

General Purchasing Conditions

AS OF NOVEMBER 2015

1 Applicability of the Conditions

1.1. The following conditions have exclusive validity for all orders and/or delivery requests made by Knapheide, even if the supplier should state contrary stipulations. All possible stipulated discrepancies must be documented in writing in order to gain validity.

1.2 All wording selected by the supplier/service provider under the same or similar recitals which have the purpose of allowing their own conditions to apply, are hereby null and void. The supplier acknowledges the conditions of Knapheide no later than upon dispatch of confirmation of the order.

2 Orders

2.1 Orders are considered as issued with legal validity only in a written form (letter, fax) or electronic form (e-mail). Orders by telephone must be confirmed by one of these ways.

2.2 Should no specific date of delivery be stated in the order/request, the following applies: The determined delivery deadline begins with the day of acceptance. As such applies – independently of the date on which the confirmation of the order is received - the order/request date plus 2 business days. If a delivery date is stated in the order confirmation that deviates from the target date, this delivery date must be absolutely established beforehand, by mutual agreement with the purchaser. An indication of such a date that deviates from the agreement is to be stated in the order confirmation together with the name of the dispatch clerk with whom the deviation was agreed to.

2.3 Order confirmations must be made no later than three business days after receipt thereof; otherwise Knapheide is entitled to revoke the order at no cost.

2.4 The analogous principle applies for order amendments and additions.

2.5 In case of substantive ambiguities or lack of clarity, the supplier will contact the purchase without delay.

3 Processing

3.1 Subcontracts may be assigned only with the agreement of Knapheide in as far as this does not concern the supply of marketable parts.

3.2 Minimum order values and surcharges for small quantities desired by suppliers are hereby null and void. Deliveries of partial quantities must be expressly agreed to.

3.3 If the supplier is to deliver or perform according to the plans, drawings or other special requirements of Knapheide, the agreement to delivery or performance with the requirements is deemed to be expressly assured. In the event that the delivery or performance deviates from the requirements, Knapheide is entitled to the rights stipulated in No. 8 herein.

3.4 Delivery requests are binding with respect to the type and quantity of the requested goods as well as the delivery time. Partial deliveries require the agreement of Knapheide.

3.5 The delivery date is considered to have been adhered to when the correct quantity and quality of the goods arrive at the stipulated place of delivery, arrive no later than three days before or one day after the confirmed date of delivery.

3.6 The place of performance is the respectively listed address of

delivery.

3.7 If the supplier has concerns regarding the manner in which Knapheide wishes to carry out performance, the supplier is to notify Knapheide of this in writing without delay.

4 Consequences of deadlines not being adhered to

4.1 If delays are expected or occur, the supplier is to initially notify Knapheide by telephone followed by written notification.

4.2 The supplier is obligated to Knapheide to compensate for all damages resulting from delay, to the extent that it cannot prove that it is not beyond his control. Acceptance of a belated delivery or service performed does not signify a waiver of claims for compensation. The reservation of the right to a forfeited contractual penalty due to a belated delivery (Section 341 of the German Civil Code, (BGB) is timely when Knapheide deducts the forfeited amount from the subsequent invoice.

4.3 If the stipulated dates cannot be adhered to by reasons of circumstances within the supplier's control, Knapheide is thus entitled, after expiry of a suitable deadline, which it sets, to demand or procure from a third party a substitute, notwithstanding further legal claims, whereby the supplier is to bear the additional costs. The right of rescission is hereby unaffected.

4.4 If the stipulated dates cannot be adhered to because of circumstances beyond the supplier's control, that is to say, by reason of force majeure, Knapheide will set a grace period of 10 business days. The deadline begins on the day of the setting of the deadline. In the event that no delivery takes place by the expiry of this deadline, Knapheide is entitled to request a subsequent delivery with a newly set deadline under reservation of the right to the enforcement of claims for compensatory damages due to non-performance, or to rescind the contract and to make a substitute purchase of similar types of products with comparable suppliers with the right to enforce the recouping of possible additional expense borne by Knapheide (prices, freight, etc).

5 Prices

5.1 The applicable prices, discounts and other conditions are either retained in a written general agreement with an unambiguous termination or validly stipulated to with the supplier before issuance of the order.

5.2 The prices are firm prices. They include all expenses in connection with the deliveries and performance to be rendered by you.

5.3 In the event arithmetic advantages occur for the purchaser between the times of confirmation and delivery, these will be passed along in the form of a discount to the purchaser.

6 Prepayment of Freight, Terms of Delivery, Packing and Insurance

6.1 Delivery free of charges for freight and packing, from the Knapheide warehouses applies, in case nothing to the contract was stipulated to upon the issuance of the order.

