

Conditions of purchase

1. Area of validity

- a) These conditions of purchase are valid in their respective version, for all future purchase businesses made by Otto Christ AG, Memmingen, so that after the first agreement with the supplier, provided that he is a merchant, a further agreement regarding the validity of these conditions is not necessary any more.
- b) We will inform the supplier about any new version or modification of these conditions in writing and if requested, we will send him a copy of the new conditions of purchase.

2. Defense clause

- a) Any deviating general business conditions or sales conditions of the supplier are explicitly contradicted. They may only be a part of the contract if we confirm them in writing for every single contract. Should we accept modifications in our conditions of purchase for a single contract, this will not be valid for further contracts, even if they concern the same delivery item or extent of delivery.
- b) As far as the general business conditions of our supplier clash with our conditions of purchase, the regulated one is valid. Furthermore the parts of our conditions of purchase, which do not clash with the general business conditions of our supplier, are considered as valid. On the other hand the regulations of our supplier's general business conditions cannot be a part of the contract, if they do not completely correspond to the regulation content of our conditions of purchase.
- c) The agreed law is valid for every case, which is not liable to our conditions of purchase.
- d) A completion of contract does not collapse because of contradicting conditions.
- e) Each regulation of these purchase conditions is valid on its own.

3. Written form clause

- a) Only written orders are binding. Verbal agreements or add-on must be confirmed in writing.
- b) As far as we confirmed in writing the modifications of the prices and conditions mentioned in the written order, these modifications are legally binding, unless an employee, who is authorized to represent or a man of business, both legally authorized or having an explicit declaration, reached an agreement from our part.
- c) Only our employees, whose actual authority is recorded in the trade register or has been communicated in writing to the supplier, through a person, who is authorized to represent, are allowed to transmit legally binding declarations.
- d) We explicitly oppose the involvement in any case of persons not authorized to transmit any legally binding declaration. Such a case will not be tolerated at all. A written confirmation from us is always required for such a commitment.

Assuming that a procedure or a transaction in a contractual relationship should be carried out, which may contradict our conditions of purchase, our contractual partner will not have the possibility in the future to refer to this procedure or transaction, unless a person authorized to represent, as described in the section c), confirmed it as legally binding. This is particularly important for the modifications of the subject terms of the contract, to avoid any performance difficulties.

4. Orders

- a) The supplier must confirm in writing our orders within 10 days from the date of order on and mention our order number.
- b) This fixed term corresponds to the term according to the § 148 BGB (German Civil Law), so that if we did not confirm in writing a belated delivery, no contract may be achieved. We are not obliged to contradict any letter regarding a belated delivery.
- c) If the delivery, belated or not, deviates in one or the other point from our order, no contract will be achieved without a new written confirmation from our part. In this case no particular declination may be necessary, not even under business relationship.
- d) We reserve the possibility to cancel our order anytime until the supplier has delivered.
- e) We are entitled to contradict within three workdays any delivery declaration that we have received and which has been modified. No contradiction may be necessary, if the supplier cannot approve the modification either. It especially counts for the delivery terms that we mentioned. The information regarding the composition mentioned in the catalogues, advertising leaflets or other advertising materials from our supplier count at least as required composition of the purchased item or factory order according to §§ 434, 633 BGB (German Civil Law). Additionally to the EU declaration of conformity / EU manufacturer declaration, the supplier must provide the technical files (operation manual, spare parts lists, etc.) in printed form as well as an online file in the EU languages.
- f) The supplier declares compliance with the regulations of the minimum wage law (MiLoG) as well as safeguarding and monitoring these regulations. In addition, the supplier obliges to indemnify us against any claims and requirements which result from violating the minimum wage law (MiLoG) by the supplier, by subcontractors engaged by the supplier, recruitment services and subcontractors, including the occurring legal proceedings and defense costs.

5. Prices

- a) The prices are fixed and free domicile or to the address of shipment, including every additional costs like value-added tax, custom duties, packing charges, and insurances. The insurance for goods in transit is exclusively under the responsibility of Otto Christ AG.

