

General Terms and Conditions of Purchase

RASOMA Werkzeugmaschinen GmbH

I. Applicability

1. These General Terms and Conditions of Purchase (GTCP) apply to all business relationships between RASOMA Werkzeugmaschinen GmbH ("we" or "RASOMA") and our business partners and suppliers ("contractors"). The GTCP apply only if the contractor is an entrepreneur (Section 14 of the German Civil Code (BGB)), a legal person under public law or a special fund under public law.
2. The GTCP form part of all contracts which we conclude with our contractors concerning the supplies or services offered by them (hereafter also referred to jointly as the "service"). They shall also apply to all future deliveries, services or offers submitted to us, even if they are not agreed again separately.
3. Terms and Conditions of Business of our contractors or third parties shall not apply, even if we have not separately stated our objection to their applicability in a specific case. Even if we refer to a letter (including an email or fax) which contains the Terms and Conditions of Business of the contractor or a third party – or refers to such terms and conditions – this shall not be deemed to indicate our acceptance of the applicability of such terms and conditions.

II. Orders, Specifications and Items supplied by us

1. An order shall only be deemed to have been effectively placed if it is drawn up by us in writing (also in the form of a fax, email or by means of an electronic ordering system) and is signed. Orders placed verbally or by telephone shall only be binding on us if we have subsequently confirmed them in writing (also in the form of a fax, email or by means of an electronic ordering system).
2. Unless our orders explicitly contain a commitment period, they shall be binding on us for a period of 10 working days after the date of the order. The decisive factor for the timely acceptance of the order by the contractor shall be the date of receipt of the declaration of acceptance by us. Delayed acceptance shall be deemed to be a new offer and shall require explicit acceptance by us.
3. Without our express prior consent, the contractor is not entitled to have the service for which the contractor is responsible performed by third parties (e.g. subcontractors). With the acceptance of the order, the contractor acknowledges that he/she/it has been informed of the type of execution and scope of the service and its intended use and that on the basis of the capacities available to his/her/its business operations is able to execute the order in accordance with the agreed terms and conditions. This means in particular that the contractor bears the procurement risk for his/her/its services, unless otherwise explicitly agreed in the individual case (e.g. supplies restricted to existing stocks).
4. Details submitted by us, e.g. drawings, samples, models, trademarks, calculations, packagings, including details of tolerances, tools, finished or semi-finished products (hereafter also referred to as "specifications and items supplied by us") are intended only as a guide and we do not provide any guarantee of their appropriateness or accuracy. In all cases the contractor shall check all specifications and items supplied by us with respect to their technical accuracy and suitability for the order that has been placed and shall – if appropriate – specifically point out any errors or inaccuracies to us so that we are able to correct them in the

order. If we nevertheless explicitly insist thereafter in written form that the order is to be executed in accordance with our specifications and with the items supplied by us, we shall bear the risk that results from such specifications and supplied items.

III. Spare parts

1. The contractor is obliged to keep available spare parts for the products delivered to us for a period of at least 10 years after delivery.
2. If the contractor intends to stop the production of spare parts for the products delivered to us, the contractor shall notify us of this without delay after taking the decision to discontinue production. This decision must be taken at least 6 months before production is stopped. The obligation to keep them available according to paragraph 1 above shall remain unaffected by this.

IV. Delivery Time and Delay in Delivery

1. The delivery time stated by us in the order shall be binding. Unless otherwise agreed, delivery times stated by us shall begin on the date of the order. The contractor shall be obliged to inform us without delay if – for whatever reasons – he/she/it is likely to be unable to adhere to agreed delivery times. The contractor shall be deemed to be in default without any need for a reminder to be sent if agreed delivery times are not complied with.
2. Insofar as the contractor fails to provide his/her/its service, does not provide it within the agreed delivery time or falls into arrears, our rights – in particular with respect to withdrawal from the contract and claims for damages – shall be in line with the statutory regulations. The provisions contained in paragraph 3 shall remain unaffected.
3. Insofar as the contractor is in default, we may impose a contractual penalty of 0.5% of the net price for each week of delayed performance or part thereof, but not more than 5% of the net price in total for the delayed performance. We are entitled to impose the contractual penalty in addition to the fulfilment of the service and – as a minimum amount – compensation for damages owed by the contractor in accordance with the statutory provisions; the assertion of claims for further loss or damage remains unaffected. If we accept the delayed performance, we shall impose the contractual penalty no later than at the time of the final payment.
4. Before the expiry of the agreed delivery time we shall not be obliged to accept the service.

