

General Purchasing Terms and Conditions for the Enterprises FRIMO Innovative Technologies GmbH and of all associated companies

1. Scope

1.1 These Purchasing Terms and Conditions shall apply to all current and future purchases and orders of goods, deliveries of products and other services of all kinds such as, for example, technical services, rendered by the aforementioned enterprises (referred to in the following as the Customer).

1.2. Solely these Purchasing Terms and Conditions shall apply; any terms and conditions of the contractor (referred to in the following as the Supplier) shall not be recognised unless the Customer expressly consents to their application. The General Purchasing Terms and Conditions of the Customer shall also apply if the Customer is aware of any contrary or different purchasing terms and conditions of the Supplier and nevertheless accepts deliveries of products by the Supplier without reservation.

1.3 Any deviations, changes or additions to these purchasing terms and conditions must be in writing.

1.4 If the Supplier does not agree with the following terms and conditions, the Supplier shall notify us without undue delay in a separate letter. The Customer shall in such case be entitled to cancel the order without the Supplier being able to forward claims of any kind whatsoever towards the Customer.

1.5 In addition to the managing directors and authorized clerks of the Customer (staff having full commercial authority), solely staff of the purchasing department are authorised to issue orders. This shall also apply to any changes or additions.

1.6 These General Purchasing Terms and Conditions shall apply to all agreements, supplies of products and other services in commercial transactions with non-consumers in the meaning of § 310, section 1 of the German Civil Code.

2. Orders

2.1 Supply agreements (order and acceptance) and supply call-ups as well as amendments and changes must be in writing. All agreements which are concluded between the Customer and the Supplier for the purpose of the execution of this Agreement shall be set out in this Agreement in writing.

2.2 The confirmation of order shall be sent to the Customer without undue delay with the price and delivery date as well as the order number which is in addition to be listed on all correspondence. There shall be a deadline for acceptance of the order of 14 days after the Supplier receives the order.

2.3 The Customer may request changes in the design of the object to be supplied if such are reasonable to expect of the Supplier. The Customer shall be entitled hereto up until acceptance of the object of supply. If a change in an order leads to significant changes in contractual agreements such as prices and deadlines, the Supplier shall expressly notify the Customer hereof within a period of eight working days if a mutual agreement has not already been reached. In the event of changes in the order, the Customer shall expressly notify the Supplier that the Customer is able to expressly notify the Supplier as to any changes in important contractual agreements within a period of eight working days. Otherwise it shall be assumed that the change in order does not mean any changes in important contractual agreements.

2.4 The Customer may undertake a review of the prices by analysing the value and cost-reduction workshops at any time and adjust prices accordingly.

3. Deliveries

3.1 Agreed-upon periods and deadlines are binding. The receipt of the goods by the Customer shall be taken in deciding whether delivery periods and deadlines have been met. The Supplier shall make the goods available taking into account the usual time to load and ship the goods. Deliveries shall be executed in accordance with the instructions of the Customer. INCOTERMS in their respectively applicable version shall apply to all commercial clauses.

3.2 If consignments have to be delivered at an earlier time for reasons for which the Supplier is responsible, the additional costs arising as a result shall be borne by the Supplier. Partial deliveries and deliveries prior to the agreed-upon deadline shall only be allowed with the consent of the Customer. The acceptance of the manufactured works shall be taken in deciding if the delivery deadline has been met in the case of works performances (*Werksleistungen*).

3.3 The Customer is not obligated to effect advance payment of freight charges. Acceptance of freight unpaid consignments may be rejected by the Customer. If the price is ex works, the Customer shall assume the pure freight costs in agreed-upon cases of exception. All costs which arise until transfer of the consignment to the transport company including loading and carriage shall be at the expense of the supplier.

3.4 In the event of deliveries from non-EU countries, a single copy of a pro forma and/or commercial invoice, a declaration of preference and a valid certificate of origin (declaration of origin, etc.) shall be attached to the consignment note free of charge. The export customs formalities shall be completed by the Supplier at the expense and risk of the Supplier.

3.5 The goods shall be delivered exclusively at the goods receiving point and solely at the goods transfer times at the respective site.

3.6 The destination site stated by the Customer is the place of performance for all deliveries. If nothing to the contrary is agreed upon, the Supplier shall bear the risk of all consignments in transit.

