

General Terms and Conditions of Purchase of FEIG ELECTRONIC GmbH

Status December 2019

Section 1 Scope, form

(1) These General Terms and Conditions of Purchase apply to all business relations with our business partners and suppliers ("Sellers").

(2) The General Terms and Conditions of Purchase apply, in particular, to contracts on the sale and/or delivery of movable property ("Goods") without consideration given to whether or not the Seller manufactures the Goods or purchases them from suppliers. In the absence of agreements to the contrary, the General Terms and Conditions of Purchase as stated in the version valid at the time of our order or, in any case, as stated in the version last stated by us are deemed a framework agreement, including for similar contracts in the future without us having to refer to them again in each individual case.

(3) These General Terms and Conditions of Purchase apply on an exclusive basis. General terms and conditions of business of the Seller to the contrary or those that differ from our conditions, shall only be deemed an integral part of the contract provided we have expressly consented to the validity of such conditions in writing. The requirement to grant consent shall apply in any case, for example including if we are aware of the Seller's general terms and conditions of business and nevertheless unconditionally accept its deliveries.

(4) Individual agreements entered into with the Seller in an individual case (including subsidiary agreements, supplementary information and amendments) shall have preference in any case over these General Terms and Conditions of Purchase. Subject to proof to the contrary, a written contract or our written confirmation shall be authoritative in respect of the content of such agreements.

(5) Statements and advertisements of the Seller of legal relevance in relation to the contract (e.g. setting a period, warning and withdrawal) are to be made in writing, i.e. the text form (e.g. e-mail or fax) is deemed sufficient. This does not affect statutory form requirements and additional proof, in particular in the case of doubt about the legitimation of the party making the statement.

(6) Notices about the validity of statutory requirements merely provide clarification in terms of their meaning. Therefore, the statutory requirements shall also apply without such clarification insofar as they are not directly amended or are expressly ruled out in these General Terms and Conditions of Purchase.

Section 2 Entering into a contract

(1) Our order shall apply with binding force at the earliest when submitted in writing or upon confirmation. The Seller is to draw our attention to obvious mistakes (e.g. typographical errors and calculation errors) and incomplete information in the order, including the order documents for the purpose of correcting or completing these prior to acceptance. Otherwise, the contract shall be deemed not entered into.

(2) The Seller is required to confirm receipt of our order in writing within two workdays. Furthermore, the Seller is requested to confirm our order in writing within a period of five working days starting from receipt of our order (declaration of acceptance)

Section 3 Delivery time and default in delivery

(1) The Seller is to honour delivery date stated by us in the order.

The Seller undertakes to notify us in writing without delay if it is likely that the Seller cannot honour the agreed delivery date – for whichever reasons – and notify us without delay of a binding delivery date.

(2) If the Seller fails to provide its performance or does not provide its performance within the agreed delivery time, or if the Seller defaults, our rights – in particular regarding withdrawal from contract and damages – shall be determined in accordance with the statutory requirements.

Section 4 Performance, delivery, passing of risk, default in acceptance

(1) Without our prior, written, approval, the Seller is not permitted to make arrangements with third parties (e.g. sub-contractors) for such third parties to provide the performance it is required to provide. The procurement risk for the Seller's performance shall be provided by the Seller if nothing to the contrary is agreed upon in an individual case (e.g. restriction on stockpiling).

(2) The goods shall be delivered in accordance with “DDP, Incoterms 2010” to the place stated in the order. If the place of destination is not stated, and nothing to the contrary is agreed upon, goods are to be delivered to our business location at Industriestraße 1a, D-35781 Weilburg-

Waldhausen. The respective place of destination is also the place of performance for the delivery and potential subsequent performance.

(3) A delivery note containing details of the date (issue and shipping), content of the delivery (number and product number, both of the Buyer and the Seller) and our order ID (date and number) is to be included with the delivery. If the delivery note is lacking or is incomplete, we shall not be responsible for resulting delays in respect of processing and payment.

(4) Risk of accidental loss of and accidental deterioration in the item shall pass to us upon handover at the place of performance. Insofar as acceptance has been agreed upon, it shall be authoritative for the passing of risk. In other respects, the statutory requirements set out in the law on contracts for work and services shall also apply in the case of acceptance. Handover or acceptance shall be deemed to have occurred if we default of acceptance.

(5) The statutory requirements apply to the occurrence of our default in acceptance. However, the Seller must then also expressly offer us its performance if a certain or determinable calendar time is agreed upon for action or collaboration on our part (e.g. provision of material). If we default in acceptance, the Seller may request compensation for its additional expenses in accordance with the statutory requirements (Section 304 German Civil Code). If the contract applies to an item to be manufactured by the Seller and such an item is not the Seller's responsibility (individual manufacture), the Seller shall only have the further-reaching rights if we have undertaken to collaborate and are responsible for the failure to collaborate.

