

Conditions of Purchase

§ 1 - General – Scope

(1) Unless otherwise expressly agreed upon in writing, all purchase orders issued by Dunkermotoren shall be governed exclusively by these terms and conditions. Supplier's conditions and acknowledgment deviating from Dunkermotoren terms and conditions shall be valid only if expressly confirmed in writing. The Dunkermotoren Standard Conditions of Purchase shall also apply if, having knowledge of the supplier's conflicting or deviating conditions, Dunkermotoren accepts the supplier's delivery without reservations.

(2) All agreements made between Dunkermotoren and the supplier with respect to the execution of this purchase order must be laid down in writing before becoming effective.

(3) Dunkermotoren Standard Conditions of Purchase shall apply only to business establishments according to section 310, sub-section 4 of the German Civil Code (BGB).

§ 2 - Offer – Offer and Contractual Documents

(1) The supplier shall accept the purchase order in writing within a period of 2 weeks.

(2) We shall reserve our titles and copyrights to the figures, drawings, drafts, samples, production prescriptions and other documents furnished to the supplier to enable him to submit an offer or to perform a purchase order. These documents shall not be used or reproduced for other purposes. They shall not be made available to third parties without our express written consent and shall be returned to Dunkermotoren without being requested after the execution of the purchase order.

§ 3 - Prices – Payment Conditions

(1) Prices shall be quoted net of value added tax (VAT). Unless otherwise agreed in writing, the price shall include shipment to the place of delivery and packaging.

(2) Invoices shall be issued separately for each order, indicating the Dunkermotoren order number. VAT shall be shown separately on the invoice. Invoices not duly issued shall be considered not issued.

(3) Subject to proper delivery, payment shall be made within 20 days less 3 per cent discount or after 90 days net without discount. The discount shall be deducted from the invoiced amount inclusive of VAT. The periods shall commence upon receipt of invoice or upon delivery if goods are received after the invoice, but in no event prior to the agreed delivery dates. Dunkermotoren reserves the right to pay the supplier's invoice by means of eligible bills, with all fees and charges being borne by us.

§ 4 - Transport Insurance – Packaging

(1) Transport insurance is provided under the existing insurance contract of Dunkermotoren. Insurance fees shall therefore not be charged to us.

(2) Unless otherwise agreed, packaging material used by the supplier shall be of a type and shall be marked in such a way that it can be disposed of at no extra cost in accordance with the applicable legal provisions. This shall not affect any legal obligation of the supplier to take packaging material back.

(3) Packaging charges shall be credited to Dunkermotoren when packaging is returned freight paid.

§ 5 - Passing of Risk – Documents

(1) Unless otherwise agreed in writing, the risk shall pass upon delivery to the place of delivery.

(2) All shipping documents and delivery notes shall indicate the Dunkermotoren order number. The supplier shall ensure that all shipments are accompanied by a packing list and a delivery note. The bill of delivery shall additionally indicate gross and net weights. In the case of partial deliveries the outstanding quantities still to be delivered shall be indicated. Under separate cover a dispatch note shall be forwarded. If the supplier fails to provide such information, resulting processing delays shall not be attributable to Dunkermotoren.

§ 6 Delivery Time

(1) Delivery periods and dates set forth in our order shall be binding and shall be understood as for goods received at the place of delivery.

(2) The supplier shall inform Dunkermotoren without delay by written notification of any circumstances occurring or identifiable by him which provide signs that the agreed delivery time cannot be observed.

(3) Dunkermotoren shall be entitled to refuse acceptance of goods delivered prior to the indicated delivery date and to return those goods prematurely delivered or store them with outside third parties at the risk and expense of the supplier.

(4) If Dunkermotoren is prevented from accepting shipments due to circumstances which Dunkermotoren is unable to avert despite reasonable care, including, without limitation, business disruption, strikes etc. not due to our fault, the date of acceptance shall be postponed by the duration of the impediment. If due to the above circumstances the acceptance is not possible for a period of more than six months, Dunkermotoren reserves the right to cancel the purchase order without entitling the supplier to file claims against Dunkermotoren.

(5) In case of delayed delivery ("Lieferverszug"), Dunkermotoren shall be entitled to claim liquidated damages amounting to 1% of the value of the delivered goods for each completed week but to a maximum of 5%. Dunkermotoren shall be entitled to claim liquidated damages in addition to performance. Dunkermotoren undertakes to declare to the supplier the reservation to claim liquidated damages not later than 10 working days from the receipt of the delayed delivery. Any further claims and rights shall be reserved.

§ 7 - Inspection of Goods – Warranty for Defects ("Mängelhaftung")

(1) Immediately after receipt of delivery, we will inspect the goods as to whether the ordered amounts and types are correct, and whether visible transport damages or visible defects have occurred.

