

**General Terms and Conditions of Purchase for the
Alfing-Group
for goods and services**

§ 1

General – Sphere of application

1. Only our general terms and conditions of purchase shall apply. Terms and conditions of the Seller or Businessman (hereinafter known as "Supplier") differing from our terms and conditions shall not apply unless we have specifically agreed to them in writing. We shall not recognise terms and conditions differing from our own even in those cases in which we accept goods or services ("Deliveries") without reservation from a supplier, aware that his terms and conditions of business differ from, or are contrary to, our own terms and conditions.
2. Our general terms and conditions of business shall also apply for all future business transactions with the Supplier. It shall be the version of our terms and conditions in force when the contract is signed which shall apply.
3. Side agreements or order amendments made after the contract has been signed shall only be binding on us if we have confirmed them in writing.

§ 2

Orders

1. The Supplier is obliged to confirm our respective order straight away. If we have not received any confirmation within one week from placing an order, we shall be entitled to withdraw our order.
2. The Supplier shall have to carry out orders placed with him himself unless we have agreed that he may appoint sub-contractors.

§ 3

Deliveries

1. The Supplier shall deliver to our works carriage-free. The destination railway station for deliveries by railway wagon and smalls is Aalen – Anschlußgleis (siding), and for express deliveries Aalen-Wasseralfingen. The Supplier shall have to use the most suitable packing materials for the goods to be delivered taking into consideration the relevant regulations and guidelines.
2. The delivery period and / or delivery date stated in the order is binding. It refers to the date the goods are received at the delivery address stated in the order. Delivery periods shall run from the date of the order. The Supplier shall not be entitled to deliver part-consignments unless an agreement has been made to the contrary by way of exception. We shall not be obliged to take delivery of goods prior to the delivery date.
3. Title to the goods shall pass over to us at the point in time at which the goods are handed over to us. The Supplier shall not be entitled to retention of title.
4. If – regardless of whatever reason – delays in delivery are to be expected, the Supplier shall have to notify us of this straight away as soon as he realises that there will be a delay. Our rights in the event of a delay in delivery shall not be affected by this arrangement.
5. A delivery note showing our order numbers and order references is to be attached to every consignment. Provided that it has not been included in the price by way of exception, packaging is to be credited to us in full with free return delivery.
6. The Supplier shall undertake to pack the goods in packing material which will not have to be disposed of as hazardous waste.
7. The products supplied must comply with the applicable governmental regulations.

§ 4**Prices – Terms of payment – Prohibition of assignment**

1. The price agreed between us and the Supplier is a fixed price including the costs of free delivery to our works, packing, insurance as well, if necessary, as any customs duty or other duties which may have to be paid.
1. A separate invoice is to be raised for each delivery. Invoices must include our order numbers and order references. Payment shall either be made within 14 days from the receipt of invoice and goods with a 3% discount allowed for prompt payment or 30 days net.
3. The accounts against us to which the Supplier is entitled cannot be assigned.

§ 5**Warranty – Notification of defects**

1. The delivered goods shall be inspected by us within a reasonable period of time for discrepancies in terms of quality and quantity. Defects identified in the course of a proper inspection may be notified by us within 10 working days from the receipt of the goods. Concealed defects which cannot be identified in the course of a proper inspection by goods inward may be notified within 10 days from discovery.
2. The warranty period is 24 months from start-up by our customer, up to a maximum of 30 months from delivery.
3. The Supplier shall furnish a full warranty that the goods delivered by him are not defective. If individual random checks of a consignment are defective, we may return the entire consignment.
4. If we withdraw from the contract on account of a defect in the purchased thing, the Seller shall consequently have to make good the contract costs to us even in those cases in which he is not responsible for the defect.

§ 6**Product liability**

1. The Supplier is obliged to exempt us from third party claims raised on the basis of product liability if, and to the extent that, he is responsible for the product defects and damage that has occurred in accordance with the principles of product liability law. Other legal claims over and above this shall not be affected.
2. As part of this duty the Supplier shall also be obliged to reimburse us for any expenses we may incur as a result of, or in connection with, a product recall campaign mounted by us. We shall notify the Supplier of the scale and content of the recall measures to be carried out – provided that this is possible and reasonable – and afford him the opportunity to make a statement in response. Section 1 Sentence 2 above shall apply accordingly.

