

Standard Terms and Conditions of Purchase

(Effective as of August, 2015)

Unless otherwise agreed, these Standard Terms and Conditions of Purchase shall apply to all commercial transactions concluded between Armaturenfabrik Franz Schneider GmbH + Co. KG, headquartered in Nordheim, Bahnhofplatz 12, PLZ: 74226, HRA 102626, district court Stuttgart, and the supplier in connection with the purchase of goods/products/services (hereinafter: "goods") and/or in connection with the services required for this.

1. General Provisions: Scope of Application

(1) We shall place orders on the basis of our Standard Terms and Conditions of Purchase. Conditions to the contrary – unless set out in the purchase order documentation – shall not apply unless we have expressly approved their applicability. Our Standard Terms and Conditions of Purchase shall apply exclusively - even if, in awareness of any of the supplier's contradictory conditions or conditions deviating from our Terms and Conditions of Purchase, we accept the delivery of the supplier without reservation.

(2) These Standard Terms and Conditions of Purchase shall form an intrinsic component of the contract concluded between us and the supplier. All agreements made between us and the supplier for the purpose of performance of the contract shall be set out in writing. The written form shall also be deemed to be fulfilled in electronic form.

(3) Our Standard Terms and Conditions of Purchase shall only apply in relation to companies, legal entities subject to public law and special assets under public law.

2. Offer, Purchase Order, Conclusion of Contract

(1) Our purchase order shall only be valid for two weeks from receipt by the supplier, unless the supplier has confirmed the purchase order by then or we discern that it has started performing the work as per the purchase order.

(2) In the case of verbal agreements or agreements made over the telephone, one of the parties must provide us with written confirmation of such immediately for said agreements to be considered valid.

(3) Supplier visits or the drafting of offers, projects, etc. shall be carried out at no cost to us, irrespective of whether or not a purchase order is placed, unless agreed otherwise in advance in writing.

(4) We shall retain title and copyrights to illustrations, drawings, calculations and other documentation; they may not be made available to third parties without our prior written consent. They shall be used exclusively for manufacture on the basis of our purchase order; following completion of the order, they shall be returned to us without being requested. The provisions of Clause 16, "Confidentiality", shall also apply.

3. Prices, Shipping, Packaging

(1) The prices agreed shall be fixed prices for the duration of processing of the contract, including replacement delivery up to 15 years after phase-out of series production. (Fixed price up to 3 years after phase-out of series production, then price negotiation.) Tools must be available up to 15 years after phase-out of series production, and any premature scrapping shall always require the written approval of Schneider.

(2) The price shall include free delivery (DDP or DDU in accordance with Incoterms 2010), the costs for packaging, freight and transportation to the agreed shipping address. The price shall also include return of empties. The specific delivery clause shall be set out by the ordering party. Anything deviating from this shall only apply if it has been agreed in writing.

(3) The supplier shall accept the return cost of empties and packaging at the place of performance if we so require.

(4) Even if no agreement relating to packaging and transportation has been concluded, the supplier shall ensure by means of suitable packaging and transportation that any impairment in the quality of or damage to the goods is avoided. Packaging costs and packaging hire charges shall be charged to us at cost, unless a charge has been agreed in writing.

(5) Every delivery shall be accompanied by a corresponding delivery note containing our order

Armaturenfabrik Franz Schneider GmbH + Co. KG
Bahnhofplatz 12 | 74226 Nordheim | Germany

number and our material/article number (incl. article group and drawing revision level) and the container information (quantity and type), unless expressly agreed otherwise. We may return any consignments without this information carriage due; they do not constitute fulfilment and/or trigger payment periods.

4. Invoice, Payment, Right of Payment

(1) Invoices shall be submitted to us in single copy on shipment of the goods, but separately from the shipment. Invoices must always be sent to our Einkauf (Purchasing) department.

(2) Without special agreement, payment shall be due in 21 days with a discount of 3% or in 90 days net, calculated from receipt of the goods; however, the decision regarding the payment date shall be the responsibility of the ordering party. In the case of early deliveries, the payment date shall be dependent on the agreed delivery date. The payment period may also be extended as a result of incomplete documentation, e.g. missing inspection certificates, initial sample test reports, etc.

