

Terms and Conditions of Purchase of SWG Schraubenwerk Gaisbach GmbH

1. General

These Terms and Conditions of Purchase are valid for all orders placed by the Trade (German: "Handel") division of our company (hereinafter called SWG Handel), except where deviating terms and conditions apply or are agreed in any particular case.

General terms and conditions of the supplier shall apply only if and insofar as they are expressly accepted in writing by SWG Handel.

Our Terms and Conditions of Purchase shall apply even if SWG Handel accepts a delivery without reservation despite having knowledge of conflicting or deviating terms and conditions of the supplier.

The General Terms and Conditions of Purchase shall also apply to all future contractual relationships with the supplier.

2. Orders

Deliveries for which no written order has been issued will not be recognized. Orders may, by prior written agreement, also be placed through remote data transmission or machine-readable data carriers.

In order to be legally binding, orders placed by word of mouth or over the telephone must be subsequently confirmed in writing.

Our orders shall only be binding on us if they have been placed by us with statement of an order number.

If an order is not accepted by the supplier in writing within 10 working days from receipt of it, SWG Handel will no longer be bound by the order.

3. Duty to inform

The supplier has a duty to inform SWG Handel in advance of changes to manufacturing processes, materials or bought-in parts for products or to services, of any relocation of production sites as well as of changes to processes or equipment for the testing of parts or of other quality assurance measures, so as to give SWG Handel the opportunity to check whether the changes may impact negatively on the product.

4. Confidentiality

4.1. All documents furnished by SWG Handel, including drawings, sketches and samples/ specimens, are the exclusive property of SWG Handel. The supplier undertakes not to make them accessible to any third party, to use the documents and samples/ specimens for the purpose of fulfilling this order only, not to copy or reproduce the documents, to handle and preserve the documents and samples/ specimens with care and, after use, to return them complete and without delay to SWG Handel. The supplier shall also, after completion of this order, treat all knowledge of the production processes obtained from SWG Handel in this connection as confidential and not make use of it for deliveries to competitors of SWG Handel. SWG Handel reserves all rights to new features originating from SWG Handel, in particular in the case of granting of patents or the registration of designs.

Products which are manufactured in accordance with documents drafted by SWG Handel, such as drawings, models and the like, or in accordance with confidential specifications of SWG Handel, may neither be used by the supplier himself nor offered or supplied by third parties.

4.2. A contractual penalty of €15,000.00 shall be due and payable for each breach of any obligation under Section 4.1 above. The supplier shall be free to have the reasonableness of the amount of the penalty subjected to review by a court of law. Any contractual penalties paid will be credited towards claims for compensation.

5. Passage of risk, place of performance

The risk up to arrival of the goods at the point of reception specified by SWG Handel shall be borne by the supplier. The transfer of risk to SWG Handel shall take place in every case by handover of the goods to the point of reception specified by SWG Handel.

Delivery shall be effected within Germany to the place specified in the order.

The respective place of destination shall also be the place of performance.

If no place of performance is expressly agreed, the place of performance shall be Waldenburg.

6. Prices, payments

6.1. The prices agreed at the time of ordering for the date of delivery are binding. Unless expressly agreed otherwise in writing, the price shall include delivery "free house", packing and goods holders included.

Price increases must be announced by the supplier in writing at least three months prior to the start of a new quarter. Such announcement shall not automatically mean acceptance of the demand.

The terms of payment printed on the order shall apply in each case.

Where material test certificates have been agreed, they must be sent to SWG Handel together with the delivery. A period for payment shall not start until receipt of any certificates that may have been agreed.

6.2. Unless agreed otherwise, payment will be made within 20 days with 3 % cash discount by the 25th of the following month or within 90 days without deduction. The period will begin on receipt of the contractually agreed performance and a proper and verifiable invoice.

Invoices must state the account assignment, the place of unloading, the supplier number, the parts number, the quantity, the unit price and the quantity per delivery.

7. Delivery

7.1. Delivery date, compensation

Unless stipulated otherwise, deliveries must be made DDP (Incoterm 2010) to the place designated by us.

