

General purchasing conditions of SAXONIA-FRANKE AG

1. Validity / General

1.1 The general purchasing conditions apply to all purchases of Saxonia-Franke, provided nothing else has been explicitly agreed in writing. General delivery conditions of suppliers are only valid, if they have been explicitly confirmed in writing by Saxonia-Franke. The lack of rejection, the payment or acceptance of the goods does not represent an acknowledgement of the supplier's terms and conditions.

1.2 The latest version of the general purchasing conditions also applies to all future contracts between the supplier and Saxonia-Franke.

2. Invitation to tender, orders, order confirmation and amendments

2.1 With the invitation to tender, the supplier is requested to submit a free, binding offer. It has to prepare the offer according to the descriptions, requirements and goals of Saxonia-Franke as the purchaser. Reference is to be made to any deviations from the invitation to tender.

2.2 The supplier is obliged to indicate possible defects before the submission of the offer, in particular those regarding the state of knowledge and technology, environmental protection provisions or the technical suitability.

2.3 Orders are only binding if they are issued in writing, or have been confirmed, by Saxonia-Franke by letter, fax or e-mail. The same also applies to supplements or amendments. Sketches, diagrams, comments, specifications etc. form an integral part of the orders, if they have been explicitly denoted as such, dated and initialled. Details of the supplier which deviate from the order are only valid if they have been explicitly accepted in writing by Saxonia-Franke. Otherwise no contract shall come into effect, in particular not by remaining silent about an order or by implied behaviour.

2.4 The order is to be confirmed in writing by the supplier within five working days of the order date. If this does not happen, Saxonia-Franke is permitted to reject the order, without the supplier deriving claims from this.

2.5 To a reasonable degree, Saxonia-Franke is permitted to demand changes to the agreed delivered item after the receipt of the order confirmation. If additional costs are incurred as a result, they are to be notified immediately. To be able to assert additional costs, they have to be accepted in writing by Saxonia-Franke. Saxonia-Franke is to be reimbursed in the event of lower costs.

3. Sub-contractor

3.1 If the supplier intends to have the ordered goods to be produced by third parties, consent is to be obtained from Saxonia-Franke, specifying the sub-contractors.

3.2 The supplier is also liable, in the event of the permitted sub-contracting, without restriction for the goods obtained from its sub-contractors.

4. Prices

4.1 Provided nothing else has been agreed in the order, all prices are quoted as fixed prices (excl. VAP), DDP

(Delivered Duty Paid), from the site of Saxonia-Franke, Aadorf (Incoterms 2010), including packaging.

5. Delivery period, consequences of delays and withdrawal from the contract

5.1 The agreed delivery dates and periods are binding. The key date for the observance of these dates/periods is the date of receipt of the contractual goods at the destination. If the delivered item is not delivered on time, the supplier is deemed to be in default of delivery (fix deadline). The purchase is released from the obligation to send a reminder.

5.2 If the supplier has to assume that the delivery cannot be performed on time, either in full or only partially, it has to notify Saxonia-Franke of this immediately, stating the grounds and the probable duration of the delay. The supplier is obliged to undertake all reasonable efforts to prevent or remove delivery delays, or to obtain compensation from third parties. The supplier can only invoke the absence of necessary documents to be supplied by Saxonia-Franke or supplementary objects or individual parts, if they have been requested on time or, provided deadlines have been agreed, if the supplier has sent a reminder immediately.

5.3 Premature deliveries are only accepted with prior written consent. In this case Saxonia-Franke shall deduct the costs incurred due to the premature delivery (storage costs, etc.) from the purchase price. For the notification of defects the originally agreed delivery date shall apply.

5.4 The supplier is obliged to provide compensation for the whole damage incurred by the default. In particular the compensation shall comprise extra freight costs, upgrade costs, damage from operating interruptions as well as compensation for damage, which Saxonia-Franke has to perform for its customers. If the grace period expires unsuccessfully and the supplier no longer has any interest in the delivery, the extra costs for covering purchases by the supplier are also to be compensated. Further claims based on the law and/or the contract, in particular due to the non-observance of guaranteed delivery dates or periods, remain reserved. The unconditional acceptance of a delayed delivery or service does not cause the waiving of any claims for compensation by Saxonia-Franke due to the delayed delivery or service.