(3) Possible losses caused by default shall be limited to the statutory default interest in accordance with § 288 para. 2 BGB [German Civil Code] to the exclusion of the possibility of § 288 para. 3 BGB [German Civil Code].

(4) Invoices must specify the shipping address, the supplier number, the delivery note number, the relevant purchase order or delivery schedule number, the delivery conditions, the goods quantity and ID number, the total price and any other legally stipulated information. The EU VAT identification number must be stated for deliveries and services which originate from an EU country outside Germany. Imported goods shall be delivered duty paid. The supplier shall be obliged to issue the required declarations and information, permit the customs authorities to conduct inspections, and to furnish the required official confirmations at its own cost within the context of Directive (EC) No. 1207/2001. It shall be obliged to notify us of any obligations to obtain permits for (re) exports in accordance with German, European and U.S. export and customs regulations as well as the export and customs regulations of the country of origin of the goods.

(5) The supplier shall be responsible for any consequences arising due to non-compliance with

the obligation specified in Clause 4 (4) and shall assume all resulting damages and costs unless it can be proven that it cannot be held responsible.

5. Set-off, Retention, Assignment

(1) We shall be lawfully entitled to rights of set-off or retention. In particular in the event of a notification of defects, we shall be entitled to withhold payments due within reason. If and insofar as payments for defective deliveries have already been made, we shall be entitled to withhold any other payments due up to the amount of said payments made.

(2) The supplier shall not be entitled to set-off rights and rights of retention against us as long as these are not deemed to be legally binding or are undisputed; claims in the relationship requiring reciprocal performance, in particular claims for compensation due to costs derived from correction of faults or completion costs, shall be excluded here.

(3) Notwithstanding § 354 a HGB [German Commercial Code], the supplier shall not be entitled to assign its claim against us without our prior approval, which shall not be unreasonably refused.

6. Delivery Date, Delivery, Delay in Delivery – Outsourcing only after Approval

(1) The delivery time specified in the purchase order is binding and represents a firm deal. If the supplier realises that the agreed deadlines cannot be met for any reason, the supplier shall notify us to this effect immediately in writing, giving the reasons and the duration of the delay. Insofar as the contracting parties agree on a written deviation from an “ex works” delivery clause, the supplier shall specify the transportation time from its supply plant to us.

(2) If the supplier defaults on delivery, we shall be entitled to claim a contractual penalty in the amount of 0.3% of the purchase order value for every calendar day of the delay, but to a maximum of 5% of the total or pro rata purchase order value with which the supplier is in default on delivery. The supplier shall have the right to prove that it is not responsible for the reason for the delay, and that it did not cause the delay by slight negligence. We shall be entitled to assert continued legal claims insofar as they exceed the amount of the contractual penalty. In the event of a delayed delivery, we shall declare reservation of a contractual penalty when we deduct the relevant amount from the invoice.

Armaturenfabrik Franz Schneider GmbH + Co. KG
Bahnhofplatz 12 | 74226 Nordheim | Germany

(3) Acceptance of a delayed delivery or service shall not constitute any waiver on our part of compensation claims arising from the delay.

(4) If the agreed deadlines cannot be met due to circumstances for which the supplier is responsible, we shall be entitled, after expiry of a reasonable period specified by us, to choose either to demand compensation instead of fulfilment or to purchase a replacement from a third party. This shall not affect the right of withdrawal.

(5) The supplier shall not be entitled to pass on to third parties (subsuppliers) the order in full or in part without our prior written consent. If we give our consent, the supplier shall remain responsible for fulfilment of the contract and is as liable for its subsuppliers as it is for its own acts and omissions in accordance with these contractual and statutory provisions.

7. Goods Inward Inspection

(1) We shall check the identity and quantity immediately upon receipt of the delivery and inspect the delivery or any obvious transport damage by conducting spot checks. If a defect is thereby discovered, this shall be reported to the supplier immediately. Prompt action is guaranteed when the notification of defects is received within 7 working days of receipt of the goods at the supplier. Hidden defects which are not detected during the incoming inspection shall be indicated to the supplier as soon as these are identified in line with the conditions of a proper business process. The supplier shall, in this respect, waive any objection relating to delayed notification of defects.

