

Purchase Terms and Conditions
Current as of 1st August 2019

For our purchase orders and transactions with companies, only the following Purchase Terms and Conditions shall be valid. Different Sales Terms and Conditions of the Supplier shall only be deemed to have been accepted, if they are confirmed by us in writing in addition to our Purchase Terms and Conditions. They are not binding for us without acceptance even if not expressly contradicted. The same applies, if we accept ordered goods wholly or in part or make payments. With first delivery based on the present Purchase Terms and Conditions, the Supplier agrees to these Purchase Terms and Conditions exclusively in a legally binding manner also for all other delivery relationships.

1. Purchase Orders

- 1.1. Purchase orders and their modifications shall only be valid, when they are placed or confirmed by us in written form, and are signed by two authorised representatives, unless the purchase order is placed via our electronic ordering system. Oral agreements are only valid, if they are confirmed in writing.
- 1.2. Supplier must confirm the purchase order/modification within two days in writing. If, within 5 workdays - calculated from receipt of the purchase order/modification - no proper confirmation is received by us, we are entitled to revoke the purchase order without giving rise to any claims by Supplier.
- 1.3. We are entitled any time to request modifications regarding design, deliveries and delivery time, if purchase orders are not yet fully complied with.
- 1.4. Our purchase order and item number must be indicated in all correspondence concerning the respective purchase order/modification.
- 1.5. Subcontracts shall be granted by Supplier only with our approval.
- 1.6. If Supplier discontinues its payments or if insolvency proceedings are instituted against its assets or if Supplier asks its creditors for an out-of-court settlement, we are entitled, without prejudice to any other rights, to withdraw from contract in the case of an out-of-court settlement after setting a reasonable period for performance.

2. Minimum Quantity Surcharge

Minimum quantity surcharges are only binding after written agreement.

3. Delivery and Acceptance

- 3.1 The delivery must correspond to the purchase order and/or our delivery programme with respect to execution, scope and scheduling, and must be executed in a timely manner.
- 3.2 Agreed delivery dates are binding. If they are not complied with for reasons for which Supplier is responsible, we shall be entitled to assert legal claims due to default. Moreover, Supplier is obliged to hand over the manufacturing means especially required for the outstanding delivery at our request, and, unless they are not our property, to transfer title to us for such manufacturing means against payment of the current value. Otherwise, the statutory provisions shall apply.

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- 3.3 In the event that Supplier has reasons to believe that the delivery wholly or in part will not be performed in time, it must promptly inform us by indicating the reasons, the probable duration of the delay, and the countermeasures introduced by it. The obligation of Supplier to reimburse damages caused by delay remains unaffected.
- 3.4 Supplier shall be liable for damages caused by delay according to statutory provisions. Without proof, we shall be entitled to charge 0.1 % per workday, 5 % maximum of the agreed upon net purchase price of the delayed part of the delivery. Proof by Supplier that no damage or a lesser damage has occurred or proof by us that a higher damage has occurred is admissible.
- 3.5 Supplier must comply with the provisions of the respective carrier, freight forwarder and/or forwarding agent. Supplier shall be liable for damages due to defective packaging. Unless any special agreement has been made, Supplier shall bear the packaging cost, carriage and warehouse charges as well as all other costs related to shipping. This applies also to additional cost incurred for a necessary accelerated transportation due to circumstances for which Supplier is responsible.
- 3.6 Return of empties and packaging material, unless disposable packaging is used, is made freight collect at the expense of Supplier, if no special agreement has been made.
- 3.7 Delivery is made free domicile (DDP according to Incoterms 2010), unless otherwise specified. The risk of damage to the goods is passed to us, when delivery has been duly handed over and accepted at the place of performance. Supplier shall be liable for damages on the goods, which are caused due to defective packaging, also after passing of risk.
- 3.8 The number of pieces, dimensions, weights and quality features determined in our incoming goods inspection are authoritative. The objection of late notice of defects as well as of unconditional acceptance is excluded. We are not obliged to accept partial or excess deliveries that were not agreed. Special orders for piece goods and bulk stock must only be supplied in the quantities agreed upon in the purchase order. We are entitled to return deliveries, which are made prior to the agreed upon date at Supplier's own risk and expenses or to charge storage cost.
- 3.9 Natural catastrophes, unrest, administrative measures, transport interruptions, labour disputes and other interruptions in our operation or that of our subcontractors, resulting in a termination or restriction of our production or prevent us from collecting the goods ordered, release us of our obligation to accept the goods for the duration and in the scope of the effects, if we cannot prevent this interruption, or if its prevention is not possible with reasonable means.

