

General Purchase Terms and Conditions

The German version is solely and exclusively valid and legally binding.

§ 1 - General

1. Our purchase terms and conditions shall be exclusively applicable. We do not accept or recognise any differing or conflicting terms and conditions, which the supplier may maintain, except and unless we expressly accept the same in writing. Our general purchase terms and conditions shall also apply even when we accept deliveries and any other service from the supplier without reservation after having received notification of conflicting business conditions.
2. Our purchase terms and conditions shall apply for all future business transactions entered into with the supplier even if no reference is again made to the same in individual cases.
3. All agreements entered into between ourselves and the supplier for the purpose of the performance of this agreement has to be entered into in writing in this agreement.

§ 2 - Orders

1. The supplier is obliged to accept our purchase order in writing without delay and in any case within 10 working days at the latest. In the event that the acceptance of the order takes place at a later point of time, a contract is only established in the event that we do not object to the acceptance within 5 working days.
2. The supplier is obliged to set out our order number in all documentation, in particular in the acceptance of the purchase order, invoices, shipping documentation, bills of sale, test reports, supporting documentation and certifications. The supplier shall be responsible for all consequences arising from its failure to adhere to this obligation (such as delays, misdirection or returns)
3. We shall retain all property rights and copyrights relating to all illustrations, drawings, calculations and other documentation. These are only to be utilised for the manufacture of our purchase order. Upon the execution of the purchase order, the supplier shall be obliged to return all such documentation to us without any request for such return.

§ 3 – Price and Payment

1. The price contained in the purchase order for the purchased goods as well as for all ancillary service such as transportation shall be binding. In the absence of a differing agreement in writing, the price shall include the costs of the dispatch provided for in § 4 number 6.
2. The payment conditions shall be individually agreed upon. In the event that there is no agreement as to payment, we shall make either make payment of the purchase price within 14 days, calculated from the date of delivery and receipt of invoice with 2% discount of the purchase price or alternatively payment of the net price within 60 days after maturity and receipt of invoice. Invoices shall become due and payable only upon delivery, acceptance and the submission of a verifiable invoice.
3. We shall retain the right of off-set and the right of retention insofar as such rights are statutorily provided for. In the event of defective delivery, we shall be entitled to refuse payment in the amount of three times the costs necessary to eliminate the relevant defect.
4. The supplier shall only be entitled to assign his claims and/or to allow his claims to be recovered by a third party upon receipt of our written agreement to the same. We shall be entitled to refuse agreement on the basis of reasonable and justifiable interests.

The regulation contained in § 354 a of the German Civil Code shall remain unaffected.

5. Payment in itself shall not constitute any recognition of conditions or prices. The time of payment shall not have any influence on the obligations owned by the supplier in the event of defect as well as the our right to make notice of claim for defect.

§ 4 - Delivery

1. The delivery date contained in the purchase order shall be binding. In the event that the supplier is in addition to delivering goods also obliged to deliver certification relating to the origin, ROHS certificate of conformity or any other certification, such documentation shall be delivered together with the goods on the delivery date. The provision of such documentation shall form a significant part of the order and consequently part of the fulfilment obligations owed by the supplier. In determining whether the supplier has adhered to the delivery date, the entrance of the delivered goods at the agreed delivery address shall be authoritative.
2. In the event that circumstances arise or are anticipated to arise, which result in the inability to deliver on the delivery date, the supplier shall be obliged to furnish us with written notice of the same without delay.
3. In the event of delay, we shall be entitled to impose a contractual penalty at the rate of 1% of the value of the purchase order for every week of delay, which however, shall not in total exceed 10% of the value of the purchase order. We shall be obliged to declare the retention of the contractual penalty at the latest upon payment of the relevant invoice, which in turn shall take place after the delayed delivery occurs.
4. We expressly retain the right to claim compensation for further damage exceeding the contractual penalty, which we may suffer. Such further compensation shall be credited against the contractual penalty imposed. In connection with the aforesaid, we hereby would like to point out that as manufacturers and assembly operators, we are particularly dependant on timely deliveries on the part of our suppliers. Even the lack of an insignificant component or a necessary certification can cause manufacture and delivery delays to a significant extent and thereby lead to damages, which may far exceed the value of the relevant purchase order.
5. In the event that delivery is made prior to the delivery date, we shall not be obliged to take acceptance of the same. In the event that we do make early acceptance of the delivered goods, the date on which payment is due and owing shall nevertheless be calculated from the planned delivery date.
6. Insofar as there is no agreement to the contrary in writing, deliveries have to be made on a delivery free domicile basis. The delivery also has to be delivered and include packaging. The place of performance for the service shall be the place of receipt nominated by us. In the event that there is no such nomination, delivery shall be made to our main business address.