V. Delivery, Packaging and Transfer of Risk

1. Unless expressly agreed otherwise, all services are to be executed as DDP deliveries (Incoterms 2010) to the destination specified by us in the order. Irrespective of any agreed delivery clauses, in the case of a contract of sale involving the carriage of goods, the respective destination shall be deemed to be the place of performance for the delivery and any supplementary performance (debt to be discharged at creditor's domicile).
2. The type of delivery and packaging shall in particular be selected by the contractor in such a way that the service is protected against damage and arrives on the agreed date. If by way of exception we have explicitly agreed in the order to pay for the freight charges, the contractor shall select for us the most favourable transport and delivery method.

3. The risk of accidental loss and accidental deterioration of the goods shall pass to us upon transfer of the goods at the destination. Insofar as an acceptance test has been expressly agreed in an individual case, this shall be the determining factor for the transfer of risk. In all other respects the statutory provisions of the law governing contracts for work and services shall apply accordingly to any acceptance test.
4. The statutory regulations shall apply with respect to the occurrence of our default of acceptance. However, the contractor must also explicitly offer us his/her/its service if a specified or specifiable calendar time has been agreed for an action or involvement on our part (e.g. the provision of material). Insofar as we are in default of acceptance, the contractor may – in line with the statutory regulations – demand compensation for his/her/its extra costs (Section 304 of the German Civil Code (BGB)).
5. The packaging is included in the price; if explicitly agreed otherwise, the packaging shall be charged for at cost price.
6. Partial deliveries are only permitted if this is explicitly agreed. In the case of an on-demand order, there shall be no obligation to accept items within the call-off periods for services that have not been called off even if a non-binding total quantity has been stated in the order, unless we have expressly undertaken to take receipt of a total quantity in the order with binding effect.

VI. Documentation

1. Invoices, delivery notes and packing lists shall be drawn up in duplicate. Delivery notes and packing lists shall be enclosed with the deliveries. These documents must contain:
 - Number and date of the order
 - Quantity and quantity unit
 - Gross, net and – if applicable – calculation weight
 - Article designation with our article number
 - Customs tariff number
 - Residual amount, if by way of exception partial deliveries are permittedIf one or more of these details is missing or the documents do not comply with the legal regulations and as a result the processing of the order by us is delayed within the framework of our normal business transactions, the agreed payment and discount periods shall be extended by the period of the delay.
2. Technical specifications, calculations, operating or installation instructions or other agreed documentation forming part of the service shall be transferred to us upon delivery. This also applies to the required export documents in accordance with Article X, provided that it has been agreed that the service – if applicable also the installation of the machine produced by us – is intended for onward delivery abroad. Insofar as these are missing in whole or in part, the service shall be deemed to be defective and we shall then be entitled to assert the warranty rights due to defects of quality in accordance with Article IX.
3. Advices of dispatch only have to be submitted to us by separate agreement or upon request.

VII. Prices and Payment Terms

1. Unless explicitly agreed otherwise, the agreed prices are fixed prices, provided that the contractor does not generally reduce the prices concerned. The prices are quoted inclusive of value-added tax. However, this shall be shown separately.
2. Unless otherwise agreed in the individual case, the price shall include all services and ancillary services of the contractor (e.g. assembly, installation) as well as all ancillary costs (e.g. proper packaging, transport costs including any transport and third-party liability insurance).
3. Invoices shall be issued separately for each delivery. Delays due to incorrect, incomplete or delayed accounting or delivery shall not affect the cash discount agreement in accordance with Article VII.4.
4. Unless otherwise agreed, payment shall be subject to a 3% discount within 14 days of delivery of the service and receipt of invoice or shall be net within 30 days.
In the case of bank transfer, payment shall be deemed to have been effected on time if our transfer order is received by our bank before the expiry of the payment period; we are not responsible for delays caused by the banks involved in the payment process.
5. We shall not be liable for any interest payable after the due date. The level of default interest shall be in line with the statutory regulations.

VIII. Assignment, Offsetting, Right of Retention

1. The contractor is not entitled to assign his/her/its claims from the contractual relationship to third parties. This shall not apply in the case of monetary claims.
2. We shall be entitled to the rights of set-off and retention, as well as to the objection of the unfulfilled contract, to the extent that this is provided for by law. We shall in particular be entitled to withhold payments which are due for as long as we still have claims based on incomplete or defective services against the contractor.
3. The contractor shall have a right of set-off or retention only on the basis of legally binding or uncontested counterclaims.