4. RoHS and REACH Conformity as well as Conflict Materials

- 4.1 Unless otherwise agreed upon, we accept exclusively delivery of goods having RoHS and REACH conformity and which are free of conflict materials. If items ordered by us, do not have RoHS and REACH conformity and are not free of conflict materials, Supplier must promptly advise after receipt of the purchase order so that we can decide as to whether the purchase order shall be cancelled.

5. Environmental Requirements

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Environmental planning and production

In planning and production of the items, the following aspects have to be observed by taking into account the current State of the Art. These must be properly documented, among others energy balance, input/output

1. regarding production:

- 1 avoidance of environmentally hazardous substances in the production process
- 2 minimum requirements with regard to processing aids (plasticizers, solvents etc.)
- 3 selection of environmentally beneficial production methods
- 4 compliance with applicable environmental legislation and standards
- 5 use of environmentally compatible energy carriers
- 6 least possible energetic emissions (noise, waste heat etc.)
- 7 least possible energy consumption (power, gas, oil, compressed air, cooling agents etc.)
- 8 least possible need of consumables (water, oils, solvents, wearing parts etc.)
- 9 economy circuits for energy, consumables and additives consumption
- 10 cycle utilisation of consumables (cooling water, lubricants etc.)
- 11 use of heat exchangers in cooling of media
- 12 operability with alternative raw materials; no substances harmful to the environment (dioxins, CFC etc.)
- 13 little waste (hazardous waste, residual waste, waste water etc.)

2. regarding disposal at the end of useful life:

- 14 material identifications in accordance with DIN standards for simple disposal
- 15 design with environmentally beneficial and easily disposable materials (alternative raw materials); materials, which are not environmentally compatible, could cause drastically increased disposal cost at the end of useful life.

Environmental design and selection of packagings

Generally, packagings must comply with the following requirements (extract from VDI 4409):

- 16 In the case of weights above 30 kgs, transportability with forklift
- 17 protection of the items against environmental influence (humidity, impact etc.)
- 18 information carriers for content, transport and warning signs
- 19 information carriers for identification of packaging materials

The following aspects regarding selection of packaging materials must be complied with:

- 20 Reduction (of volume and weight) of packaging to the minimum amount necessary
- 21 Use of recoverable packagings or recyclates
- 22 Use of reusable systems

Identification of packaging materials and packaging means

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Identification of packaging materials and packaging means serves for their recovery and has the following objectives (extract from DIN 6120):

- 23 the icon "Recycling, general" serves as an orientation aid for the user of packaging materials and packaging means;
- 24 the number codes provide an orientation for those who are commercially engaged in sorting and recycling;
- 25 a voluntary additional "identification in plain text" by means of standardised letter symbols is an additional orientation aid;

The standard contains additional designations for packaging materials made of plastic. In connection with the icon, a best possible material-specific identification shall be achieved. The first number of the additional designation identifies the type of packaging material, 0 (zero) for plastic materials. For differentiation of the type of plastic material, a second number must be attached, because these recyclable materials comprise different properties regarding their recovery. The additional designation is located in the centre of the icon.

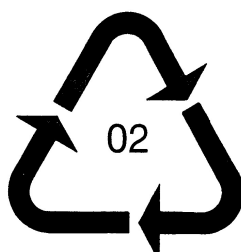
Additional designation	01	02	03	04	05	06	07
Type of plastic material	PET	PE-HD	PVC	PE-LD	PP	PS	0 (=others)

Type of plastic material: letter symbol according to DIN 7728-1

The additional designation shall be added in addition by the identification for the type of plastic material (according to DIN 7728-1). Only where justified, use of this identification can be waived. In these cases, the icons are used without the letter symbols for the type of plastic material, for example, in the case of the additional designation 07 (others).



PE-HD



PE-HD

icon "Recycling, general" / simplified icon

The icons ("Recycling, general" and simplified icon) and the additional designation for the type of packaging material are allowed to be applied on packaging materials and packaging means by all techniques usual in the packaging field.