4. Delay in delivery

4.1 In the event of a delay in delivery, the Customer shall be entitled to demand damages amounting to 1% of the agreed-upon contractual amount for each completed week, but no more than 10% of the agreed-upon order amount. This shall not affect any statutory claims going beyond this amount and all other rights of the Customer. The Supplier shall be entitled to demonstrate that no damage at all or significantly less damage has been incurred as a result of the delay.

4.2 The Supplier shall be obligated to notify the Customer in writing without undue delay if circumstances come about or the Customer becomes aware of circumstances which prevent the stipulated delivery time from being met. Such notification shall not affect the statutory rights of the Customer.

5. Force majeure

5.1 The occurrence of force majeure shall free the contractual partners from their performance obligations for the period of the problem and in the scope of its impact. This shall also apply if force majeure occurs at a point in time at which the contractual partners are late in rendering performance. The contractual partners shall be obligated to provide the information required within the framework of that which is reasonable without undue delay and adjust their obligations to conform to changed circumstances in good faith.

5.2 Events beyond the control of the contractual partner involved which are unforeseeable and unavoidable and which prevent or delay the complete or partial fulfilment of its contractual obligations shall be deemed to constitute force majeure.

6. Prices

6.1 The agreed-upon prices shall be deemed to be fixed prices in the stated currency and shall apply free to the shipping address including packaging and transport and not including statutory value-added tax in the respectively applicable amount. The costs of inspecting the functioning and quality and painting shall also be included.

6.2 Any deviations from the aforementioned prices shall be required to be in writing, including in individual cases, to be effective.

6.3 If price reductions come about as a result of changes in the market, such shall be passed on to the Customer to the full amount.

7. Invoice and payment

7.1 The invoice shall be sent in duplicate to the Customer following delivery / performance and list the order number and the object supplied / service rendered. An original of the service and material note signed by the person in charge for the Customer shall be attached to the invoices for services.

7.2 Periods for payment to be effected shall commence at the latest upon the following: (a) delivery or acceptance of the services, (b) receipt of the invoice or (c) the delivery date stated in the order.

7.3 The Customer shall be entitled to set-off and retention rights to the amount stipulated by law.

7.4 The Supplier shall not be entitled to assign its receivables from the Customer or to allow third parties to collect such without the prior written consent of the Customer, who may not unfairly refuse to provide such consent. Consent shall be deemed to be issued if reservation of title is extended. If contrary to the preceding clause the Supplier assigns its receivables to a third party without the consent of the Customer, the assignment shall nevertheless be deemed to be effective. The Customer may effect payment to the Supplier or such third party with a discharging effect, however.

8. Notification of defect

8.1 Notification of defects may be provided informally, including by telephone. It shall also suffice for technical personnel of the Supplier to be requested to rectify defects by the Customer.

8.2 The obligation of the Customer to inspect the goods received as set out under §§ 377, 378 of the German Commercial Code shall be limited to inspection of incoming goods on the basis of the delivery note and to transport damage as well as obvious defects. If such inspections identify defects, the Supplier shall be notified immediately thereof. If a defect appears at a later time, notification must be provided without undue delay following the discovery of such. This shall otherwise not affect §§ 377, 378 of the German Commercial Code.

9. Non-disclosure

9.1 The parties to the Agreement shall be obligated to treat all commercial and technical details which they become aware of through their business relationship which are not publicly known as business secrets. The Supplier shall be obligated to compensate the Customer for any and all damage which the Customer incurs as a result of violation of the non-disclosure obligation.

9.2 The Supplier shall be obligated to treat all drawings, illustrations, models, templates, samples, calculations and other documents and information which the Supplier receives strictly confidential. The Supplier may not provide such or make such available otherwise to unauthorised third parties. The Supplier shall keep documents which are labelled confidential or which are to be labelled confidential in accordance with instructions of the Customer under lock and key in its offices and afford such special protection. It shall only be allowed to reproduce such objects to meet business requirements subject to copyright provisions. All information which is provided including representations of such including copies shall remain the property of the Customer and returned to the Customer immediately upon request.

9.3 Sub-suppliers and staff who are assigned to execute the order or who become aware of the order or confidential information or documents in any other way or could become aware of such shall be subjected to non-disclosure obligations.

9.4 The confidentiality obligation as set out in the previous sections shall also apply after the execution of this Agreement. Such obligations shall cease to apply if and to the extent that the manufacturing and technical knowledge contained in the drawings, illustrations, models, templates, patterns and calculations have become generally known.

