
General Terms and Conditions of Purchase of EMW filtertechnik GmbH

I. Applicability

1. These General Terms and Conditions of Purchase apply exclusively to all deliveries of goods, performance of services and offers made by our suppliers. They constitute part of all contracts made with our suppliers relating to supply of goods or services offered by them.
2. The standard business terms of our suppliers or third parties do not apply even in the event we do not expressly object to their applicability in a particular case. Even in the event we make reference to correspondence containing or referring to the supplier's or a third party's standard business terms, this does not imply a declaration of our consent to the applicability of said terms.

II. Orders

Our orders as well as modifications or additions to these orders are binding only when effected in written form or electronically. In the event the supplier does not confirm our order without modification within two weeks of its receipt, we are entitled to revoke our order free of charge. With respect to timeliness of acceptance, the point in time is decisive at which we receive the supplier's declaration of acceptance.

III. Delivery Schedule and Delivery, Passing of Risk, Transport

1. The delivery schedule (delivery date or delivery period) specified in our order is binding. Deliveries ahead of schedule are permitted only with our express written consent. The supplier shall be obliged to meet the agreed delivery schedules for goods or services. With regard to the timeliness of delivery of goods, the point in time is decisive at which the goods, free of any defects, are received by us at the location (delivery destination) specified in the order within our usual business hours accompanied by all necessary shipping documents. In the event delivery including installation and/or service has been agreed on with the supplier, the point in time at which the defect-free goods are handed over to us or the point in time of proper completion of said installation and/or service, whichever point in time comes later, is decisive with regard to timeliness of delivery. In the event an acceptance procedure is prescribed by law or stipulated in the contract, the point in time at which said acceptance is successfully passed is decisive with regard to timeliness of delivery.
2. The supplier shall inform us immediately in writing in the event circumstances occur or become foreseeable under which the agreed delivery schedule cannot be met.
3. In the event the latest date by which delivery must be rendered is specified in or can be ascertained from the contract, the supplier, if not having rendered delivery by this date, is in default starting the next day without need for a reminder or complaint to be issued on our part.
4. In the event of default of delivery we have full recourse, following fruitless expiration of a reasonable period of grace, to the statutory remedies including the right of withdrawal and entitlement to claim damages in lieu of performance.
5. In the event of default of delivery and following prior written warning to the supplier, we are entitled to demand payment from the supplier of a contractual penalty amounting to 0.5 % of the value of the order involved for each commenced week over which default of delivery persists, however not exceeding a total of 5 % of the value of said order. Said contractual penalty will be set off against the compensation due from the supplier for damages arising from default of delivery.
6. The supplier shall not provide partial deliveries without our prior written consent.
7. Irrespective of the agreed freight terms, the passing of risk takes place, in the case of delivery without installation or assembly, upon our receipt at the destination address specified by us and, in the case of delivery including installation or assembly, upon successful passing of our acceptance procedure. Start-up or utilization on our part does not constitute a substitute for our declaration of acceptance.

8. The consignment must be accompanied by a delivery note indicating the order number, article number, quantity supplied, destination address and applicable specifications. The supplier shall be responsible for proper and adequate packaging and loading as well as appropriate protection against corrosion.

IV. Prices, Payment Terms, Information on Invoices

1. The prices stated in the order are binding. The prices stated are net prices excluding statutory value-added tax (if applicable). Invoices shall be issued for the goods and services provided. Said invoices must comply with the relevant statutory invoicing requirements of the national VAT regulations to which the goods or services being invoiced are subject. When self-billed invoicing is used, the supplier shall provide us all data necessary to comply with the statutory requirements, specified in advance, of the applicable VAT regulations.

2. In the absence of any written agreement to the contrary, the prices stated include dispatch to the destination address specified in the contract as well as packaging.

3. In the event the agreed price does not include packaging and the fee for the packaging – inasmuch as not only lent for temporary use – has not been expressly stipulated, this is to be invoiced at the demonstrable cost price. The supplier shall take back the packaging at his own expense upon our demand.

4. Unless agreed otherwise, the purchase price shall be payable by us following complete delivery of the goods and receipt of the invoice within 14 days with a 3 % cash discount, within 30 days with a 2 % cash discount or within 60 days net. With regard to the timeliness of payments owed by us, payment is considered to have been effected on the date of receipt of our transfer instruction by our bank.