8. Liability for Defects

(1) Liability for defects shall be determined in accordance with the legal regulations unless stipulated otherwise.

(2) The supplier shall be obliged to deliver the goods in the agreed quantity, quality and configuration and package them in accordance with the agreed conditions. The supplier shall guarantee that all services rendered by it comply at the time of conclusion of the contract with the latest status of technology, the pertinent legal conditions and the regulations and directives of authorities and trade associations, and that it is not aware of any impending changes. This shall also apply in particular with regard to the environmental protection provisions applicable in the European Union, the

Federal Republic of Germany and the headquarters of the supplier. The supplier shall notify us immediately of any pertinent impending changes of which it becomes aware.

(3) If the supplier has any concerns regarding the nature of the quality required by us in relation to the goods to be delivered to us, it shall notify us of these immediately in writing.

(4) The period of limitation shall be 36 months, calculated from the date of the transfer of risk, insofar as it does not interfere with the mandatory provisions of §§ 478, 479 BGB.

(5) During the period of limitation, the supplier shall rectify any reported defects in delivery/service performance immediately and free of charge, including any additional costs, either by means of repair or replacement of the defective parts at our discretion. Our right to demand new delivery of a defective item or work shall remain reserved. Rectification of defects, as well as new delivery or new manufacture shall be carried out without delay. A new period of limitation shall then apply.

(6) Any further claims relating to defects, in particular the right of withdrawal and our right to compensation of damages, including damages in lieu of performance of service, shall remain unaffected. If the supplier does not fulfil its duty of subsequent performance within a reasonable period set by us, we may take the necessary measures ourselves or arrange for them to be taken by a third party at the supplier's cost and risk. In urgent cases, we may by agreement with the supplier – where such is possible within a reasonable time frame – carry out the subsequent performance in the form of rectification of defects or arrange for this to be carried out by a third party. Minor defects may be rectified by us in the interest of uninterrupted production without prior approval and the necessary costs shall be charged to the supplier without affecting the legal obligations of the supplier. The same shall apply in the event of a threat of unusually high damages.

(7) The supplier shall be informed in those cases in which we feel able to remedy defective products ourselves. After approval by the supplier, we shall carry out the repairs at the cost of the supplier.

9. Warranties

(1) In so far as the supplier has undertaken a warranty of the quality of an item or work in the form

of an assurance, it shall be liable in accordance with the legal conditions to compensate damages, including compensation in lieu of performance of service. The period of limitation shall be 3 years, calculated from the discovery of the defect or the absence of the guaranteed or assured quality.

10. Product/Recourse Insurance

(1) Insofar as the supplier is responsible for product damage, it shall be obliged to indemnify us against damage claims of third parties on first demand, insofar as the cause is within its jurisdiction and organisational area and it assumes liability itself in relation to third parties.

(2) In this context, the supplier shall also be obliged to refund any expenses arising from or in connection with any recall action carried out. We shall notify the supplier, wherever possible and reasonable, of the content and scope of the recall measures to be carried out and provide the supplier with an opportunity to respond.

(3) The supplier shall be obliged to hold product liability insurance with an appropriate flat-rate level of coverage per instance of physical injury/property damage, and to provide us with proof of such accordingly on request. The supplier shall also be obliged to notify its liability insurer of its indemnity obligation in accordance with paragraph 1.

(4) The supplier shall assume liability for our consequential losses arising from product liability or from a breach of safety regulations through appropriate provisions against claims. This shall apply notwithstanding § 5 ProdHaftG [Product Liability Act], 823, 840, 254 BGB [German Civil Code]. In order to ensure compensation of such losses, the supplier shall undertake to take out operating, product and environmental liability insurance against personal injury, property damage and financial loss including possible product financial loss and consequential financial loss, as well as environmental damage with an appropriate level of coverage. The coverage must have double annual maximisation and cover a global scope. The supplier shall provide proof on request that such insurance is in place.