9.5 The parties to the Agreement may only advertise by citing their business relationship with prior written consent.

10. Industrial property rights and copyrights

10.1 The Supplier shall not make use of or forward claims to any services which are due to information provided by the Customer, industrial property rights shall be transferred to the Customer or other rights, nor create or have such rights created for itself or third objects in which or during the manufacture of which information of the Customer could be used directly or indirectly. If the Supplier violates this obligation, the Customer may demand that the protective rights be cancelled or transferred to the Customer or forward damage claims as the Customer sees fit. If nothing to the contrary is expressly agreed upon by the parties, all of the industrial property rights, usage rights and any other protective rights if such have been performed for the Customer in a works agreement within the framework and for the purpose of execution of the delivery agreement or the order as well as all other results of work rendered within the framework of a works agreement to the customer at the point in time at which such come about. The Customer shall be entitled to unrestricted, irrevocable, exclusive and geographically unlimited usage rights to all of the aforementioned rights, legal positions and results of work in this regard without any additional requirements and without restriction; the Customer shall be entitled to expand, transfer, change, revise, reproduce and publish the results of work and products which have come thus about as a result of the performances if nothing to the contrary has been expressly agreed upon. The Customer shall be entitled to register the products and results of work which have come about due to performances rendered within the framework of a works agreement for patenting in accordance with statutory provisions if nothing to the contrary has been expressly agreed upon.

10.2 The Supplier shall be responsible for no rights of third parties being violated in connection with its delivery.

10.3 If a third party forwards claims against the Customer as a result of violation of industrial property rights or copyrights as a result of the product supplied by the Supplier, the Supplier shall indemnify the Customer upon the first written request from all claims if such is legally possible and shall undertake suitable measures to defend against such claims without undue delay unless the Customer is responsible for the violation of industrial property rights or copyrights, in particular in response to instructions from the Customer. The Supplier shall bear liability towards the Customer for all damage which arises here from, in particular if the usage of the product or business operations would be discontinued in order to reduce the amount of damage or for other important reasons. The Customer shall be entitled to act to ensure the required approvals or licenses are obtained for the delivery, commissioning, use, resale, etc., of the object of delivery at the expense of the Supplier if the third

parties press claims against the Customer emanating from such industrial property rights in connection with the rendering of performance by the Supplier.

10.4 The indemnification obligation of the Supplier shall relate to all expenses which the Customer incurs from or in connection with claims being forwarded by a third party.

10.5 The indemnification obligation set out in the previous sections shall not apply if the Supplier has manufactured the delivery item in accordance with drawings, models or other descriptions or information from the Customer tantamount to such and does not know or cannot be able to know that the products developed by the Supplier violate industrial property rights.

10.6 The parties to the Agreement shall be obligated to notify each other without undue delay if they become aware of any risks of violations or any apparent cases of violation and provide each other the opportunity to take action to defend against any such claims by mutual agreement.

10.7 The Supplier shall notify the Customer upon request as to any usage of its or licensed published and unpublished industrial property rights and applications for protective rights to the delivery item.

10.8 If nothing to the contrary is agreed upon, the Customer shall also be entitled to all rights resulting from a defect in rights if the Customer was aware of the defect in rights upon the conclusion of the Agreement.

11. Award of contracts to third parties

11.1 It shall only be allowed to award contracts to third parties with the prior written consent of the Customer. If the Supplier awards an order to a third party without the consent of the Customer, this shall constitute an important reason entitling the Customer to withdraw from the Agreement in part or in whole and to demand damages. Damages shall in particular cover possible damages incurred by the end customer as a result of the delay in the project as well as all additional expenses which are incurred through hiring another supplier.

11.2 The transfer of contractual rights and obligations of the Supplier to a third party shall only be allowed after prior written consent has been provided by the Customer. In addition, the stipulations of section 11.1 shall apply accordingly.

12. Minimum wage pursuant to the German Minimum Wage Act (MiLoG)

If the supplier and/or a subcontractor used by it and/or temporary staff agencies used by the supplier or by subcontractors are subject to the scope of application of the Minimum Wage Act (MiLoG) and the supplier is to provide works or services within the meaning of section 13 MiLoG in conjunction with section 14 of the German Posted Workers Act (AEntG), the following applies:

12.1 The supplier guarantees that it will comply with the provisions of the MiLoG as amended. The supplier also guarantees that it will use only such subcontractors or temporary staff agencies which have submitted an assurance to it in writing with the foregoing content and which have furthermore submitted to it an assurance in writing that they will in turn require the same assurances from any other subcontractors or temporary staff agencies to be hired by them.