5.5 The supplier is obliged, regardless of the fault or evidence of damage, to pay 1% of the purchase price for every week, or part thereof, of the delay, up to a maximum of 10% as a contractual penalty. Furthermore, Saxonia-Franke is permitted to assert verifiable damage incurred in accordance with the legal provisions.

5.6 Once the period is reached (10 weeks) which authorises the assertion of the maximum contractual penalty, there is a right to withdraw from the contact at any time by means of *written notification*. If it is clear in advance that the delivery date cannot be met, Saxonia-Franke can assert a right to withdraw even before the delivery date has been reached. The same applies if it becomes apparent that the efforts of the supplier as per point 6.2 cannot prevent the delay. In these cases the supplier has to reimburse all the payment made, plus default interest of 5%. The assertion

of further damage according to legal provisions remains explicitly reserved.

- 5.7 Saxonia-Franke also reserves the right to withdraw from the contract at any time, without stating a reasons and paying any verifiable costs incurred, and to request any down-payments back. If costs are incurred as a result, they are to be notified immediately. To be able to assert costs, they have to be accepted in writing by Saxonia-Franke. Further compensation claims of the supplier are excluded, as far as is legally permissible.

6. Packaging, dispatch and delivery notice

- 6.1 The packaging has to be designed in such a way that the goods are effectively protected against damage and corrosion during transportation and any subsequent storage. The supplier is liable for damage caused by improper packaging.
- 6.2 The delivery papers and invoices must state the full details of Saxonia-Franke such as the [order number, article number, delivered version, article name and supplier number].
- 6.3 The supplier shall conclude transport insurance and have sufficient public liability insurance. On request the supplier shall provide a corresponding confirmation of insurance.
- 6.4 Saxonia-Franke is permitted to specify the mode of dispatch and the freight forwarder. Otherwise the supplier is obliged to select the best value mode of dispatch for Saxonia-Franke.
- 6.5 The supplier is obliged to take back recyclable packaging materials in return for a credit note.

7. Paperwork

- 7.1 Invoices are to be sent separately from the goods by post.
- 7.2 Invoices have to be issued in accordance with the formal requirements of the respective VAT legislation. The invoice address is always:
- 7.3 [COMPANY], [ADDRESS]
- 7.4 Invoices which do not meet these specifications will be rejected.

8. Transfer of risk and ownership

- 8.1 The risk is transferred upon the acceptance of the goods by Saxonia-Franke.
- 8.2 If the requested delivery papers for a delivery are not delivered as agreed, or are delivered late, the delivery shall be stored until the receipt on the account and at the risk of the supplier.

9. Acceptance, warranty and guarantees

- 9.1 After the receipt, provided this is allowed in the normal course of business, goods shall be inspected by Saxonia-Franke for clear damage, identity, expected missing quantity and transport damage. No further inspection obligation exists. The supplier will be notified in writing of written defects. In this respect the supplier waives the delayed notification of defects.
- 9.2 In the event of deliveries of the same type, the inspection for defects shall be limited to random samples. If random sample show defect parts, the whole delivery can be

rejected or another inspection can be performed at the expense of the supplier.