The delivery time stated by SWG Handel in the order is firm. The supplier undertakes to meet the agreed delivery date.

As soon as indications emerge that a delay is likely on the part of the supplier, the supplier shall notify SWG Handel accordingly, stating the reasons and the anticipated duration of the delay.

If the supplier fails to meet agreed delivery dates for any reason whatsoever, SWG Handel shall have the right, without prejudice to any other rights to which it may be entitled under the law, at SWG Handel's choice, to rescind the contract and procure substitutes from a third party and/or claim compensation for non-performance. The allowance of additional time and the issue of a warning that delivery will be rejected in the case of non-fulfilment is not necessary. The supplier has a duty to compensate for all additional costs caused by late delivery of goods or services. The acceptance of goods or services which are delivered late shall not imply waiver of any claims to compensation which may exist.

Deliveries prior to the agreed date or time are only permitted with SWG Handel's consent. SWG Handel reserves the right to send back goods which are delivered early and/or to defer payment of the invoice until the time due as originally scheduled.

7.2. Delivery quantity

Part-deliveries are only permitted with our express written consent. Over-deliveries of up to 5 % are permitted.

8. Delivery documents/Invoices

All shipments must be accompanied by a delivery note. All shipping documents and all documents in connection with the delivery contract must state the article designation, material number, order number, item number of the order, order date, quantity and type of packing.

Authoritative for payment are the actual quantities, weights or other units on which the delivery is based as well as the agreed prices.

The payment of an invoice may not be construed as any waiver of a notice of defect for the invoiced goods.

9. Origin of goods, preferences, regulations in international trade

For all items delivered by him to SWG Handel, the supplier has a duty to submit a long-term supplier declaration, confirming the preferential status of the goods ("Goods with EU preferential originating status" or "Goods without EU preferential originating status"). In the case of non-compliance with this obligation or incorrectly issued declarations, the supplier shall be liable towards SWG Handel for all resulting loss or damage.

The supplier undertakes to check his products in respect of whether they are subject to any bans, restrictions and/or permit requirements in international trade (e.g. under the Export List, Dual Use Regulation, US re-export regulations etc.) and if so to indicate them accordingly and unequivocally and with clearly comprehensible particulars in his offers, order confirmations and all documents accompanying the goods.

In the event of any failure to comply with this obligation, the supplier shall be liable for all loss or damage sustained by SWG Handel as a result, including additional charges for foreign important duties, fines and such like.

Explanation of marks of origin: D = Third country / E = EU / F = EFTA

10. Warranty, demand for security, quality assurance

In the case of physical or legal defects in the goods (including wrong and short delivery as well as improper assembly or faulty assembly, installation or operating instructions) and any other breach of obligations on the part of the supplier, the statutory regulations shall apply unless stipulated otherwise below.

In accordance with the statutory regulations, the supplier is liable, in particular, for the goods having the agreed properties/quality at the time of passage of the risk to SWG Handel. As an agreement on properties/quality, at least those product descriptions shall apply which - in particular through designation or reference in the order - are the subject matter of the respective contract or have been otherwise incorporated into the contract by reference in the same manner as these Terms and Conditions of Purchase. It makes no difference in this context whether the product description originates from SWG Handel or from the supplier.

In deviation from § 442 (1) Sentence 2 BGB, SWG Handel shall be able to assert claims for defects without restriction also in cases where the defect remained unrecognized by SWG Handel at the time of conclusion of the contract through gross negligence.

Regarding the commercial duties to inspect and notify of defects, the statutory regulations (§ 377 and § 381 HGB [German Commercial Code]) shall apply, subject to the following restriction, namely that SWG Handel's duty to inspect shall be limited to defects which are brought to light in the course of the incoming goods inspection through external examination, including also of the delivery documents, and through our random sample quality checks (e.g. transport damage, wrong delivery and short delivery). Where an acceptance procedure has been agreed, we shall have no duty to inspect. In all other respects, it shall depend on

the circumstances of the particular case whether, in the ordinary course of business, an inspection is deemed advisable. The foregoing shall have no effect on our duty to notify defects discovered at a later date.

