

General Conditions of Purchase of Hermetik Pump International GmbH

- 1 Scope of Application
 - 1.1 These General Conditions of Purchase – hereinafter referred to as EGB – shall apply to all our purchase orders and purchase order supplements. Purchase orders, cancellations, modifications and amendments shall require the written form. Agreements of whatever kind, made verbally or by telephone, shall require our confirmation in writing in order to be valid. Any conditions to the contrary imposed by the contractor shall not be accepted by us unless expressly and individually agreed.
 - 1.2 Orders shall be confirmed or rejected in writing within 3 working days, otherwise they shall be deemed to have been accepted..
 - 1.3 Offers shall be free of charge and without any commitment on our side.
- 2 Period of delivery, delay in performance
 - 2.1 The dates and delivery periods agreed shall be binding. A delivery period agreed shall begin as at the date of receipt of the order by the supplier. The period shall have been complied with upon complete arrival of the goods at the agreed place of performance. Partial shipments shall be permitted only subject to an explicit approval. For supplies from subcontractors, the supplier shall be liable to the same extent as for supplies of his own.
 - 2.2 As soon as the supplier has reason to assume that a delivery may be delayed, he shall forthwith give notice in writing while stating the reasons and the presumable duration of the delay.
 - 2.3 Any event of Force Majeure as well as strike and lockout at the facilities of the contracting party concerned shall entitle the latter to postpone the performance of the obligations assumed, or in the event that the performance of the contract is fully or partly unreasonable, to withdraw from the contract to such extent without causing claims for damages to the other party.
 - 2.4 If the supplier is in default with the complete or partial delivery for reasons attributable to him and also fails to perform after the lapse of a respite granted by us or as required by the legal regulations, or if it has been established that he will not perform the service at all, we shall, in the place of performance, be entitled to claim damages and indemnification for the damage caused by the delayed performance.. We shall in particular be entitled to procure ourselves a substitute at the supplier's expense.
 - 2.5 The supplier shall have no right to claim any reimbursement of expenses so far spent by him on the execution of the order. Furthermore, we are entitled to withdraw from the contract.
- 3 Prices, delivery
 - 3.1 Unless otherwise agreed, prices are to be understood ex works, customs cleared (DDP according to Incoterms 2010) inclusive of packaging, turnover tax excluded. The prices shall include all services which are to be performed by the supplier at the place of performance. Loan packaging is to be taken back by supplier at his own expense.
 - 3.2 The supply shall be accompanied by delivery documents showing type, quality, quantity and weight. Only the weight and quantity stated in the delivery documents shall be deemed to have been accepted by us. The delivery documents shall also contain our order reference number and our item code
 - 3.3 The material risk until acceptance of the goods by us or by our authorized representative at the place where the goods have been agreed to be delivered, shall be with the supplier

- 4 Information for execution
- 4.1 We shall retain the ownership of all records (e. g. drawings) or manufacturing documents made available by us. They must only be used, reproduced or handed over to third parties for processing the offer and executing the order. They shall be returned to us immediately and free of charge right upon execution of the order.
- 4.2 We may claim the gratuitous and immediate transfer of all manufacturing documents (e.g. models, tools) and records which the supplier is using during the execution. Whenever the supplier is in default, we shall be permitted to use all rights of use free of charge as far and as long as they are needed for achieving the agreed success.. We shall be entitled without any special permission to use them for achieving the contractual success as well as for procuring accessory equipment for maintenance and repair, for later changes and for manufacturing spare and replacement parts by us or by outside manufacturers and to hand them over for such activities. If required, the manufacturer is to provide us also with such other information as required for bringing about the contractual success.
- 5 Defects
- 5.1 The services have to show the properties assured, conform to the acknowledged standards of technology and must not have defects setting aside or reducing the value or the fitness for ordinary use or for the use defined in the contract. The perfect condition of the service performed by the supplier shall also require compliance with the regulations for labour protection, in particular GPSG and Art. 2 para. 1S. 1 + 2 VBG 1 as well as for environmental protection. Art. 377 HGB (German Commercial Code) shall - as far as legally permitted - be excluded. The statutory requirements of inspection and notification of defects have to be complied with – notwithstanding the legal time limit requirement and only insofar as Art. 377 HGB will at all be applicable under this agreement - within 2 weeks' time. Our obligation to inspect the supplied goods for notification of complaints shall only begin when we proceed to the processing of the material.
We are obliged to notify obvious defects and shortages without delay. In case of concealed defects, the obligation of complaint shall begin after their discovery.
- 5.2 In the event of defectiveness or lack of a warranted quality of the goods supplied, we shall be entitled to recourse to the legal rights unless hereinafter otherwise provided for. At our discretion, we may claim subsequent performance, withdraw from the contract, reduce the purchase price or demand compensation of damage or reimbursement of futile expenditure
- 5.3 The absence of defects of his service shall be warranted by the supplier for 2 years from the transfer of risk.
- 5.4 If, because of the defectiveness of the material delivered by the supplier, we are obliged to take back any products manufactured and/or sold by us or if the purchase price payable to us was reduced or other claims were raised against us, we are entitled to take recourse to the supplier without having to fix a deadline that would otherwise be required to assert our rights of complaint. We shall be entitled to claim reimbursement of our expenses in reasonable proportion to the service agreed, which we have to bear in the relationship with our customer. Our rights of recourse shall be statute-barred not earlier than two months from the date at which we have met the claims of our customers against us, at the latest 5 years after delivery.
- 5.5 The supplier shall undertake liability for ensuring that his services and their exploitation by us do not infringe the property rights of third parties. The

