

# General Terms and Condition of Sale, Delivery and Payment of Sanapur International GmbH & Co. KG

## I. General stipulations

- 1) These General Terms and Conditions of Sale and Delivery apply to all business relations of Sanapur International GmbH & Co. KG with its customers. These General Terms and Conditions of Sale and Delivery shall only apply if the customer is an entrepreneur, a legal entity under public law or a special public-law fund. We conclude contractual agreements exclusively subject to the following terms and conditions if no other agreements to the contrary are expressly confirmed by us in writing. We expressly reject inclusion of purchasing terms and conditions or any other general terms and conditions of the contractual partner in the contractual relationship. The contractual partner's general terms and conditions shall not be part of this Agreement. In the case of a permanent business relationship, these General Terms and Conditions of Sale and Delivery shall also apply even if we do not expressly cite inclusion of such in the future. If a term is not adhered to by means of a written covenant to such effect, such shall not affect the applicability of the other terms and conditions.
- 2) Our offers are non-binding. We are only obligated in accordance with the stipulations of our written confirmation of order. Any changes or amendments, subsidiary agreements, pledges by representatives, or changes in covenants and agreements that have already been concluded must be in writing. Our representatives do not have the power and authority to collect. Obvious mistakes and printing errors in our offers, confirmations of orders or price lists shall not obligate us to carry out the order subject to those conditions.
- 3) Our offers are intended solely for the enterprise making the enquiry and its business operations. It is not allowed to disclose these to third parties that are not involved in the normal course of the company's business; the disclosing party shall be liable for damages from any disclosure.

## II. Delivery

- 1) Upon the handover of the goods to the forwarding agent or carrier, at the latest at the time at which the goods leave the factory or warehouse, risk - even in the case of fob, c & f and cif or free-yard transactions - shall be transferred to the buyer. This also applies if Sanapur International GmbH & Co. KG covers the insurance risk.
- 2) The shipping route, means of transport and protective material and methods shall be invoiced separately to the purchaser as Sanapur International GmbH & Co. KG sees fit and to the exclusion of special instructions and liability. There shall be no claim to any other means of protection - except loading in covered wagons. Sanapur International GmbH & Co. KG shall not bear any liability for transport in due time or for crushing, twisting or weather impact. In the case of delivery free place of use of the buyer, the buyer shall bear all costs beginning at the point in time of the acceptance obligation. The buyer is responsible for unloading the goods at its own expense.
- 3) Goods reported to be ready for shipping but not immediately called up may be stored by us at the buyer's own discretion and at the buyer's expense and risk and charged as delivered ex works or ex warehouse on readiness for shipping. This also applies if shipping is not performed for reasons for which we are not responsible (e.g. traffic interdiction) or if the goods are kept at the buyer's disposal at its request. If partial deliveries are agreed for current contracts, we shall endeavour to distribute the partial quantities approximately evenly in terms of their type and scope. However, the buyer shall be obligated to also purchase unequal partial quantities.
- 4) We generally do not insure the goods. If necessary, the buyer must enter into the terms and conditions imposed on us by the shipping and insurance companies involved. If we attend to transport, liability shall be limited to gross negligence. If transport is performed by third parties, Sanapur International GmbH & Co. KG shall only bear liability for *culpa in eligendo*.
- 5) The technical standards of the country of manufacture shall apply to delivery. Customary German trade practice shall also apply in foreign business transactions. Sanapur International GmbH & Co. KG supplies qualities common in commerce. Any assurances regarding certain features must be in writing.
- 6) Differences in quality, dimension and weight shall be allowed within the customary commercial framework or within the standard tolerances of the country of manufacture and supplier. If it has been specifically agreed with the buyer that it is to inspect or accept the goods after they

are ready for shipping and the buyer does not accept the goods in time or in full, the goods shall be deemed to have been delivered in accordance with the terms and conditions when they leave the factory or warehouse. Any agreement regarding acceptance must also contain an arrangement on the assignment of material and human resource-related acceptance costs. Special items offered at exceptional prices shall be inspected before being shipped. Material displaying commercial quality is only inspected visually.

