

1. General, scope of validity

(1) All deliveries, services and offers from our suppliers shall exclusively be made and provided on the basis of these General Terms of Purchase. They shall become an integral part of all contracts concluded by the supplier in its capacity as contractor with Basler AG or its affiliates as the client about the deliveries or services offered by the former. They shall also apply to all future deliveries, services or offers made or provided to the client, even if they are not agreed again separately.

(2) Business conditions of our contractors or third parties shall not be applicable, even if the client does not explicitly object to their validity in individual cases. Even when referring to a document of the contractor or a third party containing, or making reference to, their business conditions, the client shall not be deemed to have implicitly acknowledged such business conditions.

(3) The contractor's business conditions shall only become an integral part of the contract, if, and to the extent, the client has accepted them in writing. This approval requirement shall be effective in any case, even if the client, knowing the contractor's business conditions, accepts his deliveries without reservation.

(4) Individual arrangements with the client (including collateral agreements, additions and amendments) shall, in any case, take precedence over these General Terms of Purchase. The content of such agreements shall only become effective on the basis of a written contract or our written confirmation.

(5) Legally binding declarations and notifications made by the contractor to the client (concerning time limits, reminders, withdrawals etc.) shall require the written form, in order to take effect.

(6) Any references to the validity of statutory regulations shall merely serve the purpose of clarification. The statutory regulations shall also be applicable without such clarification, unless they have been directly modified or explicitly excluded in these General Terms of Purchase.

2. Purchase and other orders

(1) Offers shall be submitted free of charge. The contractor's offer shall comply with the requirements contained in the inquiry. Should the contractor, in response to a technical inquiry, be able to offer a technically or economically more favorable solution, he shall offer it to the client additionally.

(2) The client's purchase orders shall only be binding, if they have been transmitted, or confirmed, in writing, text form (e-mail, fax) or via Electronic Data Interchange (EDI). The contractor shall point out obvious mistakes (such as clerical or calculation errors) and instances of incompleteness on purchase orders and other order documents before accepting the order, as otherwise the contract is deemed to have not been concluded.

(3) The contractor shall confirm the client's purchase order within 5 days, either in writing or via EDI, by quoting the client's order number, the material number, the price and the delivery period, or, alternatively, execute the order by dispatching the goods without reservations (acceptance).

(4) A delayed acceptance shall be construed as a new offer that requires the client's acceptance.

3. Delivery period, delayed delivery

(1) The delivery period set in the client's purchase order shall be binding. If a delivery period has neither been stated in the purchase order nor agreed in any other form, it shall be 2 weeks from the date of concluding the contract. The contractor shall immediately inform the client in writing, if he expects that a deadline thus agreed for a delivery cannot be met for whatever reasons.

(2) A delivery can only be executed more than 2 days before the agreed delivery date with the client's prior approval.

(3) If the contractor does not render his service at all or not within the agreed delivery period, or if he is in default, the client's rights – especially those concerning a withdrawal from contract and damages – shall be those determined in the statutory regulations. The provisions in sub-section 1 hereof shall not be affected.

(4) If the contractor is in default, the client can demand a contract penalty (liquidated damages) amounting to 1 % of the net price for each complete calendar week, but not more than 5 % of the net price charged for the delayed goods. The client shall be entitled to demand the contract penalty in addition to the contract performance and as a minimum amount of damages owed by contractor in accordance with the statutory regulations; the assertion of further damages shall hereby not be affected. If the client accepts the delayed service, the contract penalty shall be claimed together with the final payment at the latest, in the case of permanent or general contracts it shall become due at the end of the relevant year of delivery.

4. Service, delivery, passing of risk, delayed acceptance

(1) The contractor shall not be entitled without the client's prior written approval to involve any third parties (such as sub-contractors) in providing his services. The contractor shall bear the procurement risk for his services, unless something else has been agreed in individual cases (such as the sale of goods in stock).

(2) Deliveries within Germany shall be made „ex works“ (Incoterms 2010), unless expressly agreed otherwise.

(3) The delivery shall be accompanied by a delivery note, with the date (issue and dispatch), content of the delivery (article numbers and number of items) as well as the client's order reference (date and number) being stated. If the delivery note is missing or incomplete, the client cannot be held liable for any resultant delays when processing and paying the goods. The relevant dispatch note with the same details shall be sent to the client under different cover.

(4) The risk of accidental loss and deterioration of the goods shall pass to the client, when the goods are handed over at the place of performance. If an acceptance procedure has been agreed, it shall be decisive for the passing of risk. As for the rest, the statutory regulations of the law concerning works and services shall be applicable accordingly. A delay of the handover or of the acceptance on the part of the client shall have the same effect.

