

## General conditions of purchase

### 1. General

Our General Terms of Purchase apply to the exclusion of any other terms of purchase unless such other general terms are not expressly excluded in our purchase orders or master supply and buffer sock contracts. Suppliers' general terms of business other than or different from our General Terms of Purchase are accepted by us only if we have expressly agreed to them in writing. Acceptance of supplier's goods or services (hereafter: subject of contract) or their payment does not imply agreement.

### 2. Conclusion of contract and modification of terms

- 2.1. Orders, conclusions, and delivery calls, including any amendments thereof, require the written form.
- 2.2. Oral agreement of any kind - including later amendments or modifications of our General Terms of Purchase - in order to be effective must be confirmed by us in writing.
- 2.3. The requirement of written form is also met in case of data tele transmission or telefax.
- 2.4. Cost estimates are binding and free for us, unless expressly agreed otherwise.
- 2.5. If the supplier fails to accept a purchase order within two weeks of receipt, we are entitled to cancel the order.
- 2.6. Deliveries called under an order and call schedule are binding unless the supplier contradicts within two working days of the receipt.
- 2.7. Guidelines for suppliers as well as supply and packaging requirements of HE System Electronic GmbH are an integral part of the contract.

### 3. Delivery / date of delivery

- 3.1. Deviations from what has been agreed in our purchase orders and contracts are only possible with our prior written agreement.
- 3.2. All agreed deadlines and periods are binding. The date at which the goods are received by us decides if an agreed deadline or period has been met. Unless delivery „free works“(DDU or DDP as per Incoterms 2000) is agreed, the supplier shall supply the goods in time taking into consideration the time needed by the forwarder for loading and transportation.
- 3.3. If the supplier also installs and assembles the goods and no agreement to the contrary has been made, the supplier shall bear all accruing additional costs, e.g., traveling expenses, provision of tools as well as daily allowance, unless applicable provisions require something else.
- 3.4. If an agreed deadline is not met, the applicable statutory requirements apply. If the supplier envisages problems in manufacturing, supply of materials, with meeting the date for delivery or similar circumstances which could prevent him from making delivery in time or deliver goods of the agreed quality, the supplier shall inform our order department of this without delay.
- 3.5. The unconditional acceptance of the delayed delivery or service does not imply a waiver of any claim for compensation due to us because of the delay of the supply or service; this reservation survives until full payment of all moneys due from us for the affected supply or service has been made.
- 3.6. Basically, partial shipments are not allowed unless they are made with our express agreement or they are reasonable for us.
- 3.7. Unless evidence to the contrary is presented, the quantities, measures and weights ascertained by our incoming goods inspection are decisive.
- 3.8. We have the right to use software which is part of the scope of delivery, including the related documentation, to the extent permitted by law (Articles 69a et seq. UrhG).
- 3.9. We also have the right of use of such software, including the related documentation, with the agreed performance features and to the extent necessary for making use of the product as agreed. We can make a back-up copy without the need of express agreement.

### 4. Force majeure

Acts of God, industrial disputes, disruption of operations through no fault of ours, unrest, acts by authorities, and other unavoidable events release us from the duty of timely acceptance for the duration of their existence. For the period of existence of any such event and within two weeks following their end we can cancel the contract or any part of it unless such event is of negligible duration and our need is reduced substantially because of required purchases from other sources; this does not affect any other right due to us.

### 5. Shipping advice and invoice

The information in our purchase orders and calls applies. One copy of each invoice specifying the invoice number and other identifying information shall be sent to the printed address; the invoice should not be sent inside the consignment.

### 6. Pricing and passing of risk

Unless agreed otherwise, all prices are to be understood free works duty paid (DDP as per Incoterms 2000), including packaging. Sales tax is not included in the price. The supplier bears the material risk until the time the goods are accepted by us or our representative at the place to which the goods shall be delivered according to contract.