5. All order confirmations, delivery papers and invoices must indicate our order number, the article number, quantity delivered, destination address as well as any applicable specifications. Should any of this information be omitted, causing processing by us to be delayed within the framework of our normal business procedures, the periods allowed for payment as specified in Article 4 above will be prolonged by the period of such delay.

6. Payments made by us for goods or services do not constitute a declaration on our part of their conformity with the contract. In the event goods or services supplied are defective or incomplete, we are entitled, without prejudice to other rights on our part, to withhold a reasonable amount from payments due for claims that have been accrued from our business relationship until proper fulfilment is effected. Assignment of claims by the supplier to third parties is not permitted. In the event we are in default for payment, we shall be liable for default interest at a rate of five percent per annum above the base interest rate as defined in § 247 German Civil Code.

V. Safeguarding of Ownership

1. Orders placed by us as well as any drawings, illustrations, calculations, descriptions and other documents made available to the supplier remain our property and subject to our copyright. The supplier shall not, without our express permission to do so, make them available or known to any third party, reproduce or use them or permit their use or reproduction by third parties. The supplier shall upon our demand return all said documents to us if they are no longer required in the proper course of his business or in the event negotiations do not result in conclusion of a contract. In this event, any copies of them made by the supplier must be destroyed, excepting those made of documents stored in conformance with statutory record-keeping obligations and back-up data stored within the scope of normal data protection measures.

2. Tools, tooling, devices and models which we make available to the supplier or which are fabricated for purposes of fulfilling the contract and separately invoiced to us by the supplier remain or become our property. The supplier shall recognizably identify them as our property, carefully maintain them, protect them against damages of all types and only use them for purposes of fulfilling the contract. The supplier shall at his own expense insure the tools/tooling belonging to us for their new replacement cost against damage caused by fire, water and theft. The supplier herewith assigns to us with immediate effect all entitlement to claim compensation from said insurance; we hereby accept this assignment. The costs of maintenance and repair of these objects are to be borne equally, i.e. half by each contractual party, unless otherwise agreed to. However, insofar as such costs are caused by defects in objects fabricated by the supplier or are due to improper use by the supplier, his employees or his other vicarious

agents, they are to be borne solely by the supplier. The supplier shall notify us without delay of any non-negligible damage to such objects. The supplier shall upon demand return these objects to us in proper condition insofar as they are no longer required for fulfilment of contracts concluded with us.

3. Reservation of title by the supplier is permissible only insofar as pertaining to those specific goods for which we have not fulfilled our payment obligations. In particular, expanded or extended reservation of title is not permissible.

VI. Statutory Warranty Claims

1. Defective goods delivered must be replaced without delay by defect-free goods; defective services must be repeated without defect. In the event of development or design defects, we are entitled to immediately assert our rights in accordance with Article 3 below.

2. Repair of defective goods or services provided is permissible only with our prior consent. The supplier shall bear the risk during the time that said delivered or serviced objects under repair are not in our safekeeping.

3. In the event the supplier has not rectified the defect within a reasonable period of grace granted to him, we are entitled, at our discretion, to withdraw from the contract or reduce the remuneration. In either case we are entitled to demand additional compensation for damages.

4. In urgent cases (especially if operational safety is jeopardized or to avert extraordinarily high damages), in rectification of minor defects or in the event the supplier is in default with regard to rectification of a defect, we are entitled at the supplier's expense, after first having notified the supplier and following fruitless expiration of an appropriately short grace period in accordance with the existing situation, to ourselves rectify or have a third party rectify the defect and any damages caused thereby. This also applies in the case that the supplier delivers goods or services behind schedule and we must rectify defects immediately in order to avoid default of delivery on our part.

5. The limitation period for asserting our claims arising from quality defects is 36 months calculated from the passing of risk as specified in Section 3 Article 7, insofar as the mandatory provisions of § 478 and § 479 German Civil Code do not apply; the limitation period for asserting our claims arising from defects in title is ten years calculated from the passing of risk as specified in Section 3 Article 7. The running of time with regard to the limitation period is suspended over the time interval between the sending of our defect notice and the satisfaction of our defect claim.

6. In the event the supplier undertakes to deliver goods or render services in conformance with our diagrams, drawings or other particular specifications, the supplier herewith expressly guarantees conformity of the goods or services supplied with the specifications. In the event goods or services provided deviate from specifications, we are entitled to enforce our rights under Article 3 above with immediate effect.

