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General Terms & Conditions of Purchase

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1. Area of application

- 1.1. These General Terms & Conditions of Purchase apply to all business transactions between the company J. Schmalz GmbH (hereafter referred to as "SCHMALZ") and the supplier, even when they are not explicitly mentioned in future contracts. They apply for any work or services rendered. For work rendered, acceptance testing shall stand in for taking delivery of the products; for services rendered, receipt of the service shall stand in for taking delivery.
- 1.2. Any additional terms and conditions of the supplier that conflict or deviate from these General Terms & Conditions of Purchase are not part of the contract unless it is agreed to in writing by SCHMALZ. These General Terms & Conditions of Purchase apply even in cases in which SCHMALZ accepts without reservation a delivery from the supplier in full knowledge of the supplier's additional conflicting or deviating terms and conditions.
- 1.3. Any additional agreements that deviate from these General Terms & Conditions of Purchase made between SCHMALZ and the supplier for executing the contract must be recorded in writing. This applies as well to any agreement to lift this written form requirement.
- 1.4. Terms of licensing or use from third parties apply only insofar as SCHMALZ agrees to them explicitly and in writing in the purchase order.
- 1.5. Statutory rights of SCHMALZ and any other rights granted to SCHMALZ by other agreements that go beyond these General Terms & Conditions of Purchase remain unaffected.

2. Conclusion of the contract, changes to the contract, and execution of the contract

- 2.1. Quotations, drafts, and samples shall be provided by the supplier to SCHMALZ free of charge. Upon SCHMALZ's request, they are to be taken back by the supplier without delay and at the supplier's expense.
- 2.2. A purchase order becomes binding only once SCHMALZ has issued it in writing or, in the case of purchase orders issued by some means of telecommunication, especially by telephone, once the supplier has confirmed the purchase order in written form. Purchase orders issued by or with the aid of automatic means and missing a name and signature are nevertheless considered to be written form. Insofar as the purchase order contains apparent mistakes or writing/calculation errors, it is not binding for SCHMALZ.
- 2.3. The supplier shall provide a written order confirmation without delay and no more than one week after the purchase order has been received. Each order confirmation shall explicitly state the price and the delivery time. Deviations in the order confirmation from the contents of the purchase order are to be considered accepted only once SCHMALZ has agreed to them in writing. The same applies to subsequent contract changes.
- 2.4. If SCHMALZ has concluded a framework contract with the supplier governing future deliveries, then any purchase order issued by SCHMALZ is considered binding if the supplier does not object within three days of receiving the purchase order.
- 2.5. Failure of SCHMALZ to react to quotations, requests or other statements from the supplier shall be considered consent only if a written agreement to this effect has been made.
- 2.6. Any order confirmations, shipping notifications, consignment notes, bills of delivery, invoices, or other written documents issued by the supplier shall contain the ordering data for the corresponding order, especially the order number, order date, supplier number, and the part number and designations from both the supplier and SCHMALZ.
- 2.7. In executing the contract, the supplier shall meet the requirements of the state of the art as well as generally accepted and/or stipulated quality standards, working methods, operating equipment regulations, and other standards. Before giving any software and data storage media to SCHMALZ, the supplier shall use up-to-date virus scanning software to ensure that the software or data storage medium does not carry any computer viruses, worms, Trojans or other malware.
- 2.8. If the subject of the contract is the creation of a software application or other work product, the supplier accepts a principal obligation to provide comprehensive and transparent technical documentation of the work products subject to the contract. Any software delivered to SCHMALZ is to be provided with user documentation and, if it is not standard software, the source code and programming documentation.
- 2.9. If, during execution of a contract, deviations from the originally agreed specification become necessary or advisable, the supplier shall advise SCHMALZ in writing without delay and present modification suggestions. SCHMALZ shall then inform the supplier which modifications to the original purchase order (if

any) should be performed. SCHMALZ reserves the right to modify a purchase order at any time, especially with respect to the composition of the products. In such cases, the supplier shall be granted an appropriate amount of time to make the necessary modifications to production. If such a modification results in changes to the costs incurred by the supplier in executing the contract, then the parties to the contract shall negotiate an appropriate adjustment of the sale price. If, within eight weeks of the written request for negotiation, no agreement has been reached regarding a price adjustment, then SCHMALZ reserves the right to withdraw from the contract without a notification period.

- 2.10. Should the financial circumstances of the supplier significantly deteriorate, or should a third party's well-founded petition to initiate bankruptcy or similar proceedings be dismissed for insufficiency of assets on the part of the supplier, then SCHMALZ reserves the right to withdraw from the contract in whole or in part.