### 7. Terms of payment / conditional payment

Unless agreed otherwise, invoices shall be paid within 14 days of the due date allowing a discount of 3 % or in full within 30 days of the due date of the invoice amount and receipt both of the invoice and the goods or provision of the service. Payment runs occur automatically every Thursday or Wednesday, if Thursday is not possible. Decisive for allowance of the discount is not the receipt of the money by the supplier but the payment run of HE.

Payment is made with the proviso of verification of the invoice and assertion of claims from defects or liability claims, if any. If a notification of defect has been given, we can withhold payment of the full amount or a reasonable part of that amount until the defect has been repaired, in which case the agreed discount periods apply again from the date of repair. Assignment Claims against us cannot be assigned effectively unless with our written agreement, unless the applicable law expressly allows the assignment despite this provision to the contrary.

## **8. Defect claims and recourse**

- 8.1. Acceptance is made with the reservation that the goods will be inspected for defects, in particular, also for correctness and completeness, to the extent to which and at the time at which this can be done in the ordinary course of business. All defects will be notified by us without delay after detection. Insofar as the supplier waives the right of objection for late communication of defect.
- 8.2. The statutory provisions concerning quality defects or lack of title apply unless provision to the contrary is made hereafter. A quality defect is, in particular, also the existence of characteristics which are in opposition to any accepted health and/or environmental standard.
- 8.3. Basically, the right to choose supplementary performance is due to us. The supplier can refuse the type of supplementary performance required by us if it would incur unreasonably high costs.
- 8.4. If the supplier fails to start the remedial work without delay after our notification of defect, we can repair the defect or have it repaired at the supplier's expense if this is necessary, in particular, to avert imminent danger or avoid more extensive damage.
- 8.5. In case of lack of title, the supplier also indemnifies us from claims by any third party unless the claim is outside the supplier's responsibility.
- 8.6. The limitation for claims of defect is 3 years - except in cases of fraudulent intent, unless another limitation is prescribed by the applicable law. The limitation period begins with the delivery of the subject of contract (passing of risk).
- 8.7. If the supplier replaces the defective goods, a new limitation period commences at the time the replacement goods are delivered unless the supplier has expressly and rightfully reserved under the supplementary performance item that substitute delivery is only made as a fair dealing to avoid dispute or in the interest of continued supply relationship.
- 8.8. Any costs, in particular, for transportation, travel, work, labor, material or costs exceeding the normal standard of incoming goods inspection, incurred by us in connection with the defective delivery of the subject of contract, will be charged to the supplier.

## **9. Product liability**

- 9.1. If any claim is made on us for product liability, the supplier is obliged to compensate us if and to the extent to which the damage is due to a defect for which the supplier is responsible. In the event of tortious liability, this applies only if the supplier is at fault. If the supplier is responsible for the cause of the defect, the burden of proof is on him.
- 9.2. The supplier shall bear all costs and expenses in the cases of clause 9.1, including the cost of legal action, if any, or precautionary recall campaign.  
The supplier shall maintain sufficient insurance cover for all insurable risks from product liability, including the recall risk. The supplier shall submit the insurance policies for inspection on request.
- 9.3. For the rest, the statutory provisions apply.
- 9.4. Before any recall campaign which is wholly or partly the consequence of a defect of the subject of contract delivered by him is started, we will inform the supplier, give him an opportunity to cooperate and discuss with him the ways of efficient handling of the campaign unless such information or involvement of the supplier is not possible for reasons of urgency. If the recall campaign is the consequence of a defect of the subject of contract delivered by the supplier, all costs of the recall campaign shall be borne by the supplier.

## **10. Execution of work**

All persons performing work under the contract on the premises shall observe the provisions of the applicable work rules. Any liability for accident suffered by any such person while on the premises is excluded unless in cases of premeditated or gross negligence of duties of our legal representatives or servants.

## **11. Buyer supplies**

All materials, parts, containers and special packaging supplied by us remain our property. They shall only be used for the intended purpose. Materials are processed and parts assembled for us. There is agreement that we become the co-owner of all products in the proportion of the value of our supplies to the value of the whole product which is made with our materials or parts.