- 7) The weight ascertained by us in the factory or warehouse shall be binding and apply to the calculation. This also applies to deliveries by drop shipment. For rail or lorry loads, the total weight shall apply.
- 8) If in the case of successive deliveries the purchaser calls up more than the agreed-upon total quantity, there shall be no obligation to deliver such. If delivery is nevertheless effected, we shall be entitled to charge the agreed price or the price valid on the date of delivery as we see fit. Sanapur International GmbH & Co. KG shall not be obligated to provide notification if the final quantity is exceeded. In the case of successive delivery contracts, the buyer must call up approximately similar monthly quantities and type classifications. If neither takes place in due time, Sanapur International GmbH & Co. KG may itself undertake type classifications or withdraw from the outstanding part of the contract and claim damages after expiry of a grace period.
- 9) The Purchaser and its customers may not deliver or send goods that have not been expressly sold for export in the event of a requirement imposed on Sanapur International GmbH & Co. KG by one of its delivery plants in an unprocessed state outside the Federal Republic of Germany - and not return or deliver goods sold for export in such territory and its free ports or send such goods to a country other than the country of destination as specified in the order. Nor may such goods be processed in the Federal Republic of Germany.

The buyer must provide evidence of the whereabouts of the goods if so requested. If the buyer or its customers, upon whom it must at the same time impose these obligations or the obligation to impose these obligations in turn on its customers, violates the aforementioned conditions, the buyer shall be obligated to pay a contractual penalty of 30% of the purchase price as well as damages. In the event that the buyer's customers violate these terms and conditions, the buyer shall assert these claims or transfer such claims to Sanapur International GmbH & Co. KG.

- 10) If transport of the goods to the agreed-upon place of destination is performed for own account with a lorry and the goods are unloaded with the holder stated on the motor vehicle registration certificate (the recipient's own lorry), and if the buyer is issued a credit note for transport to the place of destination, the buyer shall have the following obligations: If the goods have been taken to a place or address other than the place of destination upon which the invoice is based, the buyer must pay the excessive amount credited plus € 50.00 per tonne of misdirected goods, but at least twice the value of the excessive amount credited even if there is no evidence of its own culpability being provided to it. The buyer shall be obligated and shall also impose this obligation on the recipient of the goods as well as any sub-customers or have such imposed and grant an auditor appointed by us access to all documents which could provide indications of the place and address to which the goods have been transported.

## III. Delivery periods and deadlines

- 1) Delivery periods are approximate and non-binding on us. Nevertheless, we shall strive to meet these. Our delivery obligation is subject to the proviso that correct delivery be effected to us in due time. We are entitled to effect partial deliveries. The delivery period shall commence upon binding confirmation of order, but at the earliest when all details of the execution have been laid down. If the buyer is to obtain documents, information, approvals, releases and similar or is required to effect down payment or open a letter of credit, the delivery period shall not commence before all documents have been provided. If interim payments are delayed, delivery shall be delayed commensurately.
- 2) The delivery period shall be deemed to have been met upon notification of readiness for shipping if it is not possible to effect shipment through no fault of our own or of the supplying plant.
- 3) Force majeure, unforeseeable operational difficulties due to shortages of raw materials or energy, restrictions on operations and shutdowns, interruptions in production, unforeseen shipping difficulties or similar events and similar cases affecting the plants entrusted with the

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manufacture of the goods shall extend the delivery period. Such events shall release us from our obligation to deliver for the duration of the disturbance and its impact and we shall not be deemed to be in delay as a result. In such cases, the buyer shall be obligated to extend the term of letters of credit, instructions, etc. issued by it as well as import licenses and foreign exchange permits. Such events shall entitle us to withdraw in whole or in part even if the transaction was completed during such circumstances. The buyer may call upon us to explain whether we want to effect delivery within a reasonable period of time or withdraw from the agreement. If we do not agree to such, the buyer shall be obligated to withdraw from the agreement.