Section 5 Prices and terms and conditions of payment

(1) The price stated in the order has binding force. All prices are to be understood as including the statutory turnover tax if this is not stated separately.

(2) In the absence of an agreement to the contrary in an individual case, the price includes all performance and ancillary performance on the part of the Seller (e.g. assembly and installation) as well as all incidental costs (e.g. proper packaging, transport costs including potential transport and third party liability insurance).

(3) The agreed price falls due for payment within 30 calendar days from delivery and performance in full (including acceptance that may be agreed upon) as well as receipt of a proper invoice. If we make payment within 14 calendar days, the Seller shall grant us a 3% trade discount on the net amount of the invoice. In the case of a bank transfer, payment shall be deemed to have been made in good time if our transfer order is received at our bank prior to expiry of the payment period. We shall not be responsible for delays caused by the banks involved in the payment transaction.

(4) We are not required to pay interest after the due date. The statutory provisions apply to default in payment.

(5) We are entitled to setting off and retention rights, and to object to the non-performance of the contract, to an extent specified by law. We are entitled, in particular, to retain due payments as long as we continue to be entitled to claims resulting from incomplete or faulty performance on the part of the Seller.

(6) The Seller shall only have a right to set off or retain regarding res judicata or undisputed counter-claims.

Section 6 Secrecy and reservation of title

(1) We reserve ownership rights and copyrights to diagrams, plans, drawings, calculations, implementation instructions, product descriptions and other documents. This shall also apply if documents drawn up by the Seller are made available to us by our order. Such documents are to be used exclusively for the contractual performance and are to be returned to us once the contract has been executed or, if they are sent electronically, they are to be destroyed as quickly as possible whereby statutory storage periods may be complied with. Secrecy is to be maintained in respect of the documents in dealings with third parties, including following the end of the contract. The obligation to maintain secrecy shall only expire if and to the extent that the knowledge contained in the surrendered documents has been placed in the public domain.

(2) The above provision applies accordingly to substances and materials (e.g. software, finished and semi-finished goods) and to tools, templates, samples and other items that we make available to the Seller for the manufacture. As long as they are not processed, such items are to be stored separately at the Seller's cost, and insured with reasonable cover against destruction and loss.

(3) Processing, mixing or blending (further processing) of provided items by the Seller shall apply on our behalf. The same applies in the case of further processing the supplied goods so that we are deemed the manufacturer and that we acquire ownership of the product at the latest upon the further processing in accordance with the statutory requirements.

(4) The transfer of ownership of the goods to us is to occur unconditionally and without consideration given to payment of the price. However, if we accept in an individual case an offer by the Seller of transfer of ownership, whereby such an offer is conditional on payment of the purchase price, the Seller's reservation of title shall expire at the latest up payment of the purchase price of the supplied goods. We continue to be authorised to re-sell the goods during the course of ordinary business, including prior to payment of the purchase price, subject to the advance assignment of the resulting claim (alternatively applicability of the basic and extended reservation of title in respect of the re-selling the goods). Therefore, all other forms of reservation of title are excluded in any case, in particular the extended reservation of title, forwarded reservation of title and reservation of title extended to include further processing.

Section 7 Faulty delivery

(1) In the absence of provisions below to the contrary, the statutory provisions apply to our rights in the case of material defects and defects in title (including wrong and shortfall delivery as well as inappropriate assembly; incorrect assembly or operating instructions) and in the case of other violations of obligations on the part of the Seller.

(2) In accordance with the statutory provisions, the Seller is liable, in particular, for the fact that the goods are in the agreed condition when risk passes to us. In any case, the respective product descriptions, which – in particular by way of description or reference to our order - are the subject matter of the respective contract or have been incorporated in the contract in the same manner as these General Terms and Conditions of Purchase – are deemed an agreement on the condition. In that respect it is irrelevant whether or not the product description originates from us, the Seller or the manufacturer.

(3) Contrary to Section 442 (1), sentence 2, German Civil Code, we shall also be entitled to unrestricted warranty claims if we remain unaware of the defects upon entering into the contract as a result of gross negligence.

(4) The statutory provisions (Sections 377, 381 German Commercial Code) apply to the commercial obligation to inspect and provide notification of defects on condition that our obligation to inspect is limited to defects that are obvious in the case of our incoming goods checks by way of an external consideration, including the delivery documents (e.g. transport damage, wrong and shortfall delivery). There shall be no obligation to inspect in cases in which acceptance is agreed upon. In other respects the extent to which an inspection is expedient with consideration given to the circumstances involving an individual case in accordance with the ordinary course of business. This does not affect our obligation to provide notification of defects regarding defects that are subsequently identified. Irrespective of our obligation to inspect, (notification of defects), in any case it shall be deemed to have occurred without delay

and in good time if it is sent within eight workdays from identification or in the case of obvious defects from delivery.

