

PURCHASE CONDITIONS

1. Applicability

- 1.1. Our Purchase Conditions shall apply exclusively to all our orders, delivery calls and order changes – also in the future – unless expressly agreed otherwise in writing.
- 1.2. Any supplier's conditions which deviate from these Purchase Conditions will not be recognized by us unless this is expressly accepted in writing in an addendum to our order. Our Purchase Conditions shall also apply if we accept delivery without reservation although we are aware of supplier's conditions which are inconsistent with or deviate from our Purchase Conditions.
- 1.3. Any amendment of or addition to the Purchase Conditions must be made in writing to be effective. This shall apply also to any amendment of the written-form requirement.

2. Formation of Contract

- 2.1. Orders, delivery calls or order changes by us shall be binding upon us if they are made in writing or as an electronic text file.
- 2.2. Orders or agreements made orally or by telephone require mutual confirmation in writing.
- 2.3. Acceptance of the order must be confirmed in writing by the supplier. Our orders can be cancelled by us up to the time of receipt of written confirmation by the supplier. Delivery calls shall become binding if the supplier does not object within 5 workdays of receipt.
- 2.4. Cost estimates shall be binding and are made free of charge unless expressly agreed otherwise.

3. Delivery Obligations

- 3.1. Delivery shall be made free at our works at Holzminden, Eschwege, or other branch offices and external warehouses in the Federal Republic of Germany, freight paid and including packaging, unless otherwise agreed in writing.
- 3.2. The delivery period shall begin to run on the date of our order. Delivery dates and delivery periods indicated by the supplier shall be binding only if they coincide with the dates or periods indicated in the order or if the deviation is expressly approved by us.
- 3.3. If the supplier is in default, we shall have the right to demand compensation for the damage resulting from the delay in the amount of 0.5% of the price of the goods for each full week of

delay, but no more than 5%. We shall not be obliged to prove the occurrence of a loss unless the loss incurred is provably lower. We reserve the right to demand compensation for provably greater damage.

- 3.4.** Acceptance of late delivery or performance without reservation shall not constitute a waiver of our compensation claims arising from the late delivery or performance. The same shall apply if we provide valuable consideration for the delivery or performance concerned without reservation.
- 3.5.** We shall have the right to change the agreed delivery dates to an extent reasonably acceptable for the supplier in the cases dealt with in clause XIII.
- 3.6.** Without prejudice to the preceding provision, the supplier must notify us without undue delay in writing of any delay in performance, indicating the reasons and its expected duration. Any damage resulting from a violation of this obligation shall be borne by the supplier.
- 3.7.** The supplier is not entitled to make partial deliveries. We have the right, however, to demand partial deliveries of the ordered goods to the extent that the supplier can be reasonably expected to accept this. Until the ordered goods are produced, we can demand changes of the design and finish provided there are plausible reasons for this. Any higher costs which may ensue shall be borne by us only if we maintain the order in spite of our knowledge of the costs after having been promptly informed thereof.
- 3.8.** In the case of an order providing for partial delivery, we shall have the right to cancel the entire agreement in the event of any default affecting only one partial delivery in the form of a delay in delivery, delivery of defective goods, or any other conduct by the supplier inconsistent with the agreement.
- 3.9.** If goods are delivered before the agreed time we shall have the right, because of just-in-time production and limited storage capacity, to use interim storage space for the goods or to return the goods at the supplier's expense. In this case the payment periods according to clause VII shall begin to run only at the agreed delivery time.
- 3.10.** For piece numbers, weights and measurements, the values determined by us through our incoming goods control shall be deemed correct.

4. Shipment

- 4.1.** The goods shall be packed in accordance with our shipping instructions at the supplier's expense unless it is expressly agreed that we are to bear the packaging costs.
- 4.2.** The supplier must comply exactly with the shipping instructions; in particular each consignment must be accompanied by a delivery note in duplicate indicating the order number, the date and the drawing and article number and bearing the confirmation of delivery. We shall have the right to refuse to accept delivery if the consignment is not

accompanied by a proper delivery note. The costs resulting from such refusal to accept delivery shall be borne by the supplier.

- 4.3.** If delivery “ex works” or “free forwarding agent” is agreed on, the supplier or, as the case may be, the forwarding agent employed by the supplier need not take out insurance cover for damage.