IX. Warranty Claims

1. Unless otherwise stipulated below, the statutory provisions shall apply to our rights in the case of defects of quality and title (including incorrect and short deliveries as well as improper assembly and/or incorrect assembly or operating instructions, etc.) and in the event of other infringements of obligations by the contractor. In particular, the contractor shall guarantee that the service is in line with all agreed technical specifications and that all technical parameters which are agreed with the order and its acceptance are complied with.
Insofar as and to the extent that a separate procurement agreement is not explicitly concluded, the properties of the service shall satisfy the technical specifications from generally accessible technical regulations which are relevant to the service, e.g. DIN, VDE, VdW or VDMA conditions. Irrespective of this, our order shall be executed adequately and appropriately in accordance with state-of-the-art technology in each case.
2. The statutory provisions (Sections 377, 381 of the German Commercial Code (HGB)) shall apply to the commercial obligation to inspect and give notice of defects, subject to the following conditions: Our inspection obligation shall be limited to defects which are self-evident

during our incoming goods check as part of an external inspection, including the delivery documents, as well as during our quality control using the random sampling procedure (e. g. transport damage, incorrect and short delivery). Insofar as an acceptance test has been agreed, no inspection obligation shall apply. Moreover, this also depends on the extent to which an inspection is feasible, taking into account the circumstances of the individual case in accordance with the normal course of business.

Our obligation to give notice of subsequently discovered defects remains unaffected. In all cases, our complaint (notification of defects) shall be deemed to have been submitted immediately if it is received by the contractor within 5 working days after discovery of the defect.

3. We do not waive any warranty claims as a result of the acceptance or approval of patterns or samples etc. that are submitted, unless we have expressly insisted that the service be carried out on our responsibility in this manner, even though the contractor has specifically informed us in advance of the possible occurrence of a fault (see Article II.4 above).
4. Insofar as the contractor fails to fulfil his/her/its obligation to supplementary performance – at our option by rectification of the defect (repair) or by delivering a defect-free item (replacement delivery) – within a reasonable period set by us, we may rectify the defect ourselves and demand compensation from the contractor for the expenses incurred for this or a corresponding advance payment. If the supplementary performance by the contractor is unsuccessful or unacceptable to us (e.g. due to particular urgency, especially in cases where the item is installed in a machine to be manufactured by us or where operational safety is endangered or the occurrence of disproportionate damage threatens), it shall not be necessary to set a deadline; we shall inform the contractor of such circumstances without delay – in advance if possible.
5. The contractor shall bear the costs incurred by the contractor for the purposes of verification and supplementary performance (including possible removal and installation costs, packaging, etc.).
6. The contractor shall also bear the costs for the verification and subsequent performance if it is ascertained that there was indeed no defect present. Our liability for damages in the case of an unjustified request for the elimination of defects remains unaffected; however, in this respect we shall only be liable if we have ascertained – or not ascertained as a result of gross negligence – that there was no defect present.
7. The warranty period for each individual service is 36 months. The limitation period begins with the transfer of the service or – insofar as acceptance is explicitly agreed in the individual case – with the acceptance.
8. Upon the receipt of our written (including email or fax) notification of defects by the contractor, the limitation period for warranty claims shall be suspended until the contractor rejects our claims or declares that the defect has been rectified or otherwise refuses to continue negotiations about our claims. In the case of a replacement delivery and elimination of defects, the warranty period for replaced and reworked parts shall begin again, unless we had to assume from the contractor's behaviour that the contractor did not consider him/her/itself under an obligation to take the measure, but instead carried out the replacement delivery or elimination of defects only as a result of goodwill or similar reasons.
9. Moreover, in the case of defects of quality or title we shall be entitled to a reduction in the price or withdrawal from the contract in line with the statutory regulations. Furthermore, according to

the statutory regulations we have a right to submit a claim for damages and reimbursement of our expenses.

X. Export Control and Customs

1. The contractor is obliged to inform us in written form as early as possible before the delivery date of any approval obligations for the contractor's goods in accordance with applicable German, European (EU), US export, customs and foreign trade law and in accordance with the export, customs and foreign trade law of the country of origin of the contractor's goods. For this purpose, the contractor must provide us in particular with the following information and data:
 - The export list number in accordance with Annex AL of the German foreign trade regulations or comparable list items of relevant export lists;
 - the "Export Control Classification Number" according to the U.S. Commerce Control List (ECCN);
 - CCC certificates
 - the statistical goods number (HS/KN code);
 - the country of origin (trade/non-preferential origin);
 - information as to whether and, if so, in which of the goods supplied by the contractor there are materials or technologies installed or incorporated which stem from the USA.

On request, the contractor shall provide us with further information and data which we need in order to export and import items and in the case of the redistribution of the goods when they are re-exported.