(5) In the event of a delayed acceptance on the client's part, the statutory regulations shall apply. However, the contractor shall explicitly offer the client his services even in cases, when a certain or definable period of the year has been agreed for an activity or for the support required by the client (e.g. the provision of material). If the client delays the acceptance, the contractor can demand compensation for the extra input in accordance with the statutory regulations (Article 304 of the [German] Civil Code [BGB]). If the contract covers an item to be manufactured solely by the contractor (a custom-made item), the contractor shall have further rights only, if the client is contractually required to cooperate and he fails to do so.

5. Price, terms of payment, invoice

(1) The price stated in the purchase order shall be binding. The prices are quoted including legal value added tax, if it is not declared separately. Unless anything else has been agreed in individual cases, the price shall include all services and ancillary services to be rendered by the contractor (e.g. assembly, installation) as well as all incidental costs (e.g. the proper packaging & shipping costs including the transport and third-party insurance, where applicable). The contractor shall accept the returned packaging material at the client's request.

(2) The contracted price shall be due for payment within 30 calendar days after complete delivery and performance of the full service (including the acceptance, if agreed) and after being properly invoiced accordingly. A payment by bank transfer shall be deemed to have been made on time, if the client's transfer order has been received by the client's bank before the payment period has expired; the client cannot be held liable for any delays of the banks involved in the payment procedure. Bank charges of the receiving bank shall be borne by the contractor.

(3) The order of the items and prices listed on the invoice shall correspond to that of the items and prices of the respective order number and their item numbers. Goods shall only be invoiced after the delivery is complete.

(4) The client reserves the right to return invoice unprocessed which do not conform to the client's requirements, especially with regard to the order data or the sales tax regulations. In such cases, the invoice shall be deemed not to have been issued.

(5) When invoicing work or assembly services, time sheets confirmed by the client shall be enclosed.

(6) The payment period of an invoice commences, as soon as the delivery or service has been completely accepted by the client and a proper invoice has been received in this respect.

(7) The client shall not owe any interest after due date. The default interest shall amount to 5 percentage point p.a. above the basic interest rate. The occurrence of a delay on the client's part shall be determined by the statutory regulations, which requires a written reminder from the contractor in any case.

(8) The client shall be entitled to the right of set-off and the right of retention as well as to the plea of non-performance within the scope of the law. The client shall especially be entitled to retain any payment due, as long as the client still has claims against the contractor arising from incomplete or faulty services.

(9) The contractor shall only have the right of set-off and the right of retention, if his counterclaims are undisputed or have been established in court.

6. Secrecy, reservation of title

(1) The contractor must not make reference to the existing business relation towards third parties without having obtained the client's prior written approval.

(2) The client shall retain the ownership in, and the copyright of, all and any illustrations, plans, drawings, calculations, product descriptions and other documents. Such kind of documents shall be exclusively used for the contracted services and be returned to the client after the contract has been performed. These documents shall be kept secret towards third parties, also after the contract has been performed. This duty to secrecy shall cease to apply only, after the knowledge contained in the documents left with contractor has become part of the public domain.

(3) The above provision shall apply accordingly to substances and materials (e.g. software, finished and semi-finished products) as well as to tools, models, patterns/samples and other items provided by the client for the contractor's production. Such items shall be kept and stored separately at the contractor's expense, unless they are processed, and be insured against loss and destruction to such an extent that they are reasonably covered.

(4) The items provided by the client shall be processed, mixed or bonded (re-processed) by the contractor on the client's behalf. The same shall apply to the re-processing of the goods delivered by the client, so that the latter is deemed to be the manufacturer and has, in accordance with the statutory regulations, acquired the ownership in the products thus generated during their re-processing at the latest.

(5) If, in exceptional cases, the client accepts an offer of the contractor to transfer the ownership in an item to the latter in consideration for the purchase price, the contractor's reservation of title shall cease, as soon as the purchase price for the goods delivered has been paid. The client shall be authorized to re-sell the goods in the course of proper business even before the purchase price has been paid, provided the claim thus arising is assigned in advance (alternatively, the simple reservation of title or it being extended to the re-sale of goods may take effect). This shall exclude any other form of a reservation of title, especially the extended and transferred reservation of title and the one covering the re-processing of goods.

7. Tools

(1) Tools, implements and models provided to the contractor by the client or manufactured for contractual purposes and charged separately to the client shall remain the client's property or pass into the latter's property. The contractor shall mark these items as the client's property, keep them carefully, protect them against damage of any kind and use them exclusively for the purposes of this contract.