6.2 Risk of transport associated with transportation are to be insured by the supplier or its forwarder at no cost to Knapheide.

7 Conditions of Payment and Reservation of Title

In general, payments are made in accordance with the conditions stipulated by the VdK, that is, invoices received between the 1st and the 15th of the month are paid on the 15th of the following month, those received between the 16th and the 30th/31st on the 15th of

the following month or on the respective following business day, in each case, less a 3% discount for early payment. The prerequisite for the application of the cited date limits is that the deliveries for which the invoices are issued are received by Knapheide no later than a maximum of 3 business days after the invoice date. Divergent conditions, and their validity in terms of time and content, are - accepted from both sides - to be recorded in writing, even though the payment run is always maintained in form of a twice monthly basis. When in doubt, hereby shifts of up to three days concerning the incoming payments are possible. The agreed terms of payment remain unaffected. The ordinary retention of title of the supplier/suppliers is expressly considered as recognised, but this is not the case as regards the extended reservation of title.

8 Warranty for Material Defects and Defects of Title

8.1 Responsibility for defects is determined according to statutory provisions, to the extent that nothing on the contrary is subsequently directed.

8.2 Defective deliveries are to be immediately replaced with defect-free deliveries, and defective services are to be performed again defect-free. In case of development or construction mistakes, Knapheide is entitled to immediately enforce the rights contemplated in No. 8.7.

8.3 A subsequent rectification of defective deliveries or services requires the agreement of Knapheide and effect a new running of the statute of limitations. The supplier bears the risk during the time in which the object of the delivery or service is not in the custody of Knapheide.

8.4 If the supplier also does not eliminate the deficiency within the pertinent established grace period, Knapheide can then either rescind the contract or reduce the remuneration and claim respective additional compensation.

8.5 In urgent cases (particularly concerning endangering operational safety, or for protecting against unusually extensive damages), for eliminating insignificant defects as well as in case of delay in eliminating a defect, Knapheide is entitled, after providing information to the supplier, to eliminate the defect on its own, or to have it eliminated by a third party, at the supplier's expense. This also applies if the supplier delivers late or performs late, and Knapheide must immediately eliminate defects in order to avoid its own delay in delivery.

8.6 The limitation period for Knapheide to file claims for material defects is 36 months from the transfer of risk, in accordance with No. 8.7. The running of the limitation period is confined to the period of time which commences with the dispatching of the notice of defect and ends with the satisfaction of the defect claim. 8.7 The period of statutory limitations for any eventual deficiencies is 36 months from the initial putting into operation of the final product manufactured by Knapheide, in which the objects of delivery were installed, no later, however, than 42 months from the handing over of the object of delivery to Knapheide. During the limitation period for defects, the supplier, immediately and free of charge, is to remedy the defects complained of in delivery or service, immediately and free of charge, including all ancillary costs in accordance with the provisions of the German Commercial Code (HGB). Other legal claims by Knapheide remain unaffected by this agreement.

8.8 Apart from that, the legal rights of Knapheide remain unaffected.

9 Product Liability - Recourse

9.1 To the extent that claims are asserted against Knapheide by third parties for product liability or other statutory provisions due to defective products delivered by or services performed by the supplier, the supplier is obligated to indemnify or release Knapheide at first request from all of these claims, also, to the extent that the supplier is directly liable to third parties in the external relationship. To the extent that Knapheide must, as a consequence of such an event, carry out a product withdrawal action, incidental expenditures and costs will be charged to the supplier on the invoice. Additionally, the supplier is obligated upon first request to release or indemnify

Knapheide therefrom, insofar as the supplier is liable under Sections 830,840, and 426 of the German Civil Code (BGB). This especially applies as well for any possible recall actions within the framework of the product safety law.

9.2 The supplier is obligated, during the length of the contract, to maintain product liability insurance with a minimal coverage of 10 million Euros per case of damage. A corresponding confirmation of coverage by the insurer is to be presented as needed.

10 Safety and Environmental Protection

10.1 The supplier's deliveries and services must correspond to statutory provisions, particularly safety and environmental protection regulations.

10.2 The supplier obligates himself to determining the current status of the guidelines and laws affecting his components with respect to materials restrictions, and to adhering to them, as well as not to utilise prohibited materials. Dangerous materials, and materials to be avoided according to applicable laws and guidelines, are to be listed in the specifications by the suppliers. As the case may be, the material data safety sheets are already to be handed over with the offers and upon each initial delivery with the bill of lading (at least in German or English).

10.3 Notices of violations of materials restrictions are to be promptly reported to Knapheide.

10.4 The supplier is solely responsible for adhering to accident prevention regulations when making deliveries and providing. The necessary safety devices and measures as well as any eventual instructions from the manufacturer are to accompany the delivery at no extra charge.

