

Conditions of purchase of Hirschmann Automation and Control GmbH

1. General - scope

- 1.1 All kinds of deliveries of products as well as services of any kind (in particular works and services) (hereinafter the "deliveries") apply solely to these Conditions of Purchase and Special Conditions of which the supplier or contractor (hereinafter the "supplier") may have been informed. General terms and conditions of business of the supplier shall only be deemed valid if these have been expressly confirmed by us in writing. Neither a lack of contradiction nor payment or acceptance of deliveries shall be deemed to constitute a recognition of outside terms and conditions of business.
- 1.2 The Conditions of Purchase also apply as a framework agreement for future contracts concerning deliveries with the same supplier, without us having to refer to them again in every single case.
- 1.3 All agreements concluded between us and the supplier for the purpose of performing this contract are to be recorded in writing.

2. Orders - confirmation of order, tender documents

- 2.1 The supplier undertakes to confirm our order in writing without delay. We reserve the right to withdraw the order if we do not receive the confirmation of order within a period of 2 weeks as from the date of invoice.
- 2.2 Orders may also be placed by way of delivery schedule call-ups. The quantities that are classified within the production clearance are deemed fixed order items. Classified quantities that extend beyond these items are non-binding, insofar nothing different has been agreed upon in writing. Confirmation of orders to the contrary is invalid.
- 2.3 Diagrams, technical drawings, calculations, samples, models and other documents shall remain our property and are to be kept secret. These may not be made available to third parties without our express written approval. They are to be used solely for the production and on the basis of our order. Following the order processing they are to be returned to us without request and free of charge. The supplier may only issue sub-licences covering the entire production scope, or considerable parts thereof, subject to our prior written approval.
- 2.4 The supplier may only issue subcontracts for the entire or a significant portion of the production scope if the supplier has obtained our prior written consent thereto.

3. Prices, terms and conditions of payment, assignment

- 3.1 The prices agreed upon in the event that a contract is awarded shall be deemed fixed prices and shall contain all the additional services required to honour the contract. Deliveries are carried out DDP, costs for reusable packaging included.
- 3.2 Prices do not include the respective valid statutory value-added tax. This is to be stated separately in the invoice.

- 3.3 Invoices are to be submitted separate from the rendered services, and are to contain details of the following in the order: order number, order date and our material number (insofar as this is stated); the supplier is responsible for all of the consequences arising due to non-compliance with this obligation, insofar as it does not provide evidence that these are not attributable to it.
- 3.4 In the event that no separate agreements are concluded, we shall effect payments within 60 days net following receipt of the invoice and following receipt of the material and once the delivery has been deemed proper.
- 3.5 Our payments do not constitute any form of recognition that the service is as per agreement or that the calculation has been carried out in a proper manner.
- 3.6 We are entitled to set off and withhold on a scale specified by law.

4. Delivery

- 4.1 The delivery deadline stated in the order(s)/delivery call-up(s) is binding and in the event that a fixed date is not stated it shall commence on the date on which the order is placed. Receipt of the goods at our premises or at an agreed place of use shall be deemed authoritative as regards meeting the delivery deadline. In the case of deliveries with assembly and/or installation, meeting the delivery shall be subject to our acceptance.
- 4.2 Acceptance is only possible at our factories from Monday to Thursday between 7.00 a.m. and 3.45 p.m. and on Fridays between 7.00 a.m. and 12.00 midday. The goods shall be accepted on the following unloading day in the event that these unloading times are not adhered to. Costs incurred as a result of the aforementioned shall be borne by the supplier.
- 4.3 The supplier undertakes to inform us in writing without delay if circumstances arise, or are identified, on the basis of which the agreed delivery deadline cannot be met.
The acceptance of a delayed delivery shall not constitute any relinquishment of more extensive rights and claims. In other respects, the statutory regulation is deemed applicable.
- 4.4 In the event of default in delivery, we are entitled to demand 0.2%, but no more than 5%, of the order value of the goods affected as a flat-rate compensation amount per working day of the default. However, the supplier is permitted to prove that we have not suffered any loss at all or have suffered significantly less loss than the flat-rate compensation. Instead of the flat-rate compensation, we can rescind the contract and demand compensation of the damage or loss actually suffered. More extensive statutory claims remain unaffected by this provision.
- 4.5 The supplier undertakes to perform and adhere to the scope of delivery in full. Excess or short deliveries shall only be permitted following our express approval.
- 4.6 The valid index is to be stated in the delivery note in addition to the drawing number.
- 4.7 Insofar as nothing the contrary is agreed upon, deliveries shall be carried out without assembly and installation at the supplier's cost and risk "free to the factory" or "free to the place of use". Deliveries including assembly or installation, or the provision of services, shall be carried out in any case "free to the place of use". The risk shall pass on acceptance.