2. The contractor is obliged to notify us immediately of any changes to the approval requirements for the contractor's goods which are delivered to us as a result of technical or legal changes or regulatory decisions.
3. If the contractor infringes his/her/its obligations pursuant to paragraphs 1 and/or 2, he/she/it shall be responsible for all expenses and damage as well as any other disadvantages (e.g. subsequent claims for foreign import duties, fines) resulting for us from this. This shall not apply if the contractor is not responsible for the infringement of the obligation.

XI. Manufacturer's Liability

1. If the contractor is responsible for a product defect, he/she/it shall indemnify us from third-party claims in this respect, insofar as the cause lies within the contractor's sphere of control and organisation and the contractor is liable him/her/itself in the external relationship.
2. Within the framework of the contractor's indemnification obligation, the contractor shall refund expenses in accordance with Sections 683, 670 of the German Civil Code (BGB) arising out of or in connection with the use of third parties, including recall actions carried out by us. We will inform the contractor about the content and extent of recall measures – insofar as this is

possible and reasonable – and give the contractor the opportunity to submit an official opinion. Any further statutory claims remain unaffected.

3. The contractor shall conclude and maintain product liability insurance with an appropriate all-inclusive coverage amount for personal injury and property damage.

XII. Property Rights

1. Insofar as this is legally permissible, the contractor shall grant us – without additional remuneration – the rights of use and exploitation of all services.
2. In accordance with paragraph 3, the contractor shall ensure that products or services delivered by the contractor do not infringe any third party's intellectual property rights in countries of the European Union or other countries in which the contractor manufactures the products or services or has them manufactured by others. Insofar as the contractor is aware of the country of destination for the service, he/she/it shall also be responsible for ensuring that products or services delivered by the contractor do not infringe any third party's intellectual property rights in this country of destination.
3. If claims are asserted against us by a third party due to the infringement of intellectual property rights as a result of the service provided by the contractor, the contractor shall be obliged to release us from these claims upon our first written request. In the case of claims for damages by the third party, the contractor shall be at liberty to provide proof that he/she/it was not responsible for the infringement of the rights of the third party. We are not entitled to conclude any agreements with the third party – in particular to conclude a settlement – without the consent of the contractor.
4. The contractor's indemnity obligation relates to all expenses which are necessarily incurred by us from or in connection with the claim asserted by a third party, unless the contractor can show that he/she/it is not responsible for the infringement of the obligation underlying the infringement of the property rights. This is particularly the case where we have explicitly insisted that the contractor shall produce the service using the specifications and items supplied by us and does not know – or is not obliged to know in connection with the products developed by him/her/it – that the industrial property rights of third parties are infringed as a result (see Article II.4 above). In this respect we hereby release the contractor from all claims of third parties.
5. Any further legal claims on our part based on defects of title relating to the services provided to us remain unaffected.
6. The limitation period for these claims is 3 years after the transfer of risk.

XIII. Ownership Protection

1. Insofar as tools, fixtures and models are manufactured by the contractor for contractual purposes and are charged to us separately, they shall become our property and shall be regarded as items supplied by us. We retain all intellectual property rights and property rights in rem in respect of specifications and items supplied by us (see Article II.4). The contractor is not permitted to make these accessible to third parties or use or reproduce them him/her/itself or by third parties without our express consent. Unless otherwise agreed in the individual case, specifications and items supplied by us shall be returned automatically to us without delay when the contractor no longer requires them for the normal course of business or if

negotiations do not result in the conclusion of a contract. Copies of these made by the contractor shall be destroyed in this case; the only exception to this is the retention of items as required by law, as well as the storage of data for back-up purposes within the framework of usual data back-up procedures.

2. Specifications and items supplied by us shall be identified by the contractor as our property, stored with care, protected against damage of any kind and used only for the purposes of the contract. The costs for the storage of the specifications and items supplied by us are included in the price agreed with the order. The costs for their maintenance and repair shall be borne by us, unless otherwise agreed. However, to the extent that these costs are attributable to defects in the objects produced by the contractor or to improper use by the contractor, the contractor's employees or other vicarious agents, they shall be borne by the contractor. The contractor shall immediately notify us of any damage to these objects which is not negligible. The contractor shall be liable for damage to, reductions in the value or loss of the specifications or items supplied by us, unless the contractor is not responsible for this.
3. Insofar as the contractor acquires the ownership of specifications or items provided by us as a result of processing, mixing or combining (further processing), he/she/it hereby assigns the co-ownership of the object which is further processed in the same proportion as the value of this object to the specifications and items supplied by us which are further processed. The contractor shall store the items jointly owned by us carefully and free of charge and, in particular, safeguard them against access by third parties and damage of any kind.
4. Retentions of title of the contractor shall only apply insofar as they relate to our payment obligation for the respective service with respect to which the contractor reserves the title. In particular, extended or prolonged retentions of title shall be prohibited.