(2) If we detect any kind of defect in the inspections mentioned above, we will report it to the supplier. If we detect any defect at a later point in time, we will also report this.

(3) Objections regarding defects can be made within one month after delivery or performance or, if the defects have not been detected before processing or use, within one month after their detection.

(4) We are not obliged to our suppliers with regard to further inspections and reports other than those mentioned above.

(5) Dunkermotoren shall be entitled to the full amount of claims as regards material and title defects. Irrespective of this, Dunkermotoren shall be entitled to claim from the supplier, at Dunkermotoren's discretion, either remedying of the fault or a replacement delivery. The right to claim damages remains expressly reserved.

(6) In case of imminent danger or particular urgency and if the supplier has failed to remove the defect within a reasonable grace period set by Dunkermotoren, Dunkermotoren shall be entitled, at the supplier's cost, to remedy the defect or to have it remedied by a third party.

(7) In case of defects of title, the supplier holds us harmless in case of possible claims from third parties unless the defect of title is not his responsibility.

(8) The limitation period shall be 36 months for material claims and 60 months for claims of title unless otherwise provided for by statutory provisions.

(9) The limitation period for supplementary deliveries due to claims in respect of defects shall be 36 months upon delivery.

(10) If costs arise as a consequence of defective delivery of the subject of contract, especially in relation to transport, infrastructure, work, disassembly, assembly, materials or for receiving inspection exceeding the usual amount, the supplier shall bear these costs.

§ 8 - Product Liability – Indemnification – Product Liability Insurance

(1) If a product defect is the supplier's fault, Dunkermotoren shall be held harmless by the supplier at first request from any claims for damages by third parties provided that the cause of the defect is within the supplier's control and organizational scope and the supplier himself is liable to such third parties. If the cause of damage is within the responsibility of the supplier, he is obliged to prove that it is not his fault.

(2) Within the scope of his liability for damages within the meaning of the above section 8 (1), the supplier shall also reimburse to Dunkermotoren all costs and expenses incurred by Dunkermotoren by or in connection with a recall action carried out by Dunkermotoren, including the costs of possible litigation. As far as possible and reasonable Dunkermotoren shall inform the supplier of the content and scope of the recall measures to be carried out and offer the supplier the opportunity to give his comment. The right of Dunkermotoren to claim any further damages shall remain unaffected hereby.

(3) In all other cases, the legal regulations apply.

(4) The supplier shall undertake to carry a product liability insurance with a blanket coverage of 10 million EURO per personal injury/property damage during the validity of this contract but at least for a period of 10 years. Any further claims for damages shall remain unaffected hereby.

§ 9 - Reservation of Ownership – Provision of Parts – Transfer of Title

(1) Parts made available by Dunkermotoren to the supplier shall remain Dunkermotoren's property. The supplier will process or transform them for us. If parts to which Dunkermotoren reserve title are combined with parts not owned by us, Dunkermotoren shall acquire co-ownership to the resulting product at a ratio of the

value of our part (purchase price plus VAT) to the other processed parts at the time of processing.

- (2) If the parts made available by Dunkermotoren are inseparably mixed with parts not owned by us, Dunkermotoren shall acquire co-ownership to the resulting product at a ratio of the value of our part (purchase price plus VAT) to the other mixed parts at the time of mixing. If the parts are mixed such that the supplier's part must be regarded as the main part, the supplier shall transfer to Dunkermotoren co-ownership on a pro rata basis. The supplier shall hold our solely or jointly owned property in custody.
- (3) To the extent that the rights reserved according to section 9 (1) and/or (2) exceed the purchase price of all our reserved parts by more than 10%, Dunkermotoren shall upon suppliers request and subject to Dunkermotoren's decision release the security rights.
- (4) The supplier is obliged to immediately inspect provisions of parts to ensure they are free of defects.
- (5) The risk and title are transferred to us at the point of delivery to Dunkermotoren or to recipients determined by us. If the supplier is obliged to set-up or assemble parts in our premises, the risk is only transferred to us after initiation.

§ 10 - Tools

- (1) We reserve ownership of tools; the supplier is furthermore obliged to use the tools exclusively for the production of goods ordered by us.
- (2) The supplier is obliged to insure tools belonging to Dunkermotoren at his own costs for a replacement value against fire, water, and theft. At the same time, the supplier hereby assigns all claims for damages from this insurance to us; we hereby accept the assignment of claims.
- (3) The supplier is obliged to carry out servicing and inspection of our tools, if required, as well as all maintenance and repair works, at his own cost and in due time. He is obliged to report possible disorders to us immediately; in case he is at fault as regards neglecting this, claim damages remain unaffected.
- (4) Tools, forms, samples, models, profiles, drawings, norm sheets, artwork, instructions, or items produced on the basis of these may not be passed on to third parties without the written consent of the orderer nor may they be used for purposes other than those stipulated in the contract. They have to be protected against unauthorized inspection or use. Subject to further rights, we may request their surrender in case the supplier breaches these duties.
- (5) The title of tools other than those stipulated in (4) is transferred to us at the point of purchase or production by the supplier.
- (6) Section 690 of BGB [German Civil Code] does not apply.