(5) If the loss incurred by us exceeds the relevant coverage amounts or if the insurer refuses for other reasons its obligation to meet claims in full or in part, our compensation claims against the supplier shall remain unaffected.

11. Invalidity of Limitation/Exclusion of Liability

(1) Insofar as the supplier has limited and/or excluded its liability in relation to us in its Standard Terms and Conditions of Sale, such provisions shall be invalid in relation to us. This shall apply in particular to the limitation of liability in the area of default on delivery, culpable breach also of minor contractual obligations and the property and consequential property damage caused by negligence, as well as personal injury compensation liability in relation to the supplier's employees, workers, contractors, representatives or vicarious agents.

(2) The same shall apply insofar as limitation of liability or exclusion of liability of the supplier in its Standard Terms and Conditions of Business is based on the fact that the supplier has shortened the statutory periods of limitation.

12. Quality

(1) The processes required for the manufacture of parts/products and the materials used for this purpose must comply with the status of technology, the valid legal regulations and other applicable provisions, if applicable associated approval procedures, as well as the regulations and provisions relating to safety at work, environmental protection and hazardous substances legislation. Furthermore, the supplier shall be obliged to find out about and take into consideration any country and industry-specific laws in the event of production in other countries (see Clause 7 (2) above).

(2) Prior to delivery of new parts and following drawing changes, we shall request an initial sample test report (in line with VDA/PPAP) with a corresponding number of sample parts (if applicable separated by nests). If the supplier is unable to do so, we shall be prepared, after agreement and against payment, to undertake initial sample testing on its behalf.

(3) The supplier shall provide an inspection certificate in accordance with EN 10204 3.1 to accompany every raw material delivery and all materials that are labelled. The inspection certificate or a clearly assigned accompanying sheet must prove that the delivered goods, giving the delivery note number, our article number and the batch number, were produced from the batch/material listed on the inspection certificate. Otherwise, an inspection certificate shall be presented to us on request. The deliveries relating to springs and

Armaturenfabrik Franz Schneider GmbH + Co. KG
Bahnhofplatz 12 | 74226 Nordheim | Germany

heat/surface-treated products shall be accompanied by documentation with target/actual values about spring resistances, heat treatments and coatings. All raw, auxiliary and operating materials must, in the case of first delivery and changes, be accompanied by an EC safety data sheet and the technical data sheet.

(4) If the nature and scope of testing, as well as the test equipment and methods, have not been definitively agreed between the contracting parties, we shall be prepared at the supplier's request to discuss testing with it in the context of its knowledge, experience and abilities in order to determine the required level of test engineering. On request, we shall also inform the supplier of the pertinent safety regulations.

(5) Once we have approved initial samples for production, the appearance, properties, material and manufacturing methods may not be changed without our written consent.

(6) Our approval of initial samples shall have no influence on the liability for defects in accordance with these Standard Terms and Conditions of Purchase, as initial sample testing can only refer to the basic suitability of the sample, but not to the perfect condition of the series products supplied at a later date.

(7) The supplier shall undertake to report all real or suspected defects in the delivered products to us without delay.

(8) The supplier and its services must comply with the statutory provisions, in particular the safety and environmental protection provisions including the directive on hazardous substances, the ElektroG [German Electrical and Electronic Equipment Act] and the safety recommendations of the responsible German professional bodies or professional associations, e.g. VDE, VDI, DIN. The relevant certificates, certification reports and verifications must be supplied free of charge. The supplier shall be obliged to identify and comply with the current guidelines and laws which apply to its components with regard to material limitations. They shall be obliged not to use prohibited substances. In accordance with the current guidelines and laws, dangerous and hazardous substances must be stated on the specifications by the supplier. Where applicable, the safety data sheets must be submitted

together with the offers and on first delivery with the delivery note (at least in German or in English). We must be informed immediately of any violations of substance restrictions and deliveries containing prohibited substances (see also Clauses 7 (2) and 12 (1)).

(9) The supplier shall be solely responsible for complying with the accident prevention regulations when making deliveries and providing services.