(5) Subsequent performance includes dismantling the faulty goods and the re-installation provided the goods have been installed in another item or attached to another item in accordance with their type and intended use. This does not affect our statutory claim for compensation for corresponding expenses. The expenses required for the purpose of inspecting and providing subsequent performance shall be borne by the Seller, including if it becomes clear that an actual defect did not apply. This does not affect our liability for damages in the case of unjustified requests for the rectification of defects. However, we shall only be liable if we have realised, or have gross negligently failed to realise, that no defect applied.

(6) The following applies irrespective of our statutory rights and the regulations set out in subsection 5: if the Seller fails to honour its obligation to provide subsequent performance – at our discretion by eliminating the defect (subsequent improvement) or by supplying a fault-free item (replacement delivery) – within a reasonable period set by us – we may eliminate the defect and request that the Seller provide compensation for the expenses incurred in that respect or request an appropriate advance payment. If the subsequent performance by the Seller has failed or is unacceptable for us (e.g. regarding particular urgency, risk to operational safety or pending occurrence of disproportionate damage), a period need not be set. We shall inform the Seller of such circumstances without delay, where possible in advance.

(7) In other respects in the event of a material defect or defect in title and in accordance with the statutory requirements we shall be entitled to reduce the purchase price or withdraw from the contract. In addition, in accordance with the statutory requirements we are entitled to claim for damages and compensation of expenses.

Section 8 Supplier recourse

(1) We are entitled, without restrictions, to our statutory right of recourse within a delivery chain (supplier recourse in accordance with Sections 445a, 445b, 478 German Civil Code) in addition to the warranty claims. We are entitled, in particular, to precisely request from the Seller the type of subsequent performance (subsequent improvement or replacement) that we are required to provide for our customer in an individual case. This does not limit our statutory option (Section 439 (1) German Civil Code).

(2) Before we acknowledge or honour a warranty claim asserted by our customer (including the reimbursement of expenses in accordance with Sections 445a (1), 439 (2) and (3) German Civil Code, we shall notify the Seller and by way of briefly outlining the facts request a written comment. If a substantiated comment is not provided within a reasonable period, and if an amicable solution is not brought about, the warranty claim actually granted by us shall be

deemed to be owed to our customer. In such a case, furnishing proof of the opposite shall be incumbent upon the Seller.

(3) Our claims resulting from supplier recourse shall also apply if the faulty goods have been further processed by us or another entrepreneur, e.g. by way of installation in another product.

Section 9 Producer's liability

(1) Insofar as the Seller is responsible for product damage, the Seller undertakes to render us exempt from third party claims for damages at the first request insofar as the cause lies in its sphere of dominance and organisation, and the Seller is liable in dealings with outside parties.

(2) As part of its release obligation, the Seller is to reimburse expenses in accordance with Sections 683, 670 German Civil Code that result from or in conjunction with a claim asserted by third parties, including recall campaigns conducted by us. We shall inform the Seller – where possible and acceptable – of the content and scope of the recall measures, and give the Seller the opportunity to comment. This does not affect further-reaching statutory claims.

(3) The Seller is to take out and maintain product liability insurance with reasonable cover for personal and material damage.

Section 10 Period of limitation

(1) The mutual claims of the contracting parties shall fall under the statute of limitations in accordance with the statutory requirements provided nothing to the contrary is specified below.

(2) Contrary to Section 438 (1) No. 3 German Civil Code, the general period of limitations for warranty claims is 3 years from the passing of risk. If acceptance has been agreed, the period of limitation shall commence upon acceptance. The 3-year period of limitation applies accordingly to claims from defects in title, whereby this does not affect the statutory period of limitation for in rem surrender claims of third parties (Section 438 (1) No. 1 German Civil Code). In addition, under no circumstances shall claims from defects in title shall fall under the statute of limitations as long as the third party can still assert the right – in particular in the absence of limitation – against us.

(3) The period of limitations of the sales law, including the above extension, applies – to a statutory extent – to all contractual warranty claims. Insofar as we are entitled to non-contractual claims for damages regarding a defect, in this respect the normal period of limitations shall apply (Sections 195, 199 German Civil Code) if application of the period of limitations of the sales law does not lead to a longer period of limitations in an individual case.

Section 11 Choice of law and place of jurisdiction

(1) The law of the Federal Republic of Germany applies to these General Terms and Conditions of Purchase and the contractual relationship between us and the Seller by way of exclusion of international uniform law, in particular the UN Sales Law.

(2) If the Seller is a merchant within the meaning of the German Commercial Code, a legal person under public law or special federal funds, Frankfurt am Main is deemed the exclusive - including international - place of jurisdiction for all disputes resulting from the contractual relationship. The same applies if the Seller is an entrepreneur within the meaning of Section 14 German Civil Code. However, we are also entitled, in any case, to bring legal action at the court with jurisdiction for the place of performance of the delivery obligation in accordance with these General Terms and Conditions of Purchase or an overriding individual agreement or at the Seller's general place of jurisdiction. This does not affect overriding statutory requirements, in particular in respect of exclusive jurisdictions.