety or imminent occurrence of disproportional damage), no time period is required; the purchaser shall inform the supplier of such circumstances immediately, if possible in advance. In addition, the purchaser's defect claims (*Mängelansprüche*) shall be guided by the statutory provisions.

(4) The purchaser's defect claims for supplies and services are subject to a limitation period of five years providing they are destined for integration into an edifice in line with their normal use, otherwise in 36 months, beginning with risk passing.

(5) The purchaser has the right to demand a contract holdback of 5% of the net order total for defect claims. The supplier has the right to supplant the contract holdback by forming a warranty bond that is unrestricted in time, directly enforceable and subject to German law with a bank that is licensed within the European Union. Deposit is excluded. The contract holdback and/or the bond formed to supplant it must be paid out and/or given back on written demand after the warranty period has expired.

7. Non-disclosure

(1) Drawings, plans, models, samples, tools and similar items in which the purchaser has copyrights and rights of ownership which have been handed over must not be made accessible to third parties, disseminated or utilised for purposes other than those defined by the purchaser without its explicit written consent.

(2) The supplier commits itself to treat all items of the purchaser information that become known to it as a result of the business relationship as business secrets, not to make them accessible to third parties and to protect them from such access. This duty to preserve confidentiality shall not apply if the items of information have become publicly known or were already known to the supplier at the time of entering into the contract without any breach of contract on the part caused by the supplier.

(3) Contract partners may only mention their business relationship with the purchaser in advertising with the latter's prior consent.

8. Force majeure, instructions, liability, product liability, infringements of industrial property rights

(1) Cases of force majeure such as civil disturbance, war and other wholly unforeseeable, unavoidable and extraordinary occurrences release the contractual partners for the duration of the interruption and to the extent of its effect on the partner's duties to perform. Within the limits of what is reasonable, the contractual partners are obliged to provide the information necessary immediately and to adjust their obligations to the changed circumstances in good faith.

(2) Persons who are subject to the supplier's right to issue instructions and who carry out work in

fulfilment of the contract on the premises of the purchaser or its customers must heed the provisions of the factory regulations concerned.

(3) The supplier is liable in accordance with the provisions of the law.

(4) Insofar as the supplier is responsible for any product liability damage it is obliged to reimburse the purchaser for the losses arising from that and/or indemnify it from third party claims for compensation in damages in this respect. The supplier's duty to indemnify refers to all expenditure that necessarily accumulates for the purchaser from or in connection with third party recourse to the latter.

(5) Within the scope of its above-mentioned liability for loss, the supplier is also obliged to reimburse any items of expenditure pursuant to §§ 683, 670 or §§ 830, 840, 426 of the German Civil Code (BGB) that result from or in connection with a recall campaign conducted by the purchaser. The purchaser shall – insofar as possible and reasonable for it to do so – inform the supplier of the content and extent of the recall measures to be undertaken and give it an opportunity to comment thereon.

(6) The supplier is obliged to insure itself against the risks associated with its product liability for the goods it delivers to an appropriate extent and, if requested, to provide the purchaser with evidence of the insurance cover in an appropriate form.

(7) If the supplier is responsible for an infringement of industrial property rights or applications of industrial property rights protection of third parties caused by a contractual usage of the goods or services, the supplier is therefore liable and shall indemnify the purchaser against all third party claims arising from the infringement of such third party rights.

(8) The contractual partners are obliged to inform each other immediately and reciprocally after the risks of infringement have become known and inform each other of any supposed infringements of industrial property rights.

9. Assignment, execution of works, additional of material, spare parts

(1) The purchaser's prior consent is required for assignment of the rights and claims resulting from the order. Exceptions to this are claims regarding money according to § 354a of the German Commercial Code (HGB).

(2) Additional of material (*Materialbeistellung*) remain the purchaser's property and shall be separately stored, marked and administered at no cost with the care that the supplier usually applies to its own business affairs. They may only be used to fulfil orders placed by the purchaser.

(3) The supplier undertakes the processing or conversion of the addition of material for the purchaser. If retained goods are processed with other goods not belonging to the purchaser, the purchaser acquires co-ownership of the new item(s) in the ratio that the value of the purchaser's goods to the value of the items being processed at the time of the processing.

(4) The supplier commits itself to hold available spare parts for an appropriate period of time that corresponds to the normal working life of the products which have been delivered. The commitment to hold spare parts shall be for at least 10 years from the delivery of the last product.

(5) If a supplier intends to discontinue the production of spare parts for the products delivered to the purchaser, he shall immediately notify the purchaser thereof.

10. General provisions

(1) Invalidity of individual provisions of these general conditions of purchase shall not affect the validity of the other provisions.

(2) Amendments and supplements to these general purchasing conditions should be made in writing. Any oral agreement requires text form (§ 126b German Civil Code (BGB)).

(3) The law of the Republic of Germany applies to the entirety of the business relationships between the contractual parties; if the supplier's registered office is outside the Republic of Germany this shall apply to the exclusions of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

(4) If the supplier is a business man within the meaning of the German Commercial Code (HGB), legal person of public law or a public special fund, the exclusive jurisdiction – also international – is for all disputes arising from the contractual relationship the purchaser's registered office in 73433 Aalen Germany. The purchaser is, however, in all cases also entitled to bring an action at the place of fulfillment of the delivery obligation pursuant to these general conditions of purchase or a priority individual agreement or at the general jurisdiction of the supplier. Prior statutory provisions, in particular with regard to exclusive competencies, shall remain unaffected.