5. Quality and working-, sanitary- and environment protection

- 5.1 With regard to its services the supplier is to abide by our specifications, recognised engineering standards, environment- and safety regulations, DIN norms that may apply, agreed technical data and agreements pertaining to the QM system as well as UM system. When required and following prior consultation our customer is to be granted the opportunity to verify the adherence at our suppliers' premises. The supplier undertakes to abide by all statutory, environment- and technical safety conditions in the manufacturer's and the customer's country, and also to take into consideration the prevailing conditions regarding the environment, electricity and electro-magnetic fields.
- 5.2 The goods delivered must correspond to the requirements of all of the pertinent EU regulations, particularly the respectively current version of RoHS Directive 2011/65/EU with the amendment of Annex II according to 2015/863/EU, Regulation (EC) Nr. 1907/2006 (REACH), Low Voltage Directive 2006/95/EC and/or its successor directive 2014/35/EU, Ecodesign Directive 2009/125/EC, Machinery Directive 2006/42/EC as well as General Product Safety Directive 2001/95/EC. In the case of parts which do not correspond to the requirements, this must be shown in the initial sample test report. Whether an approval can be granted is examined in the framework of the approval process.
- 5.3 Alterations to the subject matter of delivery shall be subject to our prior, written approval.
- 5.4 Work can only commence on the shipping of the initial series delivery (which also applies to product alterations) if the written release of the Hirschmann review has been submitted following the initial shipment of samples in accordance with our Guideline for suppliers.
- 5.5 Materials which are potentially hazardous are to be indicated without being asked to us.

6. Acceptance

- 6.1 Insofar as the supplier is obliged to render an industrial service or contractor's labour and materials concerning non-fungible items, formal acceptance is necessary, and a written acceptance record is required. The acceptance shall be subject to an express declaration on our part. With regard to the manufactured subject matter of contract and the materials procured in this respect, the obligation to accept goods resulting from our delivery plans is based on the release periods specified in the delivery call-ups. The manufacturer's release and the right to dispose of materials shall each be postponed in accordance with the period of time if we do not provide notification of an alteration. Force majeure, industrial disputes, unrest, decrees, transport disruptions and other disruptions suffered by us or by our suppliers and customers that result in a restriction or discontinuation of our products shall release us from accepting or from a liability to pay damages for the duration and extent of their effects unless we cannot ward off such disruptions by way of reasonable means. This shall apply accordingly to obligations on the part of the supplier.
- 6.2 Should the checking of the supplier's performance require start-up or use for test purposes, then the acceptance only takes place after successful completion of the test.

6.3 Payments by us do not mean that the deliveries have been accepted by us.

7. Defect notifications

7.1 Insofar and as soon as we have entered into a quality assurance agreement with the supplier, our incoming-goods inspection is limited to a quantity and identity check on the basis of the delivery papers as well as a check for transport damage and other identifiable external damage. The supplier is to be notified without undue delay in writing about any defects in the delivery as soon as they are discovered in the framework of that limited incoming-goods inspection or later depending on the circumstances of a proper course of business. In addition, the supplier waives the objection of late inspection and defect complaints.