XIV. Confidentiality and Data Protection

1. The contractor is obliged to maintain secrecy with respect to the terms and conditions of the order, as well as all information and documents made available to the contractor for this purpose (with the exception of publicly available information) and only to use them for the execution of the order (secrecy obligation). The contractor shall return them to us immediately upon request after dealing with enquiries or the processing of orders.
2. Without our prior written consent, the contractor may not refer to the business connection in advertising materials, brochures, etc., and may not put on display any delivered items manufactured for us.
3. The contractor shall place his/her/its employees and/or third parties (e.g. subcontractors) who have access to the above information and documents under a corresponding obligation in accordance with this Article XIV.
4. The duty to maintain secrecy shall apply for an indefinite time beyond the duration of this contract.

XV. Suretyship

1. In order to secure the advance payments to be effected by us and fulfilment of the contract, the contractor undertakes – at our request – to provide a directly enforceable guarantee in accordance with Article XV.3 in the amount of the advance payment.

Insofar as we are not required to make an advance payment, we may nevertheless demand the provision by the contractor – in order to ensure fulfilment of the contract – of a directly enforceable guarantee in accordance with Article XV.3 in the amount of 5% of the gross price of the order. We are obliged to return the guarantee immediately after delivery of the service or after acceptance if this has been expressly agreed in the individual case.

2. After the delivery of the service or the performance of any acceptance test that may be agreed in the individual case, we are entitled until the expiry of the warranty period to carry out a contract hold-back of 5% of the gross price of the order (including agreed changes). The contractor may replace this hold-back by means of a directly enforceable guarantee in accordance with Article XV.3. Our right to withhold payments due to specific defects remains unaffected.
3. The guarantee must be provided by a major German bank with a first-class rating or another bank which is acceptable to us and must include the waiver by the guarantor of the rights to contest, offset or pursue any other remedies. However, the exclusion of the defence of set-off shall not apply insofar as the counterclaim of the contractor is uncontested or has become legally established.

XVI. Compliance

1. The contractor undertakes to conduct him/her/itself within our business relationship in a manner which is in accordance with the law. In particular, the contractor undertakes
 - not to offer or grant, demand or accept advantages either in standard business transactions or when dealing with public officials which infringe applicable anti-corruption regulations;
 - within the business relationship with us, not to conclude any agreements or participate in concerted practices with other companies which have as their object or effect the prevention, restriction or distortion of competition in accordance with current anti-trust regulations;
 - to comply with the applicable laws on the regulation of the general minimum wage and to impose this obligation on subcontractors commissioned by the contractor to the same extent, as well as to provide us with proof upon request of compliance with the above assurance and to indemnify us from third-party claims and refund fines to us in the event of a breach of the above assurance which are imposed within this context;
 - to comply with the relevant statutory provisions on dealing with employees, environmental protection and occupational safety;
2. In the case of a suspected infringement of the obligations under Article XVI.1, the contractor shall immediately clarify any potential infringements and inform us of the clarification measures that have been carried out. If the suspicion proves to be justified, the contractor must inform us within a reasonable period of the in-house measures that have been taken to prevent future infringements. If the contractor fails to comply with these obligations within a reasonable period, we reserve the right to withdraw from contracts concluded with the contractor or to terminate them with immediate effect.

3. In the case of serious infringements of the law by the contractor, in particular in the case of infringements of the provisions contained in Article XVI.1, we reserve the right to withdraw from existing contracts or to terminate them without notice and to assert statutory claims for damages.

XVII. Place of Performance, Place of Jurisdiction, Applicable Law

1. The law of the Federal Republic of Germany applies to these GTCP and the contractual relationship between us and the contractor to the exclusion of international uniform law, in particular the UN Convention on Contracts for the International Sale of Goods.
2. If the contractor is a merchant within the meaning of the German Commercial Code, a legal person under public law or a public law special fund, the exclusive – including international – place of jurisdiction for all disputes arising from the contractual relationship shall be our registered office in Döbeln. However, in all cases we are also entitled to initiate a lawsuit at the place of performance of the delivery obligation in accordance with these GTCP or an overriding individual agreement or at the general place of jurisdiction of the contractor. Overriding statutory provisions, in particular relating to exclusive competences, remain unaffected.

(Issued: May 2017)