- 9.3 In the event of continual delivery or a delivery after production approval, the supplier is obliged, in the event of any change to the production conditions at its site, in particular the exchange of tools, machinery or production processes to inspect the delivered item for any deviations and modifications, and to notify Saxonia-Franke of any. The same applies to any product changes.
- 9.4 In the event of a complaint, Saxonia-Franke is permitted to withhold payments in a suitable proportion to the goods value, or the damage incurred.
- 9.5 The supplier explicitly guarantees that the delivered item does not have any defects which affect its value or usability for the intended purpose, that it has the assured characteristics and corresponds to the prescribed services and specifications as well as the applicable laws, regulations (e.g. SUVA and SIA) and other applicable conditions.
- 9.6 In urgent cases, in particular to protect against acute danger or to prevent greater damage, or if the supplier is late in the performance of its obligations, Saxonia-Franke is permitted to remove defects at the supplier's expense or to obtain defect-free goods elsewhere.
- 9.7 If Saxonia-Franke incurs expenses due to a defect delivery, in particular transportation, infrastructure, working or materials costs, or costs for an incoming goods inspection which exceeds the normal scope, the supplier has to bear these costs.
- 9.8 If it becomes evident during the warranty period that the delivery, or parts thereof, are defect, the supplier is obliged to immediately remove the defect, or have it removed, or alternatively to provide a defect-free replacement free of charge, at the discretion of Saxonia-Franke. All extra costs incurred by the repair or replacement delivery, namely the costs for the removal and transportation of the defect goods or the replacement delivery and installation of the replacement product, shall be borne by the supplier.
- 9.9 If the supplier is late in rectifying defects, or if there is an urgent case, Saxonia-Franke is permitted to remove the defect itself, or have it removed by a third party, at the expense and risk of the supplier.
- 9.10 The warranty period is 36 months. This period begins upon acceptance by Saxonia-Franke.
- 9.11 For replacement deliveries and improvements, a warranty is to be issued with the same scope as for the original delivery object, whereby the warranty period for repaired or replaced parts starts from the date of the new delivery.
- 9.12 The legal warranty claims remain reserved.
- ## **10. Liability, indemnification and insurance protection**
- 10.1 The supplier is liable for all damage caused or partially caused by the delivery of defect goods. In particular the supplier is also liable for third party, direct (in particular for consequential damage) and pure property damage. For this purpose the supplier must have sufficient public liability insurance and provide evidence of this on the request of Saxonia-Franke. Furthermore, the supplier is liable for all costs of measures to prevent damage, in particular for the preventative exchange of products and for other costs associated with a recall campaign.