5. Warranty Claims

- 5.1.** The statutory provisions dealing with defects of quality and defects in title shall be applicable unless otherwise provided for hereinafter.
- 5.2.** The goods delivered must perform as agreed and its design and materials must be in compliance with the state of the art as well as our order documents. Changes require our written consent. If samples are presented, the qualities of the sample regarding the material and workmanship shall be deemed guaranteed for all deliveries and subsequent deliveries. The supplier must ensure that all deliveries and services will be in compliance with the requirements of environmental protection, accident prevention rules and other safety at work provisions, the provisions relating to machine safety, as well as all other legal requirements applicable in the Federal Republic of Germany, and must point out to the buyer all special treatment and disposal requirements for every delivery which are not generally known.
- 5.3.** We have the right to remedy defects at the supplier’s expense without prior notification of the supplier if this is necessary to avoid or shorten a disruption of our business operations. As long as defects exist, we may retain payment of the purchase price.
- 5.4.** Costs caused by an examination of defective goods shall be borne by the supplier.
- 5.5.** A notice of defects is made in time if it is made within two weeks of delivery.
- 5.6.** Claims based on defects of quality shall be time-barred in 30 months. This shall not apply if the thing is used for a building in accordance with its usual use and caused the defect in the building; here the statutory provisions shall apply.
- 5.7.** It shall be presumed in our favour that a defect arising within the limitation period existed already at the time of the passing of the risk.
- 5.8.** The supplier shall also release us from any existing third-party claims in the event of a defect in title.
- 5.9.** If defects are remedied or if new delivery is made within the limitation period, this period shall begin to run anew at the time at which the supplier completely satisfies our claims to subsequent performance.

- 5.10.** Should any costs arise for us in consequence of the defective delivery of the object of the agreement, in particular transportation, travel, labour, material costs or costs exceeding the usual scope of the incoming goods control, the supplier shall bear these costs.
- 5.11.** We reserve the right to take recourse against the supplier if we are obliged, in consequence of the defectiveness of the object of the agreement delivered by the supplier, to take back products produced and/or sold by us, or if the purchase price is reduced for that reason or if claims are made otherwise against us for that reason. Any time limit which may otherwise be necessary need not be fixed to preserve our defect-based rights.
- 5.12.** We shall have the right to demand compensation from the supplier for expenses borne by us in relation to our customer because our customer has a claim against us to compensation for the expenses necessary for the purpose of subsequent performance, especially material, labour, transportation and travelling costs.
- 5.13.** The supplier shall release us from any third-party claims arising from product liability to the extent that the supplier would himself be liable to the third party according to the statutory provisions.

6. Prices

- 6.1.** The agreed prices are fixed prices including all ancillary costs, unless otherwise agreed, plus any taxes required by law.
- 6.2.** Price increases after the conclusion of the contract shall not be effective against us.

7. Payment

- 7.1.** Our order and article number as well as our account, costs centre and the recipient which appear on our delivery note must be indicated on all delivery documents and invoices.
- 7.2.** Invoices shall be paid within 14 days with a discount of 3%. The period shall in each case begin to run at the time at which both the invoice and the goods in a contractual condition are received by us. Payments are always made subject to a check of the items on the invoice.

8. Retention of Title

- 8.1.** We accept any retention of title by the supplier with respect to the unprocessed goods stored by us. Not accepted, however, shall be any retention of title by the supplier after processing or mixing with other goods. The assignment of our claims from the resale of these goods to the supplier shall also be excluded.
- 8.2.** Title to all things shall pass over to us without restrictions upon full payment.

9. Service of Communications

Our written communications to the supplier shall be deemed served upon him after the time usually required for the service of documents through the post, provided they were sent by us to the last known address and a copy of the letter is in our possession.

10. Execution of Work, Material Provided by us

- 10.1.** Persons performing work on our premises in order to perform the agreement must observe the company rules in each case; the provisions governing access to and departure from the production plants must be complied with. Any liability for accidents suffered by these persons on the business premises shall be excluded unless wilful intent or gross negligence is proved.
- 10.2.** Materials and parts made available by us shall remain our property. They may be used only for their intended purposes. Materials shall be processed and parts assembled for us. There is agreement that we are co-owners of the products produced with our materials and parts in the proportion of the value of such materials and parts to the value of the total products, which shall be safekept by the supplier for us. These values shall be based on the purchase prices without value added tax.