- 4) If we are in default on deliveries or services, the buyer shall only be entitled to withdraw from the agreement after issuing a reminder and setting a reasonable grace period. In all other respects, general limitations on liability shall apply.

## IV. Prices

- 1) Prices are to be paid net in cash and shall apply to deliveries ex works without packaging and loading. For orders without any express price agreement, the prices on the day of delivery shall apply. In the case of warehouse deliveries, the net warehouse price published by Sanapur International GmbH & Co. KG shall apply. In the case of drop shipments, prices shall apply ex supply plant and not including packaging. Any packaging required shall be charged at cost price and shall not be taken back.
- 2) Prices do not include value-added tax.
- 3) The buyer shall bear known and unknown public and private levies (this shall include variable import levies due to import restrictions), fees, freight charges and freight increases, retroactive invoicing as well as increases in price and freight by the supplying plants.
- 4) Carriage-paid prices shall apply subject to the condition that respective traffic on land and waterways be unimpeded. Misdirected consignments shall be borne by the buyer if Sanapur International GmbH & Co. KG is not guilty of gross negligence.

## V. Payment

- 1) Invoices shall be due for payment within 30 days after the invoice date and shall be paid in cash or by bank transfer without deduction, without prejudice to the right to issue notice of defect while excluding the right to set off or retain any amounts with the exception of undisputed claims or claims established by a court of law or government authority. Defects in delivery shall not affect these counter-rights to set off and retain amounts. In the event of differing payment agreements, periods of payment shall commence upon the date of delivery. Readiness to ship in the cases laid down in II. 3) shall be deemed to be tantamount to delivery.
- 2) Cheques and bills of exchange shall only be accepted by us on account of performance subject to the proviso of equivalent value being received, without such affecting the due date for payment of the invoices. Bills of exchange shall require a written agreement.
- 3) If the buyer is in default of payment, interest on arrears shall be charged at the statutory rate.
- 4) If the financial situation of the buyer deteriorates or if it pays irregularly, we shall be entitled to demand immediate payment or collateral for our claim and/or advance payment for further deliveries or to withdraw from the Agreement in whole or in part. This shall also apply if Sanapur International GmbH & Co. KG has accepted a bill of exchange. Upon withdrawal, claims against the buyer shall become due immediately irrespective of bills of exchange that have been accepted. Sanapur International GmbH & Co. KG shall receive compensation for the costs of withdrawal and other damage. Claims to damages on the part of the buyer are for this reason excluded.

## VI. Retention of title

- 1) Sanapur International GmbH & Co. KG shall retain title to the delivered goods (reserved goods) until the buyer has satisfied all claims including future ones emanating from the business relationship with Sanapur International GmbH & Co. KG even if the purchase price for specially designated receivables and claims has been paid. The same applies to collateral. In the case of current accounts, the reserved title secures the balance claims of Sanapur International GmbH & Co. KG and its branch offices.

- 2) Processing and treatment of reserved goods shall be performed for Sanapur International GmbH & Co. KG in its capacity as manufacturer in the meaning of § 950 of the German Civil Code, excluding the acquisition of ownership by the purchaser without such or safekeeping of the goods entitling the buyer to claims against us. If the reserved goods are processed either together with other goods belonging to the buyer or are purchased under so-called simple retention of title as set out in § 455 of the German Civil Code also excluding the legal consequences set out in § 950 of the German Civil Code, Sanapur International GmbH & Co. KG shall be deemed to be the sole owner of the processed product in the first case, and in the second case of the manufactured object in the same proportion of the invoice value of the reserved goods to the invoice value of the other processed objects. Should property of Sanapur International GmbH & Co. KG be lost by way of exception, it is agreed already here and now that ownership or co-ownership by the buyer shall be transferred to us and that the buyer shall hold the new item in safekeeping for us.