- b) An increase of prices may only be possible with a separate agreement in written form.
An unilateral increase of the agreed prices is impossible, even under current delivery relationships and even if our supplier reserved himself the possibility to modify the prices.
- c) As far as the supplier decreases the price list between the conclusion of a contract and the delivery or the invoice – each of the latest events may be decisive – the agreed price automatically decreases as well.
- d) We contradict any previous payment obligation from our part.
- e) As far as no price has been mentioned in our order, this one is not binding, until a written conciliation has been made regarding the price.

6. Assumption of liability

Our factory will not hold any risk of accidental perdition and of accidental deterioration of the purchase item liable, unless it has been delivered in our factory or at the address of shipment.

We refer to the delivery times according to No 9 b as well as consequences of delivery out of the time. This is also valid, if the supplier delivers the purchase item to a third address as we requested, under the condition it is not the place of fulfilment, or if we are exceptionally charged for the shipment expenses, under the condition that the supplier only executes the shipment.

7. Partial deliveries

A partial delivery is not permitted. The acceptance of partial deliveries even under current business relationship does not bind us for the future.

8. Manufacturing by a third party

A third party is not allowed to fulfil the duties under a contract without our authorization, even if the firm is associated to our supplier. A deviating acceptance under current contract relationship may only bind us now and in the future, if a person authorized to represent as described under No 3, section c) confirmed it. No 3, section d) counts accordingly.

9. Delivery time

- a) The ordered goods must be delivered within the delivery period at the reception place as prescribed.
In the case of delivery, which may be executed out of the normal business periods require our written and explicit authorization. The supplier is solely responsible for any damages like the risk of accidental perdition or accidental deterioration in the period until the beginning of the next delivery period. He must inform in writing the forwarding agent about the delivery periods, no matter whose assumption of liability it is, to ensure the entitlement to damages from the forwarder as well as from the acceptor. These terms must be agreed as fixed terms with 15:00 as latest time from Monday to Thursday and 12:00 on Fridays. In the case of doubt the commissioned forwarding agent is obliged to wait until the good is accepted, if he arrived out of the periods mentioned under section b), without expecting any demurrage. Otto Christ AG will not be

charged with any other agreements between the supplier and the forwarding agent, even if Otto Christ AG carries the assumption of liability.

- b) The delivery periods are:
Monday – Thursday: 7.15 – 11.45/13.00 – 15.00.
Friday: 7.15 – 12.00.
An earlier delivery may only be permitted through our previous written authorization.
- c) If it is not possible to meet the agreed delivery time, no matter for which reason, we must be informed by mail or fax at the latest three working-days before the term and no delivery delay will affect our rights. We are entitled to demand compensation for any delay caused by a non-accidental delayed information.
- d) Whenever a faster shipment may be necessary to meet the delivery period, the supplier will be solely charged with the additional costs. If the supplier is in delay with delivery, then we can demand compensation after an extension of time of 5 days under threat of declination.
- e) This is also valid in the case of a partial delivery of the supplier, even if accepted a partial delivery, which had not been agreed. In the case of a partial delivery we can decide whether we extend the described rights upon the remaining part of the contract or upon the whole contract.
- f) In the case the supplier informed us with the corresponding notes that the delivery period will exceed 5 days, we are entitled to use the right of withdrawal or the other rights if the guilty party is behind with the delivery, even before the delay.

10. Delivery

- a) As far as there is no other agreement, the goods must be delivered free domicile or to the address of shipment, including the packing and without additional costs.
As far as there is no other agreement, the delivery address is:
Otto Christ AG, Memminger Strasse 51, 87734 Benningen, Germany.
- b) The supplier is obliged to pack the goods properly, so that the type of shipment, which has been chosen, may not damage them in any way.
The transgression of this obligation enables us to demand compensation, and no abbreviated time limit for the enforcement of the damage, etc. may count to notify a defect.
- c) As far as we have not prescribed any special way of shipment and if we exceptionally accepted the pricing term from the supplier's factory, the shipments must be carried out under low prices. The supplier may carry the additional costs regarding a faster shipment although we have not ordered it at our own expenses.
- d) We carry the insurance against any shipment damage of the goods on our own account. We are not responsible for any additional insurance the supplier may have concluded.