13. Rights of Use/Property Rights

(1) The supplier shall grant us the non-exclusive, transferable right without location or time limitations to exercise the industrial property rights of the supplier that have been incorporated into the contractual product. Likewise, we shall also be entitled to this right of use in relation to software belonging to the contractual product and the relevant documentation – in addition to the right of use in accordance with § 69a et seq. UrhG [German Copyright Act]. We shall also be permitted to produce backup copies.

(2) If the product is not manufactured in full accordance with the design for which we are responsible, the supplier shall guarantee that the application or sale of the product will not constitute any patent infringement in this or any other country. The supplier shall also guarantee that no rights of third parties in this or any other country will be infringed in connection with its delivery.

(3) If, as a result, a claim is made against us by a third party from the legal violation mentioned in Clause 13 (1) and 13 (2), the supplier shall be obliged to indemnify us against such claims on first written demand; we shall not be entitled to come to any agreements with the third party – without the consent of the supplier – or to reach a settlement in particular.

(4) Insofar as it is not otherwise regulated in these Standard Terms and Conditions of Purchase, the general period of limitation, shall amount to ten years, calculated from conclusion of the contract.

14. Tools and Moulds

(1) Any technical documentation, tools, plant standard sheets, operating tools, etc. (hereinafter: "manufacturing resources") made available by us shall remain our property; all trademark, copyright and other property rights shall remain with us.

(2) Manufacturing resources and documentation which the supplier requires for serial production, such as injection tools, punching tools and forging forms, must be stored by it at its own cost for 15 years after phase-out of series production, unless we demand their surrender in advance. Subsequent scrapping shall require our written approval.

(3) The supplier may only use the manufacturing resources to execute the purchase order and shall not be permitted to give them to unauthorised third parties or otherwise make them available. The mentioned items may only be duplicated to the extent required for execution of the purchase order. Manufacturing resources may not be used either for deliveries to third parties or for purposes other than delivery to us without our prior written approval.

(4) If the supplier develops the production materials mentioned in Clause 14 (1), sentence 1, partly or fully at our cost, Clause 14 (1) shall apply accordingly; however, with the creation of our share of the manufacturing costs, we shall become (co-) owners. The supplier shall store these manufacturing resources for us free of charge; we shall be able to purchase the rights of the supplier with regard to the item subject to reimbursement of any item production expenses not yet amortised and demand surrender of the manufacturing resources.

(5) If the supplier commissions a subsupplier with the production of tools and samples to execute our purchase order, it shall hereby assign us all its claims against the subsupplier for transfer of ownership of the tools and samples.

(6) The supplier shall be obliged to insure the manufacturing resources belonging to us at original value at its own cost against fire, water and theft damages. At the same, the supplier shall assign to us at this point any compensation claims arising from this insurance and shall report this assignment immediately to its insurer; we shall hereby accept the assignment.

(7) The supplier shall be obliged to carry out any necessary maintenance and inspection work, as well as all servicing and repair work, on our manufacturing resources at its own cost and in good time. The supplier shall report any faults to us immediately; if it neglects to do so and is culpable, it shall be obliged to compensate us for any losses arising as a result.

(8) The manufacturing resources shall be stored in such a way that no damage can be caused by the production process of the supplier or other influences, and shall be labelled as our property. The supplier shall apply the principles of the diligence of a competent business person.

(9) Changes to the manufacturing resources shall require our express approval. If approval has been given, the change shall be carried out immediately with coordination of timing with us so as not to limit supply in our production.

(10) We shall be entitled to inspect the manufacturing resources at any time during usual times of business in agreement with the supplier.

(11) If the supplier breaches its obligations arising from these Standard Terms and Conditions of Purchase or if the contracting parties do not reach any agreement in the event of any price increases that may be necessary for the production parts produced from the manufacturing resources or with regard to other matters in the contract process, we may take direct possession of the manufacturing resources and all necessary associated documentation. The handover shall take place on our company premises; the costs for the handover shall be borne by the supplier.

(12) Irrespective of our legal claim for return of property and the service life of the manufacturing resources, the supplier shall be entitled to own our manufacturing resources if and insofar as the supplier requires this for the processing of an order for us. Otherwise, the supplier shall be obliged at any time, on request, to return the manufacturing resources owned by us, to the exclusion of any right of retention.