3. Export control, prohibited materials, and declaration

- 3.1. In any quotation, the supplier shall specify any of the following that applies:
1. Export authorization requirements of the products
 2. List item numbers of the products according to German export law
 3. Registration of the products according to US law, including the list item numbers
 4. Export authorization requirements of the products according to EC dual-use regulations, including the list item numbers
 5. Commodity code
 6. Country of origin of the products
- If the products are subject to export control or other restrictions on sale or circulation, or if SCHMALZ is not issued the necessary export license, SCHMALZ reserves the right to withdraw from the contract. Further claims shall remain unaffected.
- 3.2. The supplier shall substantiate the origin or source of the products in accordance with the applicable regulations, such as through supplier's declarations, declarations of origin, or EUR.1 certificates. In its supplier's declarations, the supplier shall specify the origin of the products according to the applicable rules of origin of the country of destination reported to the supplier.
- 3.3. The supplier is to adhere to any existing requirements and substance prohibitions codified in the appropriate regulations governing circulation of the products in Germany or in the country of destination reported to the supplier.
- 3.4. If the substances contained in the products are mentioned in one of the following regulations, the supplier is obligated to declare them (including CAS numbers and proportions by weight in homogeneous materials):
- 3.4.1. Regulation (EC) no. 1907/2006 (REACH regulation; especially appendix XVII: Restrictions on the manufacture, circulation and use of certain dangerous substances, mixtures and articles; including the SVHC list of substances and the associated obligations to inform within the supply chain according to art. 33);
 - 3.4.2. Restriction of Hazardous Substances in electrical and electronic substances, RoHS (implementation of Directive 2011/65/EC in its most recent version, implementation under national law in the German directive regarding electric and electronic substances (ElektroStoffV));
 - 3.4.3. Restrictions on manufacturing, circulation and use of certain persistent, organic pollutants (POP Directive; implementation by Regulation (EC) no. 850/2004 according to annex 1);
 - 3.4.4. Germany battery regulation, BattG (as implemented by BattG paragraph 3, circulation bans);
 - 3.4.5. EU directive on batteries and accumulators (as implemented in Directive 2006/66/EC);
 - 3.4.6. End of Life Vehicles Directive (as implemented in Directive 2000/53/EC);
 - 3.4.7. Waste Electrical and Electronic Equipment Directive (as implemented in Directive 2012/19/EC);
 - 3.4.8. German regulation on packaging (VerpackV), especially paragraph 13, limit values on heavy metal concentrations;
 - 3.4.9. EU packaging directive (as implemented in Directive 94/62/EC);
 - 3.4.10. Prohibition of the use of conflict minerals (as implemented in the Dodd-Frank Wall Street Reform and Consumer Protection Act, article 1502);
- 3.5. The supplier guarantees that any products shall have been inspected for compliance with the applicable EC directives and safety standards. The supplier shall provide SCHMALZ with signed, binding conformity declarations (CE declaration) for products. Should the information in the conformity declaration for the products no longer apply, the supplier shall inform SCHMALZ in writing without delay or prompting.

4. Rights to software and work products

- 4.1. If the supplier delivers standard software to SCHMALZ, regardless of the means of delivery (such as a data storage medium, download, or other), SCHMALZ shall be granted a simple right of use that is transferable to other companies according to par. 15 of the German stock companies law (AktG), sub-licensable, and not subject to restrictions with regard to time, place or content.
- 4.2. For all other work products subject to the contract (especially custom software, documentation, designs, etc.), SCHMALZ shall be granted exclusive, transferable, sub-licensable rights of use not subject to restrictions with regard to time, place or content. For software, this applies both to object code as well as source code.
- 4.3. The supplier shall ensure that all employee inventions created during production or provision of the goods and services subject to the contract shall be transferred to SCHMALZ free of charge.

5. Packaging, transport, delivery and acquisition of property

- 5.1. The supplier shall adhere to all specifications by SCHMALZ regarding transportation of the products, especially any applicable delivery terms. The consignment shall be packaged in a manner appropriate to the type of the products. In particular, the products are to be packaged in such a manner as to prevent any damage during transport. Packaging materials are to be used only in the appropriate, necessary amount. The packaging materials used must be environmentally friendly and recyclable. The supplier shall apply to the packaging a label providing information on the scope of delivery, the part numbers and part designations of SCHMALZ, the part numbers and part designations of the supplier, the number of items, the manufacturing date, and the ordering data, especially the purchase order number, purchase order date, and supplier number.
- 5.2. SCHMALZ shall be notified without delay once the products have been dispatched.
- 5.3. Deliveries may be made only on business days during the business hours specified in the delivery terms of SCHMALZ. The supplier indemnifies SCHMALZ from any and all claims by third parties resulting from delivery outside of the times specified in the delivery terms of SCHMALZ, unless the supplier is not responsible for the delivery outside of the times specified in the delivery terms of SCHMALZ.
- 5.4. In shipping the products, the supplier shall adhere to the provisions of the German hazardous substances regulation (GefStoffV), especially with regard to the packaging of the products, and shall identify and expressly indicate on the bill of delivery any hazardous substances contained in the products.
- 5.5. Upon delivery, the products shall be transferred immediately and without encumbrance to the ownership of SCHMALZ. The supplier guarantees that it is authorized to re-sell and/or transfer ownership. Ownership of any work products or software to be permanently relinquished to SCHMALZ shall be transferred on creation and in their current state of completion. The supplier commits to provide SCHMALZ with the ownership of products, including software and work products, unencumbered by third-party rights.