11. Invoice

The invoices must be immediately sent as single copy at the delivery. The order sign, numbers and item code numbers are to be mentioned. The delivery date or performance must be mentioned. We will send back any wrong invoices. They are considered as not issued.

12. Payment

- a) The payment is carried out within 14 days after the goods have been completely delivered and a duly invoice was sent with a 3 % discount and payable within 30 days net, unless the salesman conceded us more advantageous conditions.
- b) We do not accept any cash on delivery
- c) The payments are carried out under reserve. They do not count as an acceptance of the goods or an acknowledgement of a duly delivery. This especially counts for the payments we may obtain discounts for.
- d) We are first in arrears with payments, after we have been reminded in writing and the 30 days payment term is over.

13. Notice of defect

- a) The period to notify an apparent defect according to § 377 HGB (German Commercial Law) runs up to 2 weeks after the goods delivery, unless the term settled by the § 377 HGB regarding the immediate notification is longer. In this case the lawful term counts.
- b) If defects, which could not be notified during the delivery check (hidden defects) appear later, then the period to notify a defect according to § 377 HGB runs up to 2 weeks after the defect has been detected, unless the term settled by the § 377 HGB regarding the immediate notification is longer. In this case the lawfully term counts.
- c) If our purchaser detects hidden defects, the period towards our supplier may first run up, after we have been notified regarding the concrete defect and the concrete defective part.

According to the above-mentioned regulations a defect is a deviation from the planned and effective composition of the object of purchase, even if no contractual planned composition may exist.

14. Defect claims

- a) Parallel to the lawfully claims we are entitled to claim another delivery from the salesman as an own-name transaction and under the below-mentioned conditions.
In the case the supplier may not be able to fulfil his duties on his own within two days, may in particular not be technically equipped or if no urgent delivery or no amelioration of an emergency may not be possible and would particularly damage us, then we can order, ameliorate or have it ameliorated again under the market prices, at the supplier's expenses. As far as possible we will inform the supplier at an early stage about the defect before ordering, ameliorating or

amelioration commissioning. It is on the supplier's duty to carry the accrued expenses.

- b) No matter how the claim is, whether the supplier or we carries / carry it, the supplier carries the costs that accrued and became needless because the object of purchase has been adapted or processed or already been commissioned.

15. Warrantee, notice of defect

- a) Under reserve of a longer legally or contractual term, the warrantee term runs up to 24 months from the transmission of assumption of liability on. The statute of limitation regarding the enforcement of the notification of defect within the warrantee term may first begin to run up with the detection of the defect. The warrantee rights do not depend on whether the defect already existed as the object of purchased was transmitted. The supplier will be informed of the discovered defect within three working-days.
- b) If the defect of the object of purchase may not enable its use or only partially, then the statute of limitation regarding the enforcement of the notification of defect may be prolonged to the number of calendar days during which the object of purchase could not be utilized.

16. Retention of title

The delivered goods become our property upon complete payment or the effective balancing of accounts. We do not accept any continuing, in particular extended or prolonged property restriction.

17. Deferred delivery, deferred acceptance, right of withdrawal

- a) If the goods delivery may defer although it is not the supplier's fault and we cannot wait any longer, then we are entitled to withdraw from the contract after we mentioned and put a term. A delay of at least two weeks leads to an unacceptable situation. Hereafter the supplier has to prove that waiting could have been acceptable from our part.
- b) We are also entitled to withdraw from the contract in the event of complicated or impossible delivery due to force majeure (natural disaster, strike, etc.). For these reasons we are also entitled to defer the delivery or the performance to the delay duration and an adequate start-up time. If the delay may exceed three months and the supplier put an adequate term, he is entitled to withdraw from the contract, without expecting any compensation from us.