§ 11 - Confidentiality

The supplier shall treat as strictly confidential all figures, drawings, calculations, and other documents and information made available by Dunkermotoren and disclose them to third parties only with the express prior written consent of Dunkermotoren. This confidentiality obligation shall remain in force also after the execution of this contract. It shall become extinct when and to the extent that the manufacturing know-how contained in the figures, drawings, calculations, and other documents has become knowledge of the public domain.

§ 12 – Compliance – Safety in Supply Chain

- (1) The supplier undertakes to adhere to the relevant legal regulations with regard to treatment of staff, environmental protection, and work safety, and to do his utmost to minimize negative impacts on humans and the environment in his activities. In order to do this, the supplier will install and develop further a management system according to ISO 14001 within the range of his capabilities. Moreover, the supplier will consider the following basic principles: the protection of international human rights, the right that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of compulsory labour and child labour, the elimination of discrimination in hiring and providing work, responsibility towards the environment, and the prevention of corruption.
- (2) The supplier shall carry out the required organizational instructions and measures in order to ensure safety in the supply chain according to internationally recognized initiatives on the basis of the WCO SAFE Framework of Standards (e.g. AEO, C-TPAT), especially in the area of property protection, protection of business partners, human resources and information, and packaging and transport. He shall protect his deliveries and services to us or to third parties determined by us against unauthorized access and manipulations. He shall exclusively employ reliable staff for deliveries and services and obliges possible sub suppliers to also provide for such measures.
- (3) In case a supplier acts against the law repeatedly and/or despite relevant notification to this effect and does not prove that the breach of law was remedied as much as possible and that appropriate provisions were taken for future avoidance of breaches of law, we reserve the right to withdraw from existing contracts or to end these without previous notice.

§ 13 – Energy Management System

The efficient use of energy is an essential part of our company policy. We have therefore introduced an energy management system according to DIN EN ISO 50001. This means that the energy efficiency is an essential part in the procurement of products and services when selecting our contractual partners.

§ 14 - Export Control – Customs – Provision Clause

- (1) The supplier has to fulfill all requirements of the applicable national and international customs and foreign trade legislation ("Außenwirtschaftsrecht").

The supplier has to communicate to us in writing all information and data we require for adhering to the foreign trade legislation with regard to export, import, and re-export at least two weeks after ordering and immediately in case of changes, in particular:

- all applicable export control list numbers including the Export Control Classification Number according to the U.S. Commerce Control List (ECCN);
- the statistical reporting numbers according to the current article classification of foreign trade statistics and the HS (Harmonized System) Code; and
- the country of origin (non-preferential origin) and, if required by us, the supplier's declarations of preferential origin (in case of European suppliers) or certificates of preference (in case of non-European suppliers).

(2) If the supplier breaches his duties according to section 14 (1), he bears all expenditures and damages that are incurred by the orderer through this, unless the supplier is not responsible for the breach in duty.

(3) Performance on our part is with the reservation that the performance neither conflicts with any impediments due to national or international regulations of foreign trade legislation nor with embargos and/or other sanctions.

§ 15 - Force Majeure

(1) Force majeure, operational disorder not due to fault, turmoil, administrative measures, and other unavoidable events release us from the duty of acceptance on time during the period these exist. During such events as well as within two weeks after their end, we have the right to withdraw from the contract completely or partially – irrespective of our other rights – insofar as these events are of considerable length and if our demand diminishes considerably due to other procurements required in this situation.

(2) The regulations in section 14 (1) also apply in case of labour disputes.

§ 16 - Place of Jurisdiction – Governing Law – Place of Performance

(1) For all legal disputes which originate directly or indirectly from the contractual relationship of which these conditions of purchase form the basis, the place of jurisdiction is Waldshut-Tiengen. Furthermore, we are entitled to bring the supplier to the court of his domicile or his branch or to the court of the place of performance, according to our choice.

(2) For all contractual relationships, German law applies exclusively, to the exclusion of the conflicts of laws and the UN Convention on Contracts for the International Sale of Goods (CISG).

(3) Unless otherwise provided in our purchase order, the place of performance shall be the domicile of our company.