6. Delivery time

- 6.1. Any delivery period or date stated in the purchase order or otherwise agreed is binding. A delivery period starts from the date of the purchase order. The products must have arrived at the delivery address provided by SCHMALZ within the delivery period or on the agreed delivery date.
- 6.2. If it becomes apparent to the supplier that the delivery time will not be met, then the supplier shall advise SCHMALZ immediately, including the causes and the anticipated length of the delay.
- 6.3. If the supplier is in default, SCHMALZ reserves the right to demand a contractual penalty amounting to 0.5% of the net order value for each commenced week of the delay but not exceeding 5% of the net order value, unless the supplier is not responsible for the delay. SCHMALZ may assert its right to impose a contractual penalty no later than at the time of the final payment. Exceptions shall be made for instances of force majeure. Further claims by SCHMALZ shall remain unaffected. The right of SCHMALZ to make claims on the delivery shall lapse only once the supplier has instead provided compensation for damages at SCHMALZ's request. The acceptance of a delayed delivery does not constitute waiving of damage claims or the contractual penalty.
- 6.4. A delivery prior to the agreed delivery date is permissible only with the express written permission of SCHMALZ. SCHMALZ reserves the right to place into storage or return prematurely delivered products at the supplier's expense, unless the earliness is negligible.

7. Prices and payment

- 7.1. The price stated in the purchase order shall be binding and understood to include all shipping fees. In the absence of a differing written agreement, the price shall include all costs for packaging, any miscellaneous equipment required for shipping, and transport to the delivery address stated by SCHMALZ, as well as any customs duties or other public dues. The price shall include the statutory value-added tax unless the total is

explicitly indicated to be a net price. If, in isolated cases, the shipping costs are not included in the price and it has been agreed in writing that SCHMALZ shall bear them, then the total of such costs shall be limited to the price of the lowest-priced method of shipment, even if faster shipping should be necessary in order to meet the delivery periods and dates agreed upon.

- 7.2. SCHMALZ reserves the right to determine the type of packaging used as well as the transport means, route, and insurance.
- 7.3. If a delivery exempt from VAT should come under consideration, then the supplier shall provide any of the necessary documents within its area of responsibility. For deliveries within the European Union, the supplier shall disclose its VAT registration number in writing without prompting, document its status as an enterprise, and assist in creating the necessary export slips and accounting entries.
- 7.4. SCHMALZ shall be given one copy of the supplier's invoice. The invoice may not be included with the shipment, but rather must be sent separately. Any invoice lacking an purchase order number, purchase order date, or supplier number shall be considered not delivered.
- 7.5. Payment shall be rendered at a 3% discount within 14 days or for the net price within 60 days after the products have been accepted and the invoice has been delivered. Payment shall be rendered conditionally subject to invoice verification. SCHMALZ reserves the right to render payment either by check or direct bank transfer at its own discretion. If the delivery proves defective, SCHMALZ reserves the right to withhold payment until the contract is fulfilled without losing any claim to rebates, discounts, or similar price reductions. The payment period begins once all defects have been fully rectified. If products are delivered prematurely, the payment period begins no earlier than the expiration of the delivery period or on the delivery date agreed upon. If the supplier is required to provide materials tests, inspection records, quality documentation, or other documents, then acceptance of the products shall initiate the payment period only if such documents are provided no later than at the time of acceptance by SCHMALZ. If the payment is late, unless SCHMALZ is not responsible for the delay, then the supplier is entitled, notwithstanding its other rights, to withdraw from the contract after a reasonable extension period (which it shall set for SCHMALZ after the payment delay has commenced) has elapsed. The supplier is obligated to make a binding declaration to SCHMALZ upon request and within a reasonable period whether it shall withdraw from the contract due to the delay.

8. Passing of risk

- 8.1. The supplier bears the risk of accidental loss or deterioration of the products until such time as they are handed over to SCHMALZ.
- 8.2. If the supplier is obligated to set up or assemble the products on the premises of SCHMALZ, then the risk of accidental loss or deterioration of the products passes to SCHMALZ only upon completion of the setup or assembly of the products. This provision applies even when SCHMALZ assumes certain expenses, such as transport costs.