11 Import and Export Regulations - Customs

11.1 For deliveries and services which take place from a country outside Germany but belonging to the EU, the EU VAT identification number is to be listed on all goods documents.

11.2 Imported goods are to be delivered customs duties paid. The supplier is obligated, within the framework of the EU directive No. 1207/2001, to permit inspection by the customs authorities and to produce required official confirmations.

12 Transfer of Risk, Acceptance, and Property Rights

12.1 Independently of the agreed pricing, the risk is transferred upon delivery with assembly or installation, upon arrival at the supplier address stipulated by Knapheide. In cases of delivery with assembly or installation, the transfer of risk takes place with successful conclusion of Knapheide's acceptance. The putting into operation or utilisation is not a substitute for a formal declaration of acceptance by Knapheide.

12.2 Ownership of delivered goods is transferred after payment to Knapheide. Any lengthened or extended retention of ownership title is excluded.

13 Incoming Inspection

13.1 An inspection of incoming goods takes place with respect to obvious defects. Complaints for hidden defects are made as soon as these are determined or appear according to the facts in the ordinary course of business.

13.2 For the return of defective goods, Knapheide is entitled to charge back the supplier the invoice amount in addition to a processing fee in the amount of €80 per occurrence. Knapheide reserves verification of greater expenses.

14 Repeated Non-Compliance

14.1 If the supplier renders essentially the same or similar deliveries or services that are again defective or late, Knapheide is entitled to immediate withdrawal.

14.2 Any possible right of rescission, in this case, also encompasses those deliveries and services, which the supplier is still obligated to render in the future from this or from another contractual relationship.

15 Technical Data, Tools, Equipment for Manufacturing

15.1 Technical documents, tools, standards sheets, equipment, and so forth, made available by Knapheide, remain the property of Knapheide – exactly as do all trademarks, copyrights and other legal protections.

15.2 The supplier may use the cited items only for fulfilling orders, and may not transfer them to third parties or otherwise make them accessible.

15.3 The duplication of the cited items is permissible only insofar as it is necessary for fulfilling orders and a respective written release from Knapheide exists.

15.4 If the supplier creates the items named in No. 15.1, Clause 1 in part or in whole for Knapheide at the latter's expense, No. 15.1 therefore correspondingly applies, whereby Knapheide accordingly becomes (co-) owner upon its creation, corresponding to its share of the manufacturing costs. The supplier will retain these items in safekeeping, free of charge, for Knapheide. As needed, Knapheide can acquire rights in relation to the item as substitution for still-unamortised expenses and the demand return of the object.

15.5 The supplier is obligated to maintain, take care of the aforementioned items free of charge, and to repair normal wear and tear. If the supplier, for carrying out the order, commissions a subcontracting supplier for the manufacture of tools and patterns, the supplier assigns to Knapheide its claims against the subcontracting supplier for conveyance of the tools and patterns.

16 Provision of Materials

16.1 Materials furnished by Knapheide remain its property and are to be kept safely by the supplier free of charge and with the care exercised by a prudent merchant, separately from its other items, and is to be designated as the property of Knapheide.

16.2 If the supplier processes or remodels the furnished material, this activity takes place for Knapheide. Knapheide immediately becomes the owner of the newly created items. If the materials ordered comprise only a part of the new item, Knapheide is entitled to co- ownership in the new item in a proportionate share corresponding to the value of the furnished materials contained therein.

17 Confidentiality

17.1 The supplier is obligated to treat all non- public commercial and technical details, which become known to him through the course of the business relationship, as confidential, and not to forward them to third parties.

17.2 The manufacture for third parties, special exposition for Knapheide, particularly in accordance with its plans, drawings, or other special requirements, publications concerning orders and services as well as the reference to this order with respect to third parties, requires the previous written consent of Knapheide. 17.3 Knapheide emphasises that for the purpose of its own verification obligations vis- à-vis its customers, personal data which relates to the business relationship will be saved.

18 Severability Clause

18.1 This contract is subject to German law. The exclusive court of jurisdiction, to the extent that nothing else mandatory is prescribed by law, for all disputes which arise out of or in connection with this agreement, is Münster.

18.2 In the event that individual provisions of this contract should prove legally invalid or unenforceable, this does not impinge upon the effectiveness of the remaining provisions of this contract. In place of the ineffective or unenforceable provision, an effective and enforceable provision should be put into place which comes closest to the business objective which the contracting parties pursued with the ineffective or unenforceable one. The aforementioned provisions correspondingly apply in case the contract should prove incomplete.