7. In the event that we elect in the individual agreement to undertake the transportation risk, we would not want any insurance coverage and declare ourselves to be a "renouncing customer" (*Verbotskunde/Verzichtskunde*). We shall not make payment of any insurance cover invoiced to us by the supplier or the freight forwarder.
8. We shall be entitled to return the packaging material to the supplier at his own costs and at his own risk.
9. In the event that a consignment exceeds the value of 25.000 EUR, the material must be divided into various individual packages. The total value of such individual package shall not exceed the value of 25.000 EUR.

§ 5 – Quality of Delivery and Service

1. According to each purchase order, additional quality conditions shall apply. Moreover, the goods shall comply with all applicable foreign and local statutes, the corresponding by-laws and guideless as well as the documentation underlying each purchase order, such as illustrations, descriptions, models, specifications and conditions for acceptance. The supplier shall be obliged to comply with the requirements contained in the German Electric and Electronic Appliance Act, which deal with the required quality of such products. Information on the product contained in advertising brochures including inter alia presentations shall be fundamentally binding.
2. All goods shall comply with the latest safety regulations. At the point of transfer of the goods, the goods must have been accepted by the relevant inspection authorities and been endorsed and appropriate for the intended purpose and use.
3. The supplier shall be obliged to set up a quality management system, which is appropriate both in terms of type and extent. The supplier is also obliged to ensure that the goods comply with technical conditions relevant to our purchase order. The supplier is furthermore obliged to prepare records to document the type of test the goods underwent, the manner in which the goods were tested, the date of the test as well as the results of these tests. All test, measurement and control results shall be archived for a period of 10 years.
4. We shall be authorised to inspect all documentation relating to test, measurement and control results as well as to make copies of the same at any time. Insofar as the authorities or recipient of the goods require to inspect the manufacture procedure as well as test documentation in order to check specific requirements, the supplier shall be at all time ready and willing to allow such authorities or recipient into his operation premises, to allow these persons the same rights as well as to furnish them with all support and assistance, which may be necessary.
5. The supplier shall be obliged to automatically make an initial test sample report for components manufactured pursuant to illustrations : before the first production delivery, before the first production delivery subsequent to an amendment to the relevant product, before the first production delivery at a new production plant, before the first production delivery subsequent to the utilisation of new machinery, upon a change in process, upon a new production subsequent to reclamation or a three-year break.
6. Insofar as the same is necessary pursuant to the means of dispatch elected by us, each delivery must be accompanied by documentation verifying the grade of product as well as the means of packaging, labelling and declaration for the risk prevention officer.
7. Insofar as it is agreed upon, the delivery shall also be accompanied by certification on the origin or alternatively the verification required by statute in each respective purchase order such as certification of acceptance from the relevant authorities or the necessary initial test sample report (hereinafter collectively referred to as the "Documents").
8. The supplier is to oblige his own suppliers in the same manner.

§ 6 – Acceptance and Claims relating to Defect

1. In the event that a contractual or administrative acceptance is intended, the supplier bear all cost arising from the same. The supplier shall be obliged to give notice of the acceptance date at least two weeks in advance.
2. We shall inspect the goods for visual discrepancies from the agreed quality within 14 working days. A test for functionality shall not occur. Notices of apparent defect shall be deemed to be issued on time when our notices are sent to the supplier within 10 days of receipt of the delivery. In the case of latent or hidden defects, we would be deemed to have furnished the notice of defect on time when we issue notice of the same within 20 days from discovery of the defect. § 377 of the German Civil Code is hereby excluded and shall not have application.
3. In the event that the delivery contains defects, we shall be entitled to the full extent of the consequent statutory rights available to us. In the event that a delivery dateline is indicated in the purchase order, a supplementary performance would be deemed to be unreasonable. Moreover, we shall be entitled to replace the defective goods by means of obtaining replacement goods from third persons and to claim reimbursement for the full increased costs arising from the same from the supplier.
4. The period of limitation to issue claims for defect shall be at least 36 months from the time that risk is transferred to us. All longer statutory periods of limitation shall continue to be applicable. The time for limitation shall stop to run upon the issue of a notification of defect on our part and will then first continue to run after the express rejection of guarantee or, as the case may be, after express declaration of the elimination of the relevant defect. In the event that the relevant defects deals with only one component of a whole product, the limitation period shall only cease to run for that particular component.

§ 7 – Product Liability and Obligation to Insure, Obligation to Accept Return

1. In the event that the supplier is responsible for a product defect, the supplier shall be obliged to indemnify us from all damages claims made against us by any third part upon first request for indemnification as the cause is found within his control and scope of organisation. The supplier shall be obliged to make a payment of a deposit to cover all legal costs arising in the same. Such payment shall be in a reasonable amount and shall, if necessary, exceed the statutory legal fees.
2. Within the framework of the aforesaid, the supplier shall also be obliged to compensate us for all efforts taken in connection with a product recall undertaken by either party. Insofar as the same is necessary, the supplier shall also be obliged to furnish information on the source from which he obtained the relevant goods in order to ensure a quick clarification of facts in such product-related events, especially those which require a product recall, a warning to be issued or a retrieval. Insofar as the same

is possible and reasonable, we shall furnish the supplier information as to the extent and content of the recall measures to be performed as well as provide the supplier with an opportunity to respond and comment on the same. The supplier shall be obliged to inform directly about delivered nonconforming goods.