6. Quality

- 6.1 Supplier warrants that the goods ordered comply with statutory requirements and the quality assumed under the agreement.
- 6.2 Supplier shall carry out a quality inspection suitable in nature and scope according to the most recent state of science and technology.
- 6.3 If initial and/or outturn samples are requested by us, Supplier is permitted to start series production only after having received our written approval.
- 6.4 Supplier must provide quality of the products to be delivered to us constantly in line with the most recent State of the Art, and it must indicate possible improvements as well as technical or normative changes to us. Any modifications of special items must only be made with our approval.

7. Prices, Payment and Transfer of Ownership

- 7.1 The prices specified in the purchase order free our works are valid.
- 7.2 Payment is made after receipt of the goods in conformity with the contract including proper shipping documents, requested works test certificate and receipt of proper and verifiable invoice, unless any special agreement has been made. Payment of the invoices is made after 30 days (receipt of invoice) with 3 % discount or within 60 days (receipt of invoice) without deduction.
- 7.3 If an advance payment has been made by us or material for processing has been supplied, the ownership of the goods ordered is transferred to us with the beginning of their production. Delivery will be replaced by the agreement that the goods up to the agreed delivery date remain in the possession of Supplier for processing, and are held in safe custody for us.

8. Warranty and Liability

- 8.1 In the event of defective delivery, the statutory provisions apply, unless otherwise specified below.
- 8.2 For replacement deliveries and rework, Supplier shall be liable to the same extent as for the original delivery item. The warranty obligation begins again for replacement deliveries.
- 8.3 The goods rejected are collected by Supplier at own account and risk, regardless of the location of the rejected item.
- 8.4 In the case of repeated defective delivery, we are entitled, after prior warning, to the assertion of damage suffered, and, for the part of the delivery contract not performed, to withdrawal, in the case of successive delivery contracts to immediate termination, wherein tool cost paid by us and which have not been amortized, have to be reimbursed.

9. Minimum Wage Law

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- 9.1 With confirmation of our purchase order by sending the order confirmation, Supplier assures that it pays the statutory minimum wage to its employees. Supplier is also obliged to make sure that subcontractors commissioned by it pay the statutory minimum wage to their employees. In the case of non-compliance with said statutory provision and resulting payments to the employees of Supplier by us due to liability as a guarantor regardless of fault, we will request reimbursement of the cost incurred by us from Supplier.

10. Third Party Protective Rights

- 10.1 Supplier shall be liable for the fact that use of the goods delivered by it will neither directly nor indirectly infringe protective rights within the country or abroad or other rights, which do not enjoy special protection, and indemnifies us and our customers from all resulting claims. Moreover, Supplier shall be liable for any damage incurred by us from its infringement of such rights.
- 10.2 If Supplier discovers in connection with production that protective rights or applications for such rights may be infringed as a result, Supplier must promptly inform us unsolicited.

11. Production Means

- 11.1 Production means such as drawings, models, samples, tools, gauges and the like, which are provided to Supplier by us or are produced by Supplier in accordance with our specifications, must not be sold, pledged or passed on to third parties nor used for third parties in any manner without our written approval.
- 11.2 Insofar as we pay to Supplier wholly or mainly production material or production means, Supplier transfers ownership to us. Transfer is replaced by a lease agreement on the basis of which Supplier is entitled to possession of the production means or the production material until further notice by us. Processing of substances and assembly of parts is done for us. It is understood that we are co-owner of the products produced by using our substances and parts in proportion of the value of the production material provided to the value of the product as a whole which products are stored by Supplier for us. Supplier is not entitled to a right of retention of the production means owned by us.

12. Place of Performance, Place of Jurisdiction, Applicable Law

- 12.1 For all disputes resulting indirectly or directly from the contractual relationship, the registered offices of Lapp Systems GmbH shall be sole place of performance and place of jurisdiction insofar as the Purchaser is a merchant, a legal entity under public law or a special fund under public law or Supplier has no own place of general jurisdiction within the country. We are, however, entitled to put forward claims against Supplier also at its place of general jurisdiction
- 12.2 German law shall exclusively be applicable to the exclusion of the uniform regulations of the United Nations Convention on the International Sale of Goods (CISG).