same shall apply to the procuring of accessory equipment, to maintenance and repair, to later modifications and the manufacture of spare and replacement parts by us or by outside manufacturers.

6 Invoicing and payment terms

- 6.1 The invoice duplicates shall be specifically marked. It is not permitted to combine more than one order in a single invoice.
- 6.2 The basis of invoicing shall be the quantities, contents and piece numbers acknowledged by us. In case of differences in weight, we shall only acknowledge the weights determined by our weighing staff.
- 6.3 We shall pay at our discretion by cheque or remittance or by promissory note or trade bill respectively.
- 6.4 Unless otherwise agreed, payments shall be effected within 14 days subject to a 3 % discount or 30 days without deduction. The time limits for payment shall begin at the earliest as at the day of receipt of the invoice provided that the goods have been delivered completely. Should our obligations of payment be counterbalanced by accounts receivable, we shall be entitled to make setoffs irrespective of the mode and time of payment.
- 6.5 Payments shall not be interpreted as an acknowledgement of the absence of defects of the service received, nor as a waiver of rights.
- 6.6 If we make a down payment on our order, we shall at any time be entitled to demand the transfer of ownership by way of security for the corresponding materials, in particular for the items ordered and having undergone treatment.

7 Assignment, transmission of contract, change of company name

- 7.1 The supplier shall not assign any claims against us neither in full nor in part; without our prior approval in writing such approval shall not withheld by us without important reason.
- 7.2 The supplier shall not, without our prior approval in writing, transfer the performance of his contractual obligations to third parties, neither in full nor in part. If such approval is granted, the supplier's responsibility towards us shall continue.
- 7.3 The supplier shall be obliged to advise us immediately of any transmission of contract by operation of law, and of any change of the company name.

8 Final provisions

- 8.1 The venue for both parties shall be Bochum. Beside, we shall be entitled to choose the general venue of the supplier.
- 8.2 The place of performance for payment claims of the parties shall be Witten, for any other claims the in-plant „Address for Shipments“ stated in our ordering sheet, or any other place of delivery indicated by us.
- 8.3 The legal relationship existing between the parties shall be governed by German law to the exclusion of the conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG). Unless opposed by our General Conditions of Purchase, the trade clauses as defined by Incoterms (2010 version) shall apply complementarily.
- 8.4 Should one or several provisions of the present EGB be or become ineffective, the validity of the remaining provisions as a whole shall not be affected thereby. The same shall apply to any gaps. The parties to the respective contract shall in such case agree a valid provision which corresponds to or comes as close as possible to the economic purpose of the invalid provision(s). In the place of the invalid or unenforceable provision or to fill a gap, an adequate arrangement shall apply which comes closest to what had been intended or would have been intended by the parties according to the meaning and purpose of the contract

concerned if they had considered this aspect while concluding the contract or when subsequently incorporating such provisions.

8.5 It is not permitted to use our enquiries and orders for advertising purposes.

8.6 Any data obtained during the business relationship shall be saved in files within the company group of Hermetik Pump International GmbH and Hermetik Hydraulik AB and communicated between them. They shall not be disclosed to third parties without authorisation.