3. The supplier shall be obliged to purchase a product liability insurance with a coverage amounting to EUR 2.500.000 per personal injury or damage to property on a lump sum basis. We hereby give notice that the delivered components could be integrated into aircraft and spacecraft and therefore recommend a special product liability insurance to be taken up for this sector.

§ 8 – Trademark Rights

1. The supplier confirms and vouches that no third party trademark rights are breached in its deliveries.

2. In the event that a third party makes a claim against us on the basis that we have breached its copyright, the supplier shall be obliged to indemnify us from the same upon the first request for indemnification. The supplier shall be obliged to make payment of a reasonable deposit, which would be utilised towards the payment of legal costs, which may, if necessary, exceed the statutory legal. The obligation of indemnification owed by the supplier shall extend to all necessary efforts taken on our part, which arise from or are connected to the claim made against us.

3. Upon our request for the same, the supplier shall be obliged to provide us with information relating to the utilisation of public and private owned and licensed copyright and copyright registrations relating to the delivered goods.

§ 9 – Retention of title and Provisions

1. The supplier is not entitled to maintain an extended retention of title, regardless of whether such extension is made in terms of scope or time.

2. Insofar as we provide components to the supplier, we shall retain title to the same (hereinafter referred to as the “Retained Components”). The processing and alternation undertaken by the supplier shall be undertaken in our name and for our benefit. In the event that the Retained Components are processed with other objects, which do not belong to us, we shall receive co-ownership of the newly produced product in such proportion as would reflect the value of the Retained Components plus an additional 20% of the value of the same as security surcharge.

3. In the event that the Retained Components are commingled with other objects belonging to us in such a way that the objects can no longer be separated, we shall obtain co-ownership of the new object in the ratio of the Retained Components to the other objects at the time of the commingling plus an additional 20% of the value of the same as security surcharge. In the event that the commingling took place in such a manner that the supplier’s goods would be deemed to be the primary goods, it would be deemed that the parties have entered into an agreement that the supplier would transfer proportionate co-ownership to us. The supplier holds the sole ownership or co-ownership for us.

4. We shall retain title for all provided tools. The supplier is obliged to utilise such tools exclusively for the manufacture of the goods ordered by us. The supplier is obliged to exercise due care and diligence in the safekeeping of the tools and to insure the same, in particular against damages caused by water, fire, storm, theft, breakage and coincidental destruction such that the purchase value of the relevant tools are covered. The supplier is also obliged to undertake all necessary maintenance and inspection works at its own costs in a timely manner. The supplier shall inform us of any breakdown without delay. In the event that the supplier is responsible for the breakdown, our rights to claim compensation for damages suffered remain unaffected.

5. The supplier is to furnish us with records setting out the provisions and tools, which had been furnished to us in the relevant year as at 31 December on a yearly basis. Such records are to be furnished at the latest at the end of the first January week of the following year.

§ 10 - Confidentiality

1. The supplier shall be obliged to maintain strict confidentiality of all illustrations, drawings, calculations and other documentation and information. This obligation of confidentiality shall continue after the execution of this agreement and shall only expire when and insofar as the supplier can prove that the documentation furnished to him only contains manufacture know-how, which is already known by the general public. In the event that the supplier wrongfully breaches his obligation of confidentiality, he shall be imposed with a contractual penalty amounting to 10.000 EUR per instance of breach.

2. Notwithstanding the aforesaid, the supplier is authorised to make the illustrations, drawings, calculations and other documentation and information to third parties in the event that this is necessary for the manufacture process to be undertaken by outside third parties. In such an event, the supplier is however obliged to furnish us with the name and the mailing address of this third party. In addition, strict confidentiality obligations shall be imposed on this third party. In the event that the third party breaches his confidentiality obligations, the supplier shall assign all resulting rights, which he made have, to us.

§ 11 – Data Protection

The supplier is hereby notified, as per § 33 of the German Data Protection Act, that we would be saving his data. The processing of this data would be conducted in accordance with the provisions of the German Data Protection Act.

§ 12 – Jurisdiction and Choice of Law

1. In the event that the supplier is a registered trader, legal person under public law or public law special property (*öffentlichrechtliches Sondervermögen*), the courts of our company domicile shall have jurisdiction to hear all disputes arising from this agreement. We shall however be entitled to commence legal proceedings against the supplier at court of its domicile.

2. The whole legal relationship with the supplier shall be governed by the laws of the Federal Republic of Germany including the UN Convention on Contracts for the International Sale of Goods (CISG)

3. In addition, the INCOTERMS in its relevant current version shall apply.