- 3) The buyer shall only be entitled to sell the reserved goods in the ordinary course of business in accordance with the following provisions:

- a) The goods subject to retention of title may only be sold subject to retention of title.

- b) Receivables and claims against its customers arising from resale may not be subject to a prohibition against assignment. Any sales to customers which exclude assignability or make such subject to their approval is prohibited. If the buyer sells goods subject to retention of title of Sanapur International GmbH & Co. KG with or without being processed, Sanapur International GmbH & Co. KG shall be entitled to all receivables and claims from such customers in the amount of the value of the reserved goods including profit margin. If such resale is effected with goods that do not belong to Sanapur International GmbH & Co. KG, Sanapur International GmbH & Co. KG shall be entitled to the receivables in the amount of the value of its goods subject to retention of title excluding the profit margin of the buyer. The same shall apply to goods sold on the basis of contracts for work and labour (*Werkverträge*), contracts for work and materials (*Werklieferungsverträge*) or similar contractual agreements.

- c) The buyer shall exclude the possibility of its customers asserting rights (e.g. setting off amounts) against claims and receivables from the sale of goods subject to retention of title.

- d) Sale in the ordinary course of business shall not include sale to another lender, such as a factor to secure such, but shall instead be limited to a sale to real customers.

- 4) The buyer herewith assigns its receivables and claims as well as any ancillary rights from resale to Sanapur International GmbH & Co. KG, which for its part accepts this assignment. Such serve as collateral in the same scope as the goods subject to retention of title.

- 5) The buyer and Sanapur International GmbH & Co. KG shall be authorised to collect the receivable from resale side by side. Sanapur International GmbH & Co. KG shall only collect the claim if the buyer fails to properly meet its payment obligations. If so requested, the purchaser shall inform Sanapur International GmbH & Co. KG about the debtors of the assigned receivables and claims and allow them to inspect its books. Sanapur International GmbH & Co. KG shall be entitled to inform the buyer's customers of the assignment.

- 6) Sanapur International GmbH & Co. KG is entitled to demand that the goods subject to retention of title be surrendered immediately for good cause, in particular in the event of default of payment, bill-of-exchange and cheque protests or applications for insolvency with regard to the buyer's assets. Until such time, the buyer shall store the reserved goods separately from other goods as the property of Sanapur International GmbH & Co. KG, label such as property of Sanapur International GmbH & Co. KG refrain from disposing over such and provide Sanapur International GmbH & Co. KG a list of the goods subject to retention of title if so requested.

- 7) The buyer shall notify us immediately of any access by third parties to the goods subject to retention of title or the assigned claims and send us the protocol of seizure and an affidavit regarding the identity of the seized object with the reserved goods.

- 8) Upon full payment of all claims and receivables of Sanapur International GmbH & Co. KG emanating from the business relationship, title to the reserved goods and the assigned claims and receivables shall be automatically transferred to the buyer. Sanapur International GmbH & Co. KG shall be obligated to release collateral as it sees fit if so requested.

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by the buyer to the extent that the value of such exceeds the claims to be secured by 10%. The goods are valued at 70% of their sales price.