- 10.2 If a claim is filed against Saxonia-Franke, the supplier shall act in the place of Saxonia-Franke as if it were directly liable. The supplier shall release Saxonia-Franke from all claims of this kind.
- 10.3 The supplier is obliged to maintain product liability insurance, including insurance for recall costs with suitable coverage, and has to provide evidence of this on request. The supplier hereby assigns the insurance benefits to Saxonia-Franke.
- 11. Intellectual and industrial property rights of third parties**
- 11.1 The supplier is liable for ensuring that the use or re-sale of the goods it has supplied do not violate intellectual or industrial property rights of third parties. It shall release Saxonia-Franke and its customers from all third party claims arising from a violation of these rights.
- 12. Supply**
- 12.1 Materials supplied by Saxonia-Franke for the execution of an order, also remain the property of Saxonia-Franke after the processing. The materials are to be marked and stored separately until processing. In the event of the processing of materials of Saxonia-Franke with other materials, Saxonia-Franke shall receive a proportionate share of the co-ownership of the product. Unused materials, residual materials, processing waste and similar are to be returned on request or are to be deducted from the purchase price at market prices.
- 12.2 The materials have to be sufficiently insured against theft, breakage, fire, water and other risks at the expense of the supplier, and also have to be stored at its expense.
- 12.3 The supplier is obliged to take all necessary actions and to give statements, to ensure that the retention of title can be executed in all official registers, books or similar in accordance with the applicable state laws, and all the association formalities can be met.
- 12.4 The supplier is not entitled to a right of retention for the goods it has supplied.
- 13. Production resources**
- 13.1 Production resources of all kinds such as samples, diagrams, models and similar, as well as tool provided to the supplier of which it has created at the expense of Saxonia-Franke, remain the property of Saxonia-Franke, or become their property upon creation. Saxonia-Franke has all the rights for these documents. Once they are no longer required – e.g. for the execution of the order – they are to be sent back to us unrequested. They are not allowed to be made available to third parties. The storage shall be done under suitable conditions and at the expense of the supplier.
- 13.2 The production resources given to the supplier or created according to the specifications of Saxonia-Franke, are not allowed to be reproduced or sold without explicit written consent, to be assigned as security, pledged or handed over in any other way or encumbered with third party rights, are not allowed to be used or made available to third parties. The same applies for goods produced with the aid of these production resources.
- 13.3 All production resources which are or become the property of Saxonia-Franke according to one of the paragraphs above shall be marked clearly by the supplier with "Property of Saxonia-Franke AG".
- 13.4 The supplier is obliged to exclusively use the production resources for the production of goods ordered by Saxonia-Franke. Production resources belonging to Saxonia-Franke are to be insured by the supplier at the new value, at its own expense, against theft, breakage, fire, water and other risks. Any necessary maintenance and inspection work has to be performed by the supplier on time and at its own expense. Faults are to be notified immediately. If the supplier fails to do so, it is deemed liable.
- 13.5 The afore-mentioned production resources are only allowed to be scrapped before the expiry of a period of 15 years after the last delivery, with the written consent of Saxonia-Franke. In any event, consent for scrapping is to be requested in advance in writing.
- 13.6 Saxonia-Franke is permitted to request the reimbursement of paid production resource costs or the production resources produced with the funds of Saxonia-Franke, if the supplier is not able to provide evidence, several times, of the defect-free delivery.
- 14. Confidentiality**
- 14.1 The supplier is obliged not to disclose all information which it receives within the scope of the business relationship with Saxonia-Franke, such as commercial, technical or organisational information, trade secrets and details about orders, such as quantities, technical design, conditions etc. as well as the knowledge obtained from this information, to third parties.
- 14.2 The inclusion of Saxonia-Franke in a list of references, with a reference to the business relationship or the use of the order for advertising purposes, is only permitted after written approval has been obtained.
- 14.3 The supplier is obliged to transfer the same confidentiality obligations required by Saxonia-Franke to its sub-contractors.
- 15. Compliance**
- 15.1 The supplier is obliged to observe the respective legal regulations about dealing with employees, environmental protection and health and safety, and to reduce the negative effects its actions have on people and the environment. For this purpose the supplier shall set up a management system, within the scope of its capabilities, in accordance with ISO 14001 and develop it. Furthermore, the supplier shall also observe the principles of the UN Global Compact Initiative. They mainly concern the protection of international human rights, the right to tariff negotiations, the abolition of forced labour and child labour, the removal of discrimination for recruiting and employment, responsibility for the environment and the prevention of corruption. Further information about the UN Global Compact Initiative can be found at www.unglobalcompact.org in the event that the supplier repeats and/or behaves illegally despite receiving notification of this, and cannot provide that the legal violation has been remedied as far as possible and suitable precautions have been taken to avoid legal violations in the future, we reserve the right to withdraw from existing contracts or to terminate them without notice.
- 16. Invoicing, payment terms**

16.1 Under the prerequisite that the goods are delivered in accordance with the contract, as well as the documents and the invoice payments shall be made, provided nothing else is agreed in the contract, within 30 days from the date of invoice. If payment is made within 14 days a 2% discount shall be granted. The term does not begin before the goods are accepted. In the event of a defect Saxonia-Franke is permitted to suspend the payment for the defect part of the delivery until the contractual supplementary performance.

16.2 The supplier is not permitted to offset claims against Saxonia-Franke with claims of Saxonia-Franke.

17. Applicable law and place of jurisdiction

17.1 The place of jurisdiction is the registered office of Saxonia-Franke. Saxonia-Franke is permitted to prosecute the supplier at its registered office, the place of production or delivery.

17.2 For all legal relationships between the supplier and Saxonia-Franke, Swiss material law applies exclusively to the exclusion of conflicting laws and the UN Convention of Contracts for the International Sale of Goods. The INCOTERMS 2010 apply to the design of the delivery clauses.

17.3 If one or more of these provisions, as well as the affected further agreements, are fully or partially invalid or unenforceable, or if they lose their validity or enforceability later, the validity of the remaining provisions is not affected. The invalid provision shall then be replaced by the contract parties in such a way that the new provision comes as close as possible to the purpose of the invalid provision.

17.4 If differences arise between the German version of these general purchasing conditions and other language versions, the original German text shall have validity.