Should the supplier fail to fulfil his duty to remedy - to be performed at SWG Handel's either through elimination of the defect (repair) or delivery of a defect-free item (replacement) - within a reasonable period of time stipulated by SWG Handel, SWG Handel may remedy the defect itself and demand compensation for the necessary expenses incurred or a reasonable payment on account towards them. If an attempt at remedy by the supplier has failed or would be unreasonable for SWG Handel (e.g. due to special urgency or to prevent danger to operating safety or the imminent likelihood of disproportionately serious damage), no time for remedy need be allowed; the supplier must, however, be notified without delay, if possible beforehand.

Apart from the foregoing, SWG Handel is entitled in the case of a physical or legal defect, in accordance with statutory regulations, to reduce the purchase price or to rescind the contract. SWG Handel also has the right to claim damages and reimbursement of its expenses in accordance with the statutory regulations.

The supplier shall comply with the generally accepted rules of the technical art and the statutory and other official regulations in force at any time (in particular DIN, VDE, VDI, DVGW). The goods must, on the day of delivery, be in compliance with all statutory and other official regulations in force at the time, including those of the German Equipment Safety Act ("Gerätesicherheitsgesetz") and environmental protection law and also the accident prevention regulations. In the case of delivery of hazardous substances as defined in the Hazardous Substances Ordinance ("Gefahrstoffverordnung") or of products which cannot be guaranteed not to release such substances in the course of use, the supplier must, without any request to this effect being necessary, provide SWG Handel or SWG Handel's service provider with the data necessary for production of the EC Safety Data Sheet (§14 GefStoffV).

The supplier must conduct quality assurance in a manner and scope which is appropriate and in conformity with the current state of the technical art and furnish proof thereof to the customer on request.

11. Property rights

In the event of any culpable breach of industrial property rights, the supplier shall indemnify SWG Handel and its customers against, and hold them harmless from, all claims of third parties on grounds of infringement of copyright, trademark rights and patents, except in cases where the design for a delivery item originated from SWG Handel itself.

12. Product liability

The supplier shall indemnify SWG Handel against all claims on grounds of product liability which are due to a fault in a product supplied by him.

The supplier shall also be liable for loss or damage sustained by SWG Handel through reasonable precautionary measures against claims on grounds of non-contractual liability which are attributable to the supplier (e.g. public advertising).

The supplier has a duty to take out adequate insurance cover against claims which may be asserted against him on grounds of product liability and to maintain such insurance during the whole time of the cooperation with SWG Handel; proof of such insurance must be furnished on request through presentation of the insurance policy.

13. Force majeure

Strikes, lockouts, disruption of operations, official orders and other circumstances beyond SWG Handel's control which result in a reduction in consumption shall count as force majeure and entitle SWG Handel to rescind the contract.

14. Working conditions

The supplier undertakes to comply with the statutory regulations relating to occupational health and safety and the working conditions of his employees.

15. Environmental protection

15.1. The supplier undertakes to comply with the environmental protection laws and to keep pollution of the environment through his production to the technically feasible and economically reasonable minimum.

15.2. The supplier is expected to maintain his own procedures for ensuring compliance with the statutory restrictions on substances in the contractual products – especially those in force in the EU.

The supplier warrants that the products delivered by him do not contain any of the products on the so-called candidate list referred to in Art. 59 (1, 10) of Regulation (EC) 1907/2006 ("REACH").

The supplier undertakes to inform SWG Handel without delay in writing if, for any reason whatsoever, products delivered by him contain substances on the candidate list; this applies also and in particular in the case of any expansion in or additions to the candidate list. The supplier shall name the individual substances and state their percentage weight as precisely as possible.

SWG Handel shall have no obligation to accept products which contain substances on the candidate list.

16. Severance clause

Should any of the provisions of this agreement be or become wholly or partially invalid or for legal reasons be unable to be implemented in the intended manner, this shall have no effect on the validity of any of the other provisions or the agreement as a whole. Any such invalid provision shall be replaced by one which is valid and in terms of economic outcome corresponds as near as legally possible to what the parties originally intended.