## VII. Liability for material defects

- 1) The customer's rights in the event of material defects and defects of title (including incorrect and short delivery) shall be governed by statutory provisions if nothing to the contrary is stipulated in the following.
- 2) The basis of liability for defect on the part of Sanapur International GmbH & Co. KG is exclusively the contractual covenant concluded on the quality of the goods. Product descriptions and technical documents as well as specifications which are the subject matter of the individual agreement shall be deemed to be an agreement on the quality of the goods; it does not matter whether these documents are supplied by the customer, by a third party or by Sanapur International GmbH & Co. KG. Only their inclusion in the agreement by mutual agreement is authoritative. Sanapur International GmbH & Co. KG also reserves the right after conclusion of the Agreement to undertake any changes in the form and/or design of the goods that are necessary and/or expedient for legal or factual reasons, in particular for reasons of product safety, provided that the goods are not subject to considerable changes that the customer cannot reasonably be expected to accept. Such changes shall become an integral element of the agreed-upon quality of the goods without any further declaration by the parties to the Agreement.
- 3) Claims for defects by customers shall be subject to them having complied with their statutory obligations of inspection and notice of defects (§§ 377, 381 of the German Commercial Code - HGB). If a defect is identified in the inspection or in the period thereafter, Sanapur International GmbH & Co. KG must be notified hereof in writing without undue delay. Irrespective of this obligation to inspect the goods and provide notice of defects, the customer must report obvious defects (including incorrect and short delivery) in writing within one week of delivery at the latest, whereby the notification being sent in due time shall be deemed to meet the deadline. If the customer fails to carry out a proper inspection and/or report a defect, any liability for a defect for which no notification is provided is excluded.
- 4) If the delivered product is defective at the time of delivery, Sanapur International GmbH & Co. KG may first choose whether subsequent performance is to be effected by rectification of the defect (subsequent improvement) or by delivery of a product that is free of defect (replacement delivery). This shall not affect the right to refuse subsequent performance subject to statutory requirements. Should the defect be due to a product supplied by a sub-supplier, Sanapur International GmbH & Co. KG may choose to satisfy the warranty claims asserted by assigning its own warranty claims against the upstream supplier. Warranty rights above and beyond this shall only apply against Sanapur International GmbH & Co. KG in this case if attempts to enforce claims against the supplier before a court of law remain unsuccessful.
- 5) Sanapur International GmbH & Co. KG is entitled to make the subsequent performance owed contingent upon the customer paying the due price. The customer is entitled to retain a reasonable portion of the price in relation to the defect, however.
- 6) The customer shall provide Sanapur International GmbH & Co. KG the time necessary for the subsequent performance owed and the opportunity to access the goods for inspection purposes and for subsequent improvement work. Subsequent performance shall not include dismantling of the defective item or re-installation.
- 7) Sanapur International GmbH & Co. KG shall bear the expenses necessary for inspection and subsequent performance, in particular transport, travel, labour and material costs (but not dismantling and installation costs) if there is actually a defect. If the customer's demand that a defect be rectified turns out to be unjustified, Sanapur International GmbH & Co. KG may demand reimbursement from the customer for the costs arising from such.
- 8) If subsequent performance has failed or a reasonable period for subsequent performance to be set by the customer has elapsed without success or is unnecessary under statutory provisions and the customer can thus withdraw from the purchase agreement or reduce the purchase price in accordance with applicable statutory provisions, the customer shall not be entitled to withdraw from the agreement in the case of a merely insignificant defect.
- 9) Claims on the part of the customer to damages or reimbursement of expenses incurred in vain shall only apply in accordance with clause VIII. and are otherwise excluded.

10) By way of deviation from § 438, section 1, no. 3 of the German Civil Code, the general statute of limitations for claims arising from material defects and defects of title is one year from delivery. This statute of limitations also applies to all repaired parts or goods supplied as replacements. This shall not affect special statutory arrangements regarding claims to restitution in rem by third parties (§ 438, section 1, no. 1 of the German Civil Code) or in the event of fraudulent intent on the part of the seller (§ 438, section 3 of the German Civil Code).

11) The foregoing statutes of limitations under purchase law shall also apply to contractual and non-contractual claims for damages by the customer based on a defect in the goods unless application of the regular statute of limitations (§§ 195, 199 of the German Civil Code) would lead to a shorter time bar in the individual case. The statutes of limitations stipulated in the German Product Liability Act (*Produkthaftungsgesetz*) shall remain unaffected in any case. Otherwise, solely the statutes of limitations laid down in law shall apply to claims to damages on the part of the customer pursuant to VIII.