(2) The upkeep and repair costs for these items shall be borne by the contractor during the time of using them. Should alternative arrangements have been agreed, the contractor shall still bear the upkeep and repair costs in particular, if and to the extent these costs have been incurred by defects affecting the items manufactured by the contractor, or by their improper use on the part of the contractor, his employees or other vicarious agents. The contractor shall immediately inform the client about any damage to these

items. The contractor shall return these items to the client in proper conditions, if requested to do so, when they are no longer be required for the performance of the contract the client and the contractor have concluded.

8. Faulty delivery

(1) Unless anything else has been stipulated below, the statutory regulations shall apply to the client's rights with regard to material and legal defects in the goods (including incorrect and short deliveries, improper assembly and installation as well as insufficient assembly and operating instructions) and with regard to other violations of the contractor's duties.

(2) According to the statutory regulations, the contractor shall especially be liable that the goods are in the contracted conditions, when the risk passes to the client. The conditions referred to in the product descriptions, especially those referred to by their designation in the client's purchase order, that become subject of the relevant contract or that are included in the contract in the same way as these Terms and Conditions of Purchase shall be deemed to have been agreed, irrespective of, whether the product description originates from the client, from the contractor or from the manufacturer.

(3) Deviating from Article 442, sub-section 1, sentence 2, BGB, the client shall also be entitled to assert claims arising from defects without any limitations, if the client has not identified the defect due to gross negligence at the time of concluding the contract.

(4) The statutory regulations (Articles 377 & 381 of the [German] Commercial Code [HGB]), including the following requirement, shall apply to the commercial duty to examine goods and to give notice of defects: The client's duty to examine the goods shall be restricted to defects that become obvious during the client's visual inspection of the incoming goods including the delivery documents and during the client's random quality inspection (e.g. shipping damage, incorrect and short deliveries). If an acceptance has been agreed, there shall be no obligation to inspect the goods. As for the rest, it depends to what extent an inspection of the goods is expedient in the normal course of business in individual cases.

(5) This shall not affect the client's duty to give notice of defects, when such defects are identified later. The client's notice of defects shall be deemed to have been submitted in time, if the contractor receives it within ten working days after the delivery.

(6) The cost of inspecting and reworking the goods (including any disassembly and re-installation costs, if any) shall be borne by the contractor, even if it turns out subsequently that there has been no defect at all. This shall not affect the client's liability for damages in cases of unjustified claims for remedying defects; however, the client shall only be liable in this respect, if he has recognized, or negligently not recognized, that there has been no defect at all.

(7) If the contractor does not perform his duty of supplementary performance – at the client's discretion either by remedying the defect (reworking) or by supplying goods free from defects (replacement delivery) – within a reasonable grace period set by the client, the latter shall be entitled to remedy the defect himself and demand from the contractor either the compensation of the cost incurred or a reasonable advance. If the contractor's supplementary performance has failed or if it proves unreasonable for the client (for reasons of urgency,

because of a risk to the operational safety or due to the imminent occurrence of unreasonable damage), a grace period need not be set; the client shall inform the contractor about such circumstances without undue delay, if possible in advance.

(8) As for the rest, the client shall be entitled to a reduction of the purchase price or to withdraw from the contract in accordance with the statutory regulations, if the goods are found to be materially or legally defective. Apart from that, the client can also claim damages and a reimbursement of the expenses in accordance with the statutory regulations.

9. Protective rights

(1) The contractor shall assure in connection with his deliveries that he does not violate any third-party protective rights in countries of the European Union, in North America or in other countries, where the contractor manufactures his products, or has them manufactured.

(2) The contractor shall indemnify the client from all and any claims brought by third parties against the client on the ground of having violated commercial protective rights, as referred to in sub-section (1) hereof, and compensate the client for all and any necessary expenses incurred in connection with such demands. This claim shall exist irrespective of, whether the contractor is guilty or not.

10. Spare parts

(1) The contractor shall keep and supply spare parts for the products delivered to the client for a minimum of 10 years after the delivery.

(2) Should the contractor intend to discontinue the production of spare parts for the products delivered to the client, he shall inform the client accordingly immediately after this decision has been taken. Subject to sub-section 1 above, this decision must have been taken at least 12 months before discontinuing the production.

11. Manufacturer's liability

(1) If the contractor is responsible for any damage to the product, he shall indemnify the client from any third-party claims to such an extent, as long as the cause for the damage can be found in his own domain and organization and the contractor is liable himself in relation to third parties.

(2) As part of his indemnity obligation the contractor shall reimburse the client pursuant to Articles 683, 670 BGB for any expenses incurred by the services of a third party, or in connection with it, including any recall campaigns of the client. The client shall inform the contractor about the content and scope of the recall campaign to the extent possible and reasonable and grant him the opportunity to comment on it. Any further statutory claims shall not be affected.