## **12. Documents and secrecy**

- 12.1. All business or technical information (including features of any objects, documents or software and any other know-how or experience) made accessible by us shall for the time for which they are not evidently part of the open realm be kept secret and not be disclosed to any third party and shall only be made available to those employees in the supplier's works who need to know them for the performance of their duties in connection with the supplies to be made to us and who shall be subject to the same obligation of secrecy; all such information remains our exclusive property. Such information shall not be copied or used commercially unless with our prior written agreement, except for the deliveries to be made to us. On our request, all information supplied by us (including any copies or records made) and loaned objects shall be returned to us without delay and completely or be destroyed.  
We reserve all rights to such information (including copyright and the right to file applications for patents, designs, semiconductor protection, etc.). If the information has been made available to us by a third party, the reservation of rights also applies in favor of such third party.

12.2. Products made on the basis of documents drafted by us, such as drawings, patterns, etc., or made using our confidential information or our tools or reverse engineered tools, shall not be used by the supplier himself not offered or delivered to a third party. This also extends to orders for print.

### 13. Export control and customs

The supplier undertakes to inform us in his business documents of all required approvals for the export or re-export of his goods under German, European, US export and customs regulations or the export and customs regulations of the country of origin of his goods. For this purpose, the supplier shall, at least in his proposals, order confirmations and invoices, provide the following information against the relevant items:

- the export list number according to annex AL of the German export administration regulations or equivalent list items of applicable export lists,
- for US goods the ECCN (Export Control Classification Number) of the US Export Administration Regulations (EAR),
- the commercial origin of his goods and of the components of his goods, including technology and software,
- whether the goods were transported through the U.S.A., were manufactured or stored in the U.S.A. or made using US technology,
- the statistical goods number (HS code) of his goods, and - a contact in his organization to answer our questions.

On our request, the supplier is obliged to provide us with any other foreign trade data of his goods and their components in writing and inform us of all changes of such data in writing without delay (and in any case before delivery of any goods affected by it).

### 14. Social responsibility and environmental protection

14.1. The supplier undertakes to observe all applicable statutory regulations for the conduct with his employees, the protection of the environment, safety and health and always to try and mitigate any negative effects on man or the environment connected with his work. For this, the supplier will set up and improve a management system based on ISO 14001 as far as possible for him. The supplier will also observe the principles of the UN Global Compact Initiative. These relate, in essence, to the protection of international human rights, the right to collective bargaining, the abolition of forced labor and child labor, the abolition of discrimination in recruitment and employment, responsibility for the environment and prevention of corruption. More information on the UN Global Compact Initiative is available at [www.unglobalcompact.org](http://www.unglobalcompact.org). The TKH (Technology company TKH Group) Supplier Code has to be observed. <http://www.tkhgroup.com/en/csr>

14.2. The provisions for suppliers concerning the prohibition and declaration of substances of content of HE System Electronic GmbH shall be observed. This information is available on the homepage of HE System Electronic GmbH: [www.he-system.com](http://www.he-system.com) More information at: [www.gadsl.org](http://www.gadsl.org); <http://www.reach-clp-biozid-helpdesk.de/de/REACH/REACH.html>; Code of Conduct of the TKH-Group under <http://www.tkhgroup.com/en/files/tkh-code-of-conduct/view>

### 15. Place of performance

Place of performance is that place to which the goods are to be delivered or at which the service is to be provided.

### 16. General provisions

16.1. If a provision in these General Terms or any agreement on their basis should be or become ineffective, the other provisions will not be affected. The contracting parties undertake to replace the ineffective provision with an effective provision of - as far as possible - the same economic effect.

16.2. All contractual relations are exclusively based on German laws to the exclusion of the international private law and the UN Convention on the International Sale of Goods (CISG).

16.3. Legal venue for all disputes directly or indirectly resulting from a contractual relationship which are based on these General Terms of Purchase is the district court of Nürnberg-Fürth. We can also sue the supplier at the court having jurisdiction at his place of business or the place of his branch or at the court having jurisdiction at the place of performance.