## VIII. General limitation of liability

- 1) If nothing to the contrary is stipulated in these General Terms and Conditions of Sale and Delivery including the following provisions, Sanapur International GmbH & Co. KG shall bear liability in the event of a breach of contractual and non-contractual obligations in accordance with applicable statutory provisions. Any warranty or other liability claims regarding the compatibility of goods supplied by Sanapur International GmbH & Co. KG with other products or for a specific purpose are excluded. In particular, the customer shall be independently responsible for compliance with all statutory and government regulations to be observed in connection with further use of the goods (e.g. installation, sale).
- 2) Sanapur International GmbH & Co. KG shall bear liability in the event of wilful intent and gross negligence – regardless of the legal reasons for such. In the event of minor negligence, Sanapur International GmbH & Co. KG shall only bear liability
  - a. for damage resulting from injury to life and limb or impairment of health,
  - b. for damage emanating from breach of a material contractual obligation (an obligation, fulfilment of which is essential to the proper execution of the Agreement in the first place, and with regard to which the contractual partner regularly relies on and may rely on compliance with such); in this case, liability on the part of Sanapur International GmbH & Co. KG shall be limited to compensation for foreseeable, typically occurring damage.
- 3) Limitations on liability emanating from section VIII. 2) shall not apply if Sanapur International GmbH & Co. KG has fraudulently concealed a defect or assumed a guarantee for the quality of the goods. The same shall apply to claims on the part of the customer under the German Product Liability Act (*Produkthaftungsgesetz*).
- 4) In the event of a breach of duty which is not associated with a defect, the customer may only withdraw or terminate the agreement if Sanapur International GmbH & Co. KG is responsible for the breach of duty. Any free right of termination on the part of the customer (in particular in accordance with §§ 651, 649 of the German Civil Code) is excluded. Otherwise the statutory requirements and legal consequences shall apply.

## IX. Tool costs

If Sanapur International GmbH & Co. KG charges the customer for tool costs, such tools serve to manufacture the goods for this customer. No additional rights on the part of the customer shall come about. In particular, the customer shall not acquire title to these tools, nor can it demand that the tools be returned.

## X. Place of performance and jurisdiction

- 1) The place of performance for all obligations emanating from this Agreement is the registered office of Sanapur International GmbH & Co. KG or the registered office of the branch office commissioned with delivery.
- 2) The sole legal venue shall be the courts having jurisdiction over the registered office of Sanapur International GmbH & Co. KG. This also applies to legal actions involving bills of exchange and cheques. The courts having jurisdiction over the registered office of the company entrusted with the delivery or the legal venue of the purchaser shall have jurisdiction as we see fit.

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- 3) The contractual relationship shall be governed by German law. The UN Convention on Contracts for the International Sale of Goods (CISG) is excluded.
- 4) Rights of the buyer emanating from the Agreement may not be transferred.

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## Purchasing terms and conditions of Sanapur International GmbH & Co. KG

### I. Placement of orders

- a) These General Terms and Conditions of Purchase shall apply to all business relations of Sanapur International GmbH & Co. KG with its suppliers. These General Terms and Conditions of Purchase shall only apply if the Supplier is an entrepreneur, a legal entity governed by public law or a special public-law fund.
- b) Only written orders are binding. Any verbal agreements or agreements made by telephone or changes and amendments shall be subject to our written confirmation to be valid.
- c) Each order must be confirmed immediately by the supplier. If this confirmation is not provided, our terms and conditions shall be deemed to have been tacitly accepted upon acceptance of the order.
- d) If nothing to the contrary is stipulated in the order letter, solely our Terms and Conditions of Purchase are authoritative. Any terms of delivery to the contrary shall only apply if we have expressly accepted such in writing.

### II. Prices

- a) The agreed-upon prices are fixed prices and include freight and packaging to our receiving station. No cartage or incidental expenses shall be paid.
- b) The dimensions, weights and quantities which we determine shall apply to payment.