7.2 When delivering to third parties, any inspection and complaint obligation is only incumbent upon the recipient of the goods, and this is in the framework of this section 7.1.

8. Quality defects

8.1 The period of limitations for defect claims amounts to 30 months, calculated from the transfer of risk. For deliveries to locations to which we perform our orders outside our factories or workshops, the warranty period commences from delivery to or acceptance by our principal; in any event, the period ends 36 months after transfer of risk. This applies for improved or newly-supplied parts as well. If the supplier checks the existence of a defect with our agreement or if the supplier rectifies a defect, then the running of the period of limitations for defect claims is suspended, commencing on the date of receipt of the defect notification by the supplier, until the supplier finally informs us about the outcome of the check or declares that the defect has been rectified or refuses to continue rectification. The provision in section 10.3 remains unaffected thereby.

8.2 We are entitled to the statutory defect claims in full. In particular, we are entitled to demand that the supplier rectify defects or deliver a replacement, as we choose. In such case, the supplier is obliged to bear all expenditure necessary for the purpose of subsequent performance. In urgent cases - particularly in order to avert acute danger or risks or to prevent greater damage or loss - if the supplier is tardy in the performance of its obligations or if the subsequent performance has been unsuccessful, we can have defects rectified at the supplier's expense or obtain flawless goods from another source.

8.3 If we incur costs as a consequence of the defective delivery of the contract object, particularly transport costs, call-out costs, labour costs, material costs or costs of an incoming-goods inspection which goes beyond the usual scope, then the supplier is obliged to bear those costs.

9. Liability, release, insurance coverage

9.1 The supplier shall be liable for all (direct and indirect) damage suffered by us or by a third party in the case of using the deliveries unless the supplier is not culpable with regard to causing the error. This shall not affect the liability in accordance with the German Product Liability Act.

- 9.2 We are entitled to demand that the supplier provides compensation for expenses which we are to carry as regards dealings with our customers because these customers are entitled to compensation from us for the expenses required for the purpose of a subsequent performance, in particular costs incurred for transport, labour and materials.
- 9.3 If the supplier is aware that delivered goods shall be resold by us or that deliveries shall be reused by us, and if the supplier is aware of the country of the resale or reuse, the supplier shall release us from all claims which our customers may lodge against us as a result of the delivery of faulty goods or other deliveries that are not as agreed upon whether this be on the basis of statutory provisions of substantive German law or on the basis of statutory provisions of the substantive law of the country in which the goods were delivered. The release shall not apply if the claim of our customer is based on a breach of obligation on our part or if the defect or the contractually non-compliant delivery is not attributable to the supplier for other reasons.
- 9.4 The period of limitations shall apply in the cases of 9.2 and 9.3 at the earliest two months following the time at which we have met the claims of our customers that are lodged against us, at the latest, however, five years following delivery on the part of the supplier.
- 9.5 The supplier undertakes to maintain product liability insurance with an appropriate insured sum and upon request to furnish proof of such insurance. This shall not affect more extensive claims for compensation if we are entitled to such claims.
- 9.6 If the supplier's delivery is responsible for damage, the supplier shall indemnify us at our first request from any compensation claims by third parties resulting there from, if the cause of the product damage lies within the supplier's control and organisational area and the supplier is itself liable to third parties. If we or our customers implement measures to ward off danger (e.g. call-back campaigns), the supplier shall be liable insofar as it is legally under obligation in this respect, and it shall release us in this respect upon first request.
- 9.7 We have recourse claims against the supplier in corresponding application of § 478 and § 479 of the German Civil Code (BGB) (recourse in the customer goods purchase-supply chain) even if the goods have been further processed before sale by us or one of our customers, e.g. through installation into another product.
- 10. Third-party rights, industrial proprietary rights, defects in title**
- 10.1 The supplier shall be liable in the event that the use or resale of the deliveries is not permissible without breaching third-party rights, including the industrial proprietary rights and copyrights.
- 10.2 In the case of a breach of third-party rights it shall, upon first request, release us from all claims which third parties lodge against us as a result of statutory provisions. This shall only apply to claims based on foreign statutory provisions if the supplier is aware that we resell goods delivered by the supplier, and it is familiar with the country to which the goods are delivered or the country in which we use the supplier's deliveries.
- 10.3 A period of limitations of ten years applies to defects in title as from the passing of risk.