18. Trade mark rights

- a) It is up to the supplier to take care that the trademark rights of a third party are protected against the use and the commissioning of the delivered goods inland. In the case the third party may use his trademark rights, then the supplier must dispense us from them and recompense the occasioned damage. If the supplier may ascertain us sufficient securities about the demands against us regarding the effective claims and lawsuit risks, which should be carried through bank guarantees and an acknowledged credit institution, then we may behave complying with the instructions of the supplier

and mandate a process empowered person. The result of the process between the third party and us binds although no confliction has been announced. We are entitled to cancel the delivery contract if the supplier reimburses completely, replaces the concerned part through another one at his expenses or pays the owner of the trademark rights, which would release us from our duty.

- b) The supplier must assume a similar guarantee regarding the transgression of the trademark rights in the countries that we mentioned as exporting country, while concluding the contract.

19. Advertisement

No advertisement with the business relationship may be allowed without our previous written authorization.

20. Product liability

If due to the delivered object regarding the point of view of the product liability based on the regulations of the product liability law from the Civil Code or on the regulations of other countries, in particular concerning the national implementation of the guideline 83/374/EWG or the additional or modifying regulations, we are demanded for compensation, the supplier is to completely release us from our duty and furthermore to reimburse us the costs resulting from the demand for compensation

21. Tools, drawings, etc.

- a) The drawings, production instruments, tools, designs, moulds, samples, photographs, teachings we provided the supplier with, remain our property and are to be given us back without any solicitation, as soon as they may not be needed anymore for the execution of the delivery, at the latest as the delivery relationship or the contract ends. This also counts for our regulations regarding the material, work or manufacturing.
- b) As far as we had to develop or manufacture tools, products, moulds, procedures, etc. for our supplier, then a complete of all technical and procedure files including every drawing must be sent back to us at any time. We are also entitled to have a third party manufacturing for us with these files.
- c) As tools and forms have been produced in our order or the supplier especially produced them to accomplish the order, the issuance and utilization right extends on them. In the case of an explicit agreement from the supplier regarding a partial financing, the issuance cannot depend on the reimbursement of the costs. We assumedly carry the financing or the tools expenses are completely covered with the product prices, which means we assumedly paid them.
- d) The supplier is not allowed without our previous written authorization to use the goods, which were manufactured according to our drawings or with tools that belong to us or that we partially paid, or with manufactured tools, designs, equipments or the like, especially for the delivery contract, to transmit them to a third party or to utilize them during the current time or after the end of the delivery relationship, for other purposes than the delivery to us.

- e) All the above-mentioned documents, instruments and procedure instructions are to be confidentially handled.

22. Cession - offset

Regarding the claim mentioned in the contract we can only be charged with detected claims that are legally valid or beyond controversy.

A cession of this claim without our previous written approbation is not permitted. On the other side we are entitled to explain the claim with counter claims, even if they are not legally valid and even if we may have received them from a third party.

23. Supplier's insolvency

We are entitled to resign the contract, when insolvency or composition proceedings upon the capital of the supplier have been applied, or when the supplier stopped the payment or freely or compulsorily liquidates his firm. As long as the purchaser's warranties of the supplier exist, we still have this right even if the contract has been totally or partially accomplished from the one or the other contracting party.

24. Place of fulfilment – competent court – practicable law

- a) The delivery place we mentioned is the place of fulfilment for the delivery. Memmingen is the place of fulfilment regarding the payment. Memmingen is the competent court for every conflict, including processes for exchange and record resulting from the contractual relationship, if the supplier merchant is a corporate body under law or fund assets regulated by public law.
- b) Although an internal competent court may not be mentioned and despite regulations of the international civil law of the German Federal Republic the material law of the German Federal Republic may be applied anyway for the whole contractual relationship. Those regulations do not affect the above-mentioned competent court agreement. Cross-national contracts or conventions regarding the commerce and the UN sales law are not applicable, unless the law explicitly requires the enforcement.

25. Other

Written information sent to our business partner are first presumed, when they have been sent to known address. As far as we received a form mentioning the emitter, the receiver and the transmitted content or the report of a fax, which must be stapled with the signed text that was sent.