(3) The contractor shall take out and maintain a product liability insurance with a minimum lump-sum coverage of 5 million EUR per each insured event (personal injury/property damage).

12. Quality

(1) The contractor shall implement and maintain a state-of-the-art quality assurance system. The contractor shall generate and keep records especially for quality tests and make them available at the client's request. The contractor hereby grants his consent that the client and/or his customers can carry out quality capability assessments.

(2) If quality capability assessments are agreed, the contractor shall notify his readiness for the test at least one week in advance and schedule the test date jointly with the client. Both contractor and client shall bear their own costs respectively.

If the test object is not ready for the test on the scheduled date, the contractor shall bear all costs incurred alone. If quality defects necessitate further or repeated tests, the contractor shall bear the costs for the repeat test(s). These tests shall not affect the contractor's contractual duty to deliver goods free from defects.

13. Safety, environmental protection

(1) The deliveries and services shall conform to the statutory regulations, especially the safety and environmental protection regulations including the Hazardous Substance Directive, the (German) Electrical and Electronic Equipment Act (ElektroG) and the safety recommendations of the relevant German professional bodies or associations, such as VDE, VDI, DIN. The relevant test and other certificates shall be supplied together with the goods free of charge.

(2) The contractor shall observe the currently valid directives and laws in their latest versions that govern any restrictions applicable to the components processed. The contractor must not use any prohibited substances; Avoidance and hazardous substances according to the applicable laws and directives shall be stated on the contractor's specifications. The safety data sheets, if any, shall be attached to the offers and, in the case of a first delivery, to the delivery note (at least in German or English). The client shall be immediately informed about any instances, where such restrictions have been violated and prohibited substances have been delivered.

(3) When making deliveries and rendering services, the contractor shall be solely responsible that the accident prevention regulations are observed. The relevant protective devices and the manufacturer's accident prevention instructions, if any, shall be supplied with the goods free of charge.

14. Import and export regulations, customs

(1) When making deliveries and providing services from an EU member state outside Germany, the contractor's EU sales tax identification number shall be stated.

(2) Imported goods shall be delivered with the customs duty paid (cleared). The contractor shall, at his own expense, make all statements and provide all information that is required in accordance with Council Regulation (EC) 1207/2001, shall permit customs inspections and obtain all official confirmations required.

(3) The contractor shall brief the client in all detail and in writing about his possible duties to obtain permits for (re-) exports in accordance with the German, European and US-American export and customs regulations as well as the export and customs regulations of the county of origin of the goods and services.

15. Statutory limitation

(1) The mutual claims of the contracting parties shall become time-barred in accordance with the statutory regulations, unless anything else has been agreed below.

(2) Deviating from Article 438, sub-section 1, No. 3, BGB, the general period of limitation for claims arising from defects shall be restricted to 3 years after the risk has passed. If an acceptance has been agreed, the statutory limitation shall

commence on the date of acceptance. The 3-year period of limitation shall apply accordingly also to claims arising from legal defects, in which case the statutory period of limitation for third-party claims for the restitution of property (Article 438, sub-section 1, No. 1 BGB) shall not be affected; apart from that, claims arising from legal defects shall not become time-barred at all, as long as the third party can still assert its claims against the client – especially in the absence of statutory limitation.

(3) The periods of limitation under the purchasing law including the above extension shall be applicable – to the extent provided by the law – to all contractual claims arising from defects. Should the client be entitled to extra-contractual claims for damages because of a defect, the regular statutory limitation (Articles 195 & 199 BGB) shall be applicable, unless the periods of limitation under the purchasing law allow an extension in individual cases.

16. Assignment

The contractor shall not be entitled to assign his claims arising from this contractual relation to third parties, unless this concerns monetary claims.

17. Governing law and place of jurisdiction

(1) These General Terms of Purchase and all legal relations between the client and the contractor shall be governed by the law of the Federal Republic of Germany, with the international uniform law, especially the United Nations Convention on Contracts for the International Sale of Goods (CISG), being excluded. The prerequisites and effects of asserting a claim for the reservation of title shall be governed by the law at the relevant location of the property concerned, provided it is inadmissible or ineffective to invoke German law.

(2) As far as the contractor is a merchant in accordance with the (German) Commercial Code (HGB), a legal entity of the public law or a public-law special fund, the exclusive – also international – place of jurisdiction for all disputes arising from the contractual relation shall be the client's registered office at Ahrensburg. However, the client shall also be entitled to bring legal action at the place of performance.

(3) Should individual provisions of these General Terms of Purchase be partly or wholly ineffective, the validity of the remaining provisions hereof shall in no way be affected.

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