11. Reservation of title, provision

- 11.1 We only recognise the basic reservation of title of the supplier.
- 11.2 Insofar as we provide the supplier with parts, we reserve the right to ownership of these parts. Processing or transforming shall be carried out on our behalf. If our reserved goods are processed with other goods that are not our property, we shall acquire part-ownership of the new goods resulting from this in the proportion of the value of our goods to that of the otherwise processed materials at the time of processing.
- 11.3 If the material provided by us is inseparably mixed with materials that are not our property, we shall acquire part-ownership of the new material resulting from this in proportion of the value of the reserved goods to that of the otherwise mixed goods at the time of mixing. If the mixing is carried out such that the supplier's goods are to be regarded as the major item, then it shall be deemed agreed upon that the supplier shall assign to us a proportionate part-ownership. The supplier shall store the sole property or the partly owned goods on our behalf.
- 11.4 Insofar as security rights to which we are entitled in accordance with 11.2 and/or 11.3 exceed by more than 20% the purchase price of all our reserved goods that have not yet been paid for, we shall, at the supplier's request, be under obligation to release appropriate security rights at our discretion.

12. Means of production and direct materials

The conditions of the Hirschmann tool contract/tool hire contract, which shall be separately agreed upon in the event of the handover of manufacturing equipment and materials by us, are deemed applicable.

13. Delivery parameters

Our separate regulation (delivery regulations for suppliers) which we forward by newsletter to our suppliers or when required, is deemed applicable regarding the delivery.

14. Supplier's declarations, documentary evidence of origin, export controls

- 14.1. Separate supplier's declarations as per Regulation (EC) no. 1207/2001, stating the country of origin and customs tariff numbers, must be provided for all goods delivered. If long-term supplier's declarations are used, changes to the information provided in the long-term supplier's declaration must be reported to our Customs Department by separate letter. The obligation to provide supplier's declarations stating the country of origin and customs tariff numbers also covers goods supplied that are not of preferential origin.
- 14.2. Certificates of preferential origin must be submitted for suppliers not established in the EU without being requested to do so. Autonomous certificates of origin must be presented on request.
- 14.3. The supplier undertakes to inform us of existing export authorization requirements for all materials supplied (including national export list number and that of the USA). Notification must be made directly to our Customs Department together with the supplier's declaration or the documentary evidence of origin. All negative consequences of incomplete reporting or failure to

report shall be for the account of the supplier. Indication on other company documents is not permitted.

15. Place of performance, place of jurisdiction, applicable law, severability clause

- 15.1 The registered office of Hirschmann is deemed the place of jurisdiction. However, we are also entitled to bring an action against the supplier at its place of general jurisdiction.
- 15.2 Insofar as nothing to the contrary arises from the order, our principal place of business or the place of use requested by us shall be deemed the place of performance.
- 15.3 Only the substantive law of the Federal Republic of Germany applies to the legal relations between the supplier and us. The United Nations Convention on Contracts for the International Sale of Goods (CISG) shall not be applied. INCOTERMS in their currently valid version apply for the interpretation of supply clauses.
- 15.4 In the event that one of the provisions should, for whatever reason, be void, this shall not affect the validity of the other provisions. The contracting parties undertake to replace the invalid regulation with a valid one which comes closest to the economic intent of the invalid regulation.

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