### III. Delivery

- a) Delivery dates are always binding. In the event that the delivery period is not met, the supplier shall be deemed to be in default of delivery without any special notice of default on our part being required.

The acceptance and/or payment of delayed deliveries shall in no case constitute a waiver of any claims for compensation arising from the delay.

- b) If delivery is delayed due to a state of war, government seizure or any other cases of force majeure, we shall be entitled to withdraw from the Agreement following expiry of a reasonable period of time, which shall also depend on our deadlines with our customers. In such case, we shall not be obliged to reimburse the costs incurred by the supplier.
- c) If circumstances arise warranting legitimate doubts as to the creditworthiness of the supplier (e.g. filing for bankruptcy proceedings, etc.), we may withdraw from the Agreement and/or, as we see fit, enter into the supplier's contracts with its suppliers without prejudice to our other statutory or contractual rights.
- d) If the supplier anticipates difficulties in the procurement of materials or in production or if circumstances arise which the supplier cannot influence and which could prevent it from delivering on time in the prescribed quality, it must inform us thereof immediately. If the supplier fails to do so, it shall be liable for the delay in delivery for which it is responsible in the same manner.

### IV. Terms of payment

- a) Invoices shall be paid within 14 days after receipt of invoice with 3% discount, within 30 days after receipt of invoice with 2% discount, or within 60 days net with means of payment as we see fit. If the invoice is received before the goods, payment periods shall commence upon receipt of the last part of the delivery.
- b) Trade receivables to us may not be assigned without our written consent.

- c) If we discover any defects in delivery for which the supplier is responsible, we shall be entitled to withhold a commensurate part of the price until the defects have been rectified.

### V. Transfer of risk / retention of title

Risk shall be transferred to us as soon as the goods have been received at our factory and duly handed over at the acceptance points in charge.

Reservations of title by the supplier shall only apply if such relate to the payment obligations of Sanapur International GmbH & Co. KG for the services concerned (simple retention of title). Expanded or extended reservations of title are excluded.

### VI. Warranty, notice of defects and liability

- a) Acceptance of the goods by Sanapur International GmbH & Co. KG shall be subject to the proviso of inspection to confirm that there are no defects, to the extent and as soon as such is feasible in the ordinary course of business. In the event of obvious defects afflicting the delivered goods, Sanapur International GmbH & Co. KG shall be obligated to provide notice of defect no later than 14 days after receipt of the goods. In the event of hidden defects to the goods delivered, Sanapur International GmbH & Co. KG shall be obligated to provide notice of defect within 14 days after discovery of the defect. The supplier hence waives any objection of late notification of defects.
- b) The supplier shall be fully liable for the delivered goods in accordance with statutory provisions applying to material defect and defects of title. In all other respects, the supplier shall bear liability in accordance with the following provisions.
- c) Sanapur International GmbH & Co. KG shall be entitled to repair the delivered goods at the supplier's expense if Sanapur International GmbH & Co. KG has a special interest in speedy use of the goods due to the circumstances of the individual case, in particular to avert imminent damage, and subsequent improvement by the supplier is not possible due to time constraints. Before subsequent improvement commences, Sanapur International GmbH & Co. KG must inform the supplier of such in writing by fax or e-mail.
- d) If Sanapur International GmbH & Co. KG incurs costs as a result of defective delivery of the subject matter of the Agreement, in particular transport, travel, labour, installation, removal or material costs or costs of inspection exceeding the usual scope, the supplier shall bear these costs. In particular, goods which are complained about shall be returned to the supplier at the expense and risk of the supplier.
- e) The supplier guarantees that the goods are free of third-party rights and that no third-party rights will be infringed by delivery or use of the goods. The supplier shall make it possible for Sanapur International GmbH & Co. KG to use the goods including possible repairs, modifications or additions to the delivered goods in Germany and other countries. In the event of an infringement of third-party rights, Sanapur International GmbH & Co. KG is entitled to indemnification from third-party claims by the supplier irrespective of the supplier's culpability. Sanapur International GmbH & Co. KG shall furthermore be entitled to a claim against the supplier for compensation for damage incurred if the supplier is at fault.
- f) With the exception of cases involving fraudulent intent, the warranty period shall be 36 months from the transfer of risk. This shall not affect the applicability of longer statutory periods. If the supplier fulfils its obligation to render subsequent performance by means of replacement delivery, the time bar period shall recommence for the goods delivered as replacement upon their delivery unless the supplier has expressly and rightly reserved the right to render replacement delivery merely as a gesture of goodwill, to avoid disputes or to uphold and continue the supply relationship.