11. Tools, Drawings, Documents

- 11.1.** Tools, drawings, models, samples and documents of any kind which are made available by us to the supplier or are paid by us shall remain or, as the case may be, become our property. Any transfer of possession which may be necessary shall be replaced by the supplier safekeeping the things for us free of charge with the due care of a prudent businessman. Tools belonging to us shall be insured by the supplier in the amount of the value when new at the supplier's own expense against fire or water damage and theft. At the same time, all our compensation claims arising from insurance cover are already assigned to us hereby. The necessary maintenance and inspection work as well as all repair work for all tools belonging to us shall be made by the supplier at its own expense.
- 11.2.** The supplier may not allow third parties to inspect and must not otherwise make accessible to third parties, nor duplicate, any tools or drawings, models, samples and documents of any kind without express written permission. The things produced on the basis of the documents must not be delivered to any third parties without our express written permission.
- 11.3.** Tools, drawings, models, samples and documents of any kind shall be sent back free of charge, without being requested to do so, as soon as they are no longer needed to execute the order. The supplier shall be liable for their loss and any damage thereto.

12. Third-Party Property Rights

- 12.1.** Our products are distributed world-wide. The supplier shall be fully liable to us in the event of any violation of property rights or other third-party rights through the delivery of the goods ordered by us, their resale or further processing by us and/or their intended use. If claims are made against us by a third party because of a violation or impairment of such rights, the supplier shall be obliged to fully release us from any and all such claims and measures by third parties; this also includes the timely defence against any impending claims and measures against us.
- 12.2.** The supplier's liability according to clause 1 also includes all consequential loss, namely loss or damage caused by supply shortages and production breakdowns.

13. Termination under Special Circumstances

We shall be entitled – without prejudice to our other rights – to entirely or partly cancel the agreement if the use of the ordered goods becomes impossible or economically significantly more difficult due to industrial conflicts, disruption of operations, accidents, war or force majeure. Before exercising the cancellation right, we can demand a postponement of the delivery time by up to 6 months. If this causes the supplier to suffer any disadvantages, we must be promptly informed thereof. Only then shall the supplier be granted reasonable compensation.

14. Transfer

The supplier can transfer its contractual obligations to third parties only with our written consent.

15. Secrecy

- 15.1.** The supplier undertakes to keep secret all commercial and technical information and documents not generally known which become known through the business relationship, and to use them exclusively to deliver the ordered goods and services. An appropriate obligation is to be imposed upon any sub-suppliers.
- 15.2.** In any reference letters or publications, the supplier may use the orderer's name or trademark only if the orderer consents in writing beforehand.

16. Spare Party and Readiness to Deliver

- 16.1.** The supplier is obliged to supply spare parts for the duration of the usual technical use, but at least 10 years after the last delivery of the object is made, subject to reasonable terms and conditions.
- 16.2.** If the supplier discontinues the delivery of spare parts after the end of the period named in the preceding provision, or discontinues the delivery of the goods during this period, the orderer must be given an opportunity to make a last order.

17. Final Provisions / Exclusion and Limitation of Liability / Jurisdiction / Governing Law

- 17.1.** Exclusion and Limitation of Liability for claims irrespective of legal basis are not accepted.
- 17.2.** The place of performance for all deliveries, services and payments is the domicile of our company in Holzminden.
- 17.3.** The place of jurisdiction for all disputes arising directly or indirectly from contractual relationships based upon these Purchase Conditions is Holzminden (Local Court) / Hildesheim (Regional Court). We have the right to also sue at the supplier's domicile.
- 17.4.** German law shall apply exclusively as applicable between businesses domiciled in Germany.
- 17.5.** Should any provision of these purchase conditions be or become invalid, the validity of the remaining provisions shall not be affected thereby. The contracting parties shall be obliged to replace the invalid provisions by a provision which most effectively serves their economic purpose.
- 17.6.** The supplier undertakes to comply with our Supplier Code and our Code of Conduct. Supplier Code and Code of Conduct are available at www.stiebel-eltron.de/CodeofCoduct bzw. www.stiebel-eltron.de/Lieferantenkodex.