12.2 For the event that the ordering party should be required by an employee of the supplier or an employee of the subcontractor used, regardless of level, or of a temporary staff agency pursuant to section 13 MiLoG in conjunction with section 14 of the Posted Workers Act to act as a guarantor for the payment of the minimum wage, the supplier exempts the ordering party here and now from these claims.

The claim for exemption will become due as soon as one of the aforementioned claims is asserted against the ordering party. The ordering party is entitled to cancel a contract without notice if a claim should be asserted against it in the context of the services to be provided under this contract on the basis of its liability as a guarantor pursuant to section 13 MiLoG in conjunction with § 14 AEntG.

12.3 Furthermore, the supplier shall be liable to the ordering party for any damage resulting from non-compliance by the former with the aforementioned guarantee obligation. Within 14 days of being requested to do so by the ordering party the supplier shall furnish the former with evidence of the fulfillment of this obligation by presenting suitable documents (in particular, documents pursuant to section 17 (1) MiLoG, a clearance certificate from the competent social security benefits office or leave fund, etc.) for the entire duration of the contract and for up to six months after the end of the present contract.

13. Packaging and transport

13.1 Packaging or transport shall only be paid if remuneration for such has been exclusively agreed upon. If a price listing not including packaging or not including transport has been agreed upon, only total demonstrated production costs shall be paid. The Supplier shall determine the type of packaging, transport routes and mode of transport as it conscientiously sees fit.

13.2 The order code of the Customer shall be stated on all notices of shipment, freight notes, package labels or delivery notes in each individual case, otherwise the Customer shall be entitled to have the consignment returned at the expense of the Supplier.

13.3 If it is not possible for the Customer to take delivery or carry out acceptance of the delivery for reasons for which the Customer is not responsible, the Supplier shall delay the delivery beyond the agreed-upon date free of charge and store the consignment at its own risk if the Customer informs the Supplier in due time as to the reason and the probable duration of such delay.

13.4 The Supplier shall respect pertinent national and international packaging, labelling and transport requirements. The place of performance for the return of packaging is the business site of the Customer or the receiving and usage site if the delivery or performance items were supposed to be delivered there. The Supplier shall bear the costs of return shipment and recycling.

14. Transfer of risk and damage during transport

14.1 The Supplier shall act to obtain sufficient transport insurance at its own expense corresponding to at least the value of the consignment. The Supplier shall notify the Customer without undue delay if damage has occurred during transport if the Supplier becomes aware of such damage before the Customer. In addition, the Supplier shall be responsible for settlement of damage during shipment. In particular, the Supplier shall take the measures required with the insurance company.

15. Liability for material defect

15.1 The Supplier warrants that each delivery item has the contractually agreed-upon quality.

15.2 The Customer is entitled to statutory warranty claims without restriction. The Customer shall be entitled to demand that the Supplier eliminate the defect or deliver a non-defective item as the Customer sees fit. In such case the Supplier shall be obligated to bear the expenses required to eliminate the defect or to deliver a non-defective item, in particular transport, travelling expenses, labour and material costs. Subsequent fulfilment of the Agreement shall take place at the site where the delivery is affected.

15.3 The Customer shall be entitled to withdraw from the Agreement or reduce the purchase price if - the Supplier refuses subsequent fulfilment of the Agreement, - subsequent fulfilment fails or

- it is unreasonable to expect the Customer to subsequently fulfil the Agreement.

Subsequent fulfilment shall in particular be deemed to be unreasonable for the Customer if the grace period set for the Customer by its end customer for the delivery and/or manufacture of goods for which the delivery item is required may not be met as a result of subsequent fulfilment.

15.4 If circumstances are present which allow withdrawal from only part of the overall delivery by the Supplier, the Customer shall be entitled to partial withdraw from the part of the delivery item which is defective while taking the interests of the Supplier into account.

15.5 The Customer expressly reserves the right to claim for damages, in particular for damages instead of performance or compensation for expenses incurred in vain.

15.6 In the event of subsequent performance (subsequent repair or subsequent delivery) of the delivery item or performance, including replacement of defective parts, the warranty period for the part which is replaced or subsequently repaired part of the delivery or performance shall recommence. This shall apply with respect to the entire delivery and performance if the non-defective parts of the delivery and performance can not be used by the Customer or end customer to the full extent in accordance with the contractually stipulated purpose.