### VII. Other liability

- a) If nothing to the contrary is stipulated in these General Terms and Conditions of Purchase, the Supplier shall bear liability in the event of a breach of contractual and non-contractual obligations in accordance with applicable statutory provisions.
- b) If claims are asserted against Sanapur International GmbH & Co. KG for material defect due to product liability or violation of safety regulations, the supplier shall indemnify Sanapur International GmbH & Co. KG from any liability upon first request and bear any costs and expenses incurred by Sanapur International GmbH & Co. KG to the extent that the delivery of the goods by the supplier was defective or causal for the

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damage. In cases involving culpable liability, however, this shall only apply if the supplier is culpable. If the cause of the damage lies in the domain of responsibility of the supplier, the burden of proof for the non-existence of the fault shall lie with the supplier.

## VIII. Third-party rights

The supplier assumes full guarantee for delivery or use of the items to be delivered not violating any protective rights of third parties or claims not being asserted against us by third parties for violation of rights. In the event of infringement of third-party rights, we shall be entitled to the supplier providing us compensation for damage incurred irrespective of the supplier's culpability.

## IX. Quality

- a) The supplier warrants that brochures, offers and other descriptive documents of importance to placement of the order accurately describe the goods ordered and warrants the features specified therein. The goods must comply with applicable statutory provisions, accident prevention regulations, the German Machine Protection Act (*Maschinenschutzgesetz*), relevant regulations, directives and guidelines, VDE provisions and the latest recognised rules of technology. Hazardous substances must be labelled accordingly.
- b) The supplier shall perform quality controls appropriate to the type and scope and in accordance with the state of the art in technology. We expect the design and quality of the products to be supplied to us to be constantly in line with the state of the art in technology and to be informed about any possible improvements and changes in technology. Any changes to the delivery item may only be undertaken with our express prior consent, however.

## X. Production documents

Production documents provided to the supplier shall be entrusted to the supplier as our property that is exclusively for the execution of our orders. These documents must be returned to us after completion of the work. The supplier shall not be entitled to use these documents directly or indirectly as documents for deliveries to third parties. It shall only be allowed to pass on production documents to third parties in the original or by duplication to the extent that such is necessary for fulfilment of the Agreement. If the production documents are used by the supplier or by third parties without justification, the supplier shall pay a contractual penalty in the amount of the sales price of the items manufactured according to the documents, subject to the reservation of greater claims for damages being asserted. This obligation shall be passed on by the supplier when placing orders with subcontractors with the same wording.

## XI. Performance, place of jurisdiction and applicable law

- a) The place of performance for deliveries and payment as well as all other obligations arising from the contract shall be the respective place of destination of the goods.
- b) The sole legal venue for all legal disputes emanating from the contractual relationship (including with regard to tortious acts) shall be Siegen local court or Siegen regional court as we see fit. We shall also be entitled to take action with the courts having jurisdiction over the registered office of the supplier.
- c) This Agreement and its effects shall be governed solely by German law. The UN Convention on Contracts for the International Sale of Goods (CISG) is excluded.

## XII. Final stipulations

Any possibility invalidity of individual provisions in the foregoing shall not affect the validity of the remaining provisions.

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