§ 7

Order documents – Maintenance of secrecy

1. We shall retain the title and copyrights to all drawings, models, samples and other documents with which we have provided the Supplier. The named documents are only to be used for production based on our order. Once the contract has ended they are to be returned to us without us having to request their return.
2. The Supplier is obliged to keep all drawings, models, samples and other documents received from us strictly secret. The obligation to maintain secrecy shall also apply once the order has been carried out. The obligation to maintain secrecy shall not apply for knowledge in the public domain not attributable to a breach of contract by the Supplier.

§ 8

Audits

1. The Supplier shall make it possible for us at reasonable intervals to satisfy ourselves that he has carried out appropriate quality control measures within his business. To this end the Supplier shall grant us access to his business premises after prior agreement of a date and time on a reasonable scale and make available a professionally qualified member of his staff to provide us with assistance. Our staff conducting the inspections shall be under an obligation to maintain silence towards third parties.
2. In the course of carrying out an inspection in accordance with Section 1 above in the Supplier's goods inward store, current production and goods outward store, we shall be entitled to take samples for inspection.

3. If two successive consignments from the Supplier contain products of a quality which is not perfect, we may conduct inspections in accordance with Sections 1 and 2 above promptly during business hours without prior notice.
4. In addition to a statement about the obligation to mark them, when chemicals and working materials are delivered, notification must be attached as to whether particular protective measures are required as a result of official regulations or experience acquired for transportation, storage or processing to prevent personal injury, fire or explosion.
5. The examination of production processes which have to be kept secret and other operational secrets may be refused.

§ 9

Third party rights

1. The Supplier vouches that no third party rights will be breached in connection with his delivery.
2. If a claim is made against us by a third party on account of his rights having been breached, the Supplier shall consequently be obliged to exempt us from these claims. The obligation to exempt us shall apply to all expenditure accruing to us by necessity in connection with a claim being asserted against us by a third party.

§ 10

The Supplier's compensation claims for damages

1. Compensation claims for damages may not be asserted by the Supplier against us on the basis of ordinary negligence regardless of whatever reason on which they are based. This exclusion of liability shall not apply for compensation claims for damages attributable to a breach of important contractual obligations by us. In addition to this, it shall not apply for claims under warranty, and claims based on loss of life, personal injury or physical harm or for claims asserted under the (German) Product Liability Act.
2. In cases of breaches of important contractual obligations caused by ordinary negligence, compensation for damages shall be limited to making good the damage typical and fore-

seeable when this contract was signed. The same shall apply for gross negligence committed by ordinary assistants.

3. In so far as our liability is excluded or limited, this shall also apply for the personal liability of our salaried staff, workers, employees, representatives and assistants.

§ 11

Force majeure

1. If we are prevented as a result of force majeure from fulfilling our contractual duties, in particular from taking delivery of our goods, we shall consequently be exempted from our obligation of performance for the period in which we are prevented from rendering fulfilment plus a reasonable start-up period, without having to pay the Supplier compensation for damages. Unforeseeable circumstances and circumstances for which we are not to blame which make it unreasonably difficult or impossible to take delivery of goods for a temporary period shall be regarded as being the same as force majeure. Examples of this are labour disputes, official measures, power shortages, and significant operational disruptions such as the destruction of the entire works or important departments.
2. If these impediments last for more than 4 months, we shall be entitled to withdraw from the contract if we no longer have an interest in fulfilling the contract as a result of the impediment. At the Supplier's request we shall state once the period has expired whether we shall withdraw from the contract or fulfil our performance obligations within a reasonable period of time.

§ 12

Offsetting rights and rights of retention

The Supplier shall only be authorised to offset and assert rights of retention if his counter claims are either uncontested or have been declared final and absolute in a court of law. The assertion of a right of retention also presupposes that the Supplier's claims are based on the same contractual relationship.

§ 13

Place of fulfilment – Place of jurisdiction - Applicable law

1. The place of fulfilment is Aalen-Wasseralfing. The place of jurisdiction for all disputes arising from the contracts entered into between us and the Supplier including legal action based on drafts and cheques shall be the court having jurisdiction for the principal place of business of our company. We are however entitled to also take legal action against the Supplier at the courts having jurisdiction for his principal place of business.
2. All legal relationships shall be governed by German law alone. The UN law on sales shall not apply.