15.7 The Supplier shall ensure that its deliveries or performances meet occupational health and safety requirements and statutory accident-prevention regulations, that in particular the required protective facilities have also been supplied even if individual parts which are required for smooth operation are not separately listed in the order. In addition, the Supplier shall be obligated to carry out deliveries and performances in accordance with the terms and conditions of the social insurance scheme against occupational accidents (*workmen's compensation board*) which has respective jurisdiction.

16. Supply of spare parts

The Supplier guarantees that spare parts and parts subject to wear and tear shall be available for a period of ten years.

17. Documentation

17.1 The Supplier shall provide the Customer proper documentation, in particular relating to the features of the product, its use, its operation, its further processing or instalment, such as for example product specifications, storage, operating and maintenance requirements, lists of installation lines and parts subject to wear and tear in German in duplicate form with the delivery. The Supplier guarantees that this documentation is complete and correct. The Supplier shall be obligated to supply the documentation on suitable data carriers and to enquire as to the data carrier requirements with the Customer in good time.

17.2 In the event complete documentation which is sufficient and free of any errors is not supplied in accordance with the preceding stipulation and other agreements between the contractual partners, the Supplier shall be liable towards the Customer and the end customer for all damage which is incurred due to the absence of or errors in the documentation. This shall apply in particular to damage which comes about due to faulty operation and maintenance, installation or assembly. The provisions of section 15 shall apply in the event that the absence or incompleteness of documentation constitute a defect in the delivery item and the performance of delivery.

18. Liability

18.1 If claims are forwarded against the Customer as a result of liability towards third parties contingent upon culpability under non-modifiable law, the Supplier shall assume such liability towards the customer to the extent that the Supplier would also be directly liable. The principles set out in § 254 of the German Civil Code shall also apply accordingly to the settlement of damages by the Customer and Supplier. This shall also apply in the event of claims being forwarded directly against the Supplier.

18.2 Claims of the Customer are excluded to the extent that damage is due to violations of operating, maintenance and installation requirements, unsuitable or improper use, faulty or careless handling for which the Customer is responsible, natural wear and tear or faulty repair. This shall not apply if the violation of operating, maintenance and installation requirements and the unsuitable or improper use, faulty or careless handling and the faulty repair are due to the lack of or a defect in documentation as set out in section 17.

18.3 The Supplier shall bear liability for measures taken by the Customer to prevent damage from occurring if the Supplier is legally obligated to such. The Supplier is in addition obligated to provide compensation for any expenses as set out under § 683, § 670 of the German Civil Code emanating from or in connection with a recall.

18.4 The Customer shall notify the Supplier without undue delay and in a comprehensive manner if claims are forwarded against the Customer in accordance with the above-stated stipulations. The Customer shall provide the Supplier the opportunity to inspect the damage case. The parties to the Agreement shall consult with each other on the measures to be taken, in particular negotiations to obtain a settlement.

19. Provision of material

19.1 Material which is provided shall remain the property of the Customer and shall be separately stored, labelled and administrated free of charge. Its use shall only be allowed for orders by the Customer. In the event of a decline in value or loss, the Supplier shall provide compensation and take out insurance policies providing coverage for this purpose at its own expense. This shall also apply to transfer of material in an order subject to charge.

19.2 Processing and alteration of the material shall be performed on behalf of the Customer. The Customer shall become direct owner of the new, altered object. If this is not possible for legal reasons, the Supplier and the Customer herewith agree upon the placement of the order that the title to the new or altered object shall be transferred to the Customer at the point when such new or altered object comes about. The Supplier shall keep the new or altered object in safekeeping with the diligence due a regular businessperson.

20. General provisions

20.1 The exclusive legal venue for all deliveries and payments (including suits filed in connection with checks and bills of exchange) as well as all direct or indirect disputes emanating from this Agreement if the supplier is a merchant, legal person subject to public law or special public law fund is the business headquarters of the Customer. The same shall apply if the Supplier does not have a general legal venue in Germany or residence or usual place of stay are not known at the time when a suit is filed. The Customer shall also be entitled, however, to file suit against the Supplier at the site of the Supplier's general legal venue.

20.2 The law of the Federal Republic of Germany shall apply if nothing to the contrary is agreed upon. UN purchase law is excluded.

20.3 The receiving and usage point shall be deemed to be the place of performance for deliveries and services if nothing to the contrary is expressly agreed upon.

20.4 If any stipulation in these Purchasing Terms and Conditions and the agreements made are or become invalid, this shall not affect the validity of the remainder of the Agreement.