7. In all other respects our statutory rights remain unaffected.

8. Our incoming goods inspection takes place with respect to obvious defects. Complaints to the supplier regarding obvious defects are timely if sent off within eight days after receipt of the goods at the delivery destination. Complaints to the supplier regarding concealed defects are timely if sent off within eight days after their recognition. With regard to compliance with these deadlines, the date on which the complaint is sent off to the supplier is decisive. To this extent the supplier hereby waives his right to reject a defect complaint on the grounds of late submission.

VII. Product Liability

1. The supplier shall be responsible for any claim asserted by third parties due to personal injury or property damage which is attributable to a defective product it has supplied. The supplier shall hold us harmless from such claims. Should we be obliged to carry out a recall action due to a defect in a product provided by the supplier, the supplier shall bear all costs connected with said recall action.

2. The supplier shall maintain product liability insurance at his own expense providing coverage of at least EUR 5,000,000,-, which, in the absence of a specific agreement to the contrary, need not cover the risk of recall actions or punitive or similar damages. The supplier's contractual and legal liability remains unaffected by the scope and coverage of his insurance policy. The supplier shall, at any time upon request, forward us a copy of said insurance policy.

VIII. Property Rights

1. The supplier shall warrant that no intellectual property rights of third parties are infringed upon in connection with the supply and contractually stipulated use of his products in countries of the European Union, North America or other countries in which the Supplier manufactures the products or has the products manufactured.

2. The supplier shall hold us harmless from any claims asserted by third parties against us arising from infringement of rights referred to under Article 1 above and shall indemnify us for all necessary expenditures incurred in connection with such claims. This obligation exists irrespective of the supplier's culpability or lack thereof.

IX. Safety, Environmental Protection

1. The goods and services provided by the supplier must comply with the statutory provisions, in particular the safety and environmental protection provisions including the German Hazardous Substances Ordinance (GefStoffV), REACH, the German Electrical and Electronic Equipment Act (ElektroG) and the safety recommendations issued by competent German expert committees or professional associations such as VDE, VDI and DIN. Relevant certificates, test reports and documentation must be furnished along with the goods or services free of charge.

2. The supplier shall know and comply with the current versions of the hazardous substance guidelines and laws applicable to the components in his products. The supplier shall not use prohibited substances in formulating his products. Dangerous and hazardous substances as defined by the laws and guidelines currently in effect must be stated by the supplier on his product specifications. The supplier shall furnish any applicable safety data sheets for his products in either German or English along with all quotations and with the delivery note for the first delivery. The supplier shall inform us immediately of any violations of substance restrictions and of any deliveries containing prohibited substances.

3. The supplier shall be solely responsible for compliance with the accident prevention regulations in delivery of goods and rendering of services. Safety devices or equipment required for compliance and any relevant instructions from the manufacturer must be furnished along with the goods or services free of charge.

X. Confidentiality

1. The supplier shall keep confidential the terms of the order and all information and documents (with the exception of publicly available information) made available for the purpose of carrying out the order and shall use them solely for this purpose. After completing processing of our enquiries or carrying out our orders, the supplier shall promptly return them to us upon demand.

2. The supplier shall not, without our prior written permission, refer to our mutual business relationship in advertising material, brochures, etc. or exhibit products manufactured for us.

3. The supplier shall obligate his subcontractors in accordance with this Section 10.

XI. Assignment

1. The supplier shall not delegate his rights and obligations arising from any contract concluded with us to third parties without our prior written consent.

2. The supplier shall notify us without delay in writing of any transfer of the contract arising by act of law as well as of any change in his corporate status, name or domicile.

3. The supplier is entitled to set off payment only with counterclaims which are undisputed or awarded by non-appealable judgement of a competent court of law. The supplier is entitled to assert retaining lien only insofar as asserted on property which is in his possession pursuant to the contractual relationship from which his outstanding claim is derived.

XII. Place of Performance, Court of Jurisdiction, Applicable Law

1. The place of performance for both parties and exclusive legal venue for all disputes arising from the contractual relationship is Diez / Lahn / Germany. We are also entitled to bring action against the supplier in competent courts at his domicile.

2. The contracts concluded between us and the supplier are governed by and interpreted in accordance with the laws of the Federal Republic of Germany under exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).

3. In the event any individual provision of these General Terms and Conditions of Purchase proves to be completely or partially invalid, this in no way affects the validity of the remaining provisions or parts of such provisions.