(13) The supplier shall, unless agreed otherwise, undertake at its own cost any repairs, maintenance and if applicable any part replacements on the manufacturing resources that are deemed necessary in order to be able to manufacture parts to the dimensions and tolerances specified by us for the series and replacement demand for the relevant end product affected. Following the replacement repair or maintenance on the manufacturing resources, this shall require the release of new initial samples to us.

15. Retention of Title, Provision

(1) Insofar as we provide the supplier with parts, we shall retain title to said parts. Processing or alteration

Armaturenfabrik Franz Schneider GmbH + Co. KG
Bahnhofplatz 12 | 74226 Nordheim | Germany

by the supplier shall be carried out for us. If our parts are processed with other articles that do not belong to us, we shall acquire joint title to the new item in the ratio of the value of our item (purchase price plus VAT) to the other processed articles at the time of processing.

(2) We shall retain title to tools; the supplier shall be further obliged to use the tools solely for the production of goods ordered by us. The supplier shall be obliged to insure the tools belonging to us at original value at its own cost against fire, water and theft damages. At the same, the supplier shall assign to us at this point any compensation claims arising from this insurance; we shall hereby accept the assignment. The supplier shall be obliged to carry out any necessary maintenance and inspection work, as well as all servicing and repair work, on our tools at its own cost and in good time. The supplier shall report any faults to us immediately; if it culpably fails to do so, this shall have no effect on any compensation claims.

(3) If the security rights we are entitled to under Clause 15 (1) and/or 15 (2) exceed the purchase price of all of our goods not yet paid by more than 10%, we shall be obliged to release the security rights upon request of the supplier at our own discretion.

16. Confidentiality

(1) The supplier shall be obliged to treat all the illustrations, drawings calculations, and other documentation, data and information received by it as strictly confidential. They may be disclosed to third parties only with our express consent. The obligation to maintain confidentiality shall continue to apply after the completion of this contract; it shall expire when and to the extent that the manufacturing know-how contained in the illustrations, drawings, calculations and other documentation received has become common knowledge.

(2) The aforementioned confidentiality obligation does not apply to information and topics discussed and facts which were demonstrably

(2.1) already public knowledge at the time of notification to the relevant contracting party or became public knowledge afterwards without violating the aforementioned obligation or

(2.2) known before disclosure by the relevant contracting party or

(2.3) passed on to the relevant contracting party in a legal manner by third parties or

(2.4) compiled by the relevant contracting party irrespective of the information supplied by the other relevant contracting party.

(3) Subsuppliers must be obliged accordingly.

(4) The contracting parties may only use their business relationship for advertising purposes with the prior written consent of the other contracting party.

17. Monitoring of Production

(1) We shall have the right to inspect production at the supplier's location, to take samples and to carry out any other necessary investigations at usual times of business and after arranging an appointment with the supplier.

(2) The supplier must grant us the corresponding contractual right if production takes place in full or in part at another company.

18. Insolvency, Place of Jurisdiction, Place of Performance, Applicable Law

(1) If an application is made for insolvency proceedings relating to the assets of a contracting party, the other contracting party shall be entitled to withdraw from the contract for any unfulfilled part.

(2) The place of jurisdiction for all disputes in the case of transactions with commercial business persons shall be our registered place of business. However, we shall also be entitled to take legal action against the supplier at its general place of jurisdiction.

(3) Unless indicated otherwise in the purchase order, our place of business shall also be the place of performance.

(4) German law shall apply, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).

19. Severability Clause

(1) If individual provisions of these Standard Terms and Conditions of Purchase are invalid in full or in part, this shall not affect the validity of the other regulations. The parties shall undertake instead to replace the invalid provision with one that corresponds most closely to the economic purpose

Armaturenfabrik Franz Schneider GmbH + Co. KG
Bahnhofplatz 12 | 74226 Nordheim | Germany

of the invalid provision and is valid. This shall not apply in the event of invalidity due to an infringement of §§ 305 to 310 BGB [German Civil Code]. In this case, the legal regulation shall apply in so far as a supplementary interpretation of the contract is necessary for the purposes of filling any gaps.