9. Guarantee and warranty claims

- 9.1. The supplier guarantees that the delivered products shall be equivalent to any samples approved by SCHMALZ and fulfill the applicable legal provisions as well as regulations and guidelines of government agencies, trade associations, and professional bodies ("regulations" hereafter). The supplier indemnifies SCHMALZ from all claims of third parties on SCHMALZ or its customers arising from non-conformity of the products to the samples approved by SCHMALZ or from non-compliance with such regulations, unless responsibility for the non-conformity with the samples approved by SCHMALZ or the non-compliance with such regulations does not lie with the supplier. The supplier is to advise SCHMALZ immediately in writing of any misgivings it may have regarding the execution of the purchase order made by SCHMALZ.
- 9.2. SCHMALZ shall notify the supplier of any obvious faults within two weeks after the products have been accepted and of any hidden faults within two weeks of their discovery. In deliveries composed of a large number of identical products, SCHMALZ shall examine an appropriate number of the delivered products for faults. Should the examination of the products render them unsalable, then the number of products examined shall be reduced accordingly. If individual random samples of a delivery are defective, then SCHMALZ may at its discretion demand that the supplier sort out the defective items or lodge a warranty claim for the entire delivery. If defects in the product require inspection above and beyond the usual receiving inspection procedure, then the supplier shall bear the costs. If the notification is delayed or lost, it shall suffice for it to have been dispatched on time.
- 9.3. The supplier is obligated to employ a suitable quality management system to produce and inspect the products to be delivered. If the supplier procures production or testing instruments, software, services, materials, components or other upstream supplies from upstream suppliers for the manufacture or quality assurance of the products to be delivered, the supplier shall incorporate these in the quality management system under the terms of the contract or ensure the quality of the upstream delivery itself. In particular, the

supplier shall perform its own materials testing. The supplier shall keep records of the quality assurance measures performed and store them as well as any samples of the products to be delivered in an organized fashion. The supplier shall grant SCHMALZ access to the degree necessary, explain the records as necessary, and provide copies of the records as well as any necessary samples. Immediately upon receipt of the products, insofar as is practicable in the proper course of business, SCHMALZ shall verify that the products are present in the number and types ordered, and that no externally visible damage has occurred in transit. If any defect or deficiency is discovered during this inspection or later, SCHMALZ shall report it to the supplier within two weeks of the inspection or the discovery. Incoming inspections beyond this shall not be performed.

- 9.4. If products are found to be defective, SCHMALZ is entitled, its statutory rights notwithstanding, to immediate subsequent fulfillment by either rectification of the defects or delivery of other, defect-free products by the supplier. The supplier shall bear any costs incurred by subsequent fulfillment. This also applies to cases in which, after delivery, the products are moved elsewhere than the delivery address provided by SCHMALZ according to their normal use. If the supplier does not fulfill its obligation to subsequent fulfillment within a reasonable period determined by SCHMALZ, then SCHMALZ may perform or arrange for a third party to perform the necessary measures at the cost and risk of the supplier, unless the supplier is not responsible for its failure to accomplish subsequent fulfillment. Appointment of a time period for subsequent fulfillment may be dispensed with, especially when the supplier rejects both types of subsequent fulfillment or when the subsequent fulfillment due SCHMALZ either has failed or would bring an unreasonable burden upon SCHMALZ. In particular, the burden upon SCHMALZ of subsequent fulfillment by the supplier shall be deemed unreasonable if SCHMALZ has already delivered the defective products to a third party. Appointment of a time period for subsequent fulfillment may also be dispensed with if the supplier earnestly and definitively refuses to provide, or if special circumstances result in an immediate warranty claim being in both parties' interests. Special circumstances in this context are in particular cases in which subsequent fulfillment by the supplier is unlikely to alleviate the imminent burden upon SCHMALZ. In such cases, SCHMALZ reserves the right to perform the necessary measures at the cost and risk of the supplier even if no reasonable extension period has elapsed, provided that SCHMALZ notifies the supplier accordingly.
- 9.5. Neither receipt of products nor processing, payment and reorder of products not yet identified or reported as being defective constitutes approval of the delivery or waiving of SCHMALZ's right to warranty claims.
- 9.6. The statutory period of limitation for warranty claims by SCHMALZ is 24 months starting from the delivery of the products. If the defective products have been put to their ordinary use in a construction and result in the deficiency of that construction, or if the defective product in question is a construction, then the statutory period of limitation is five years.
- 9.7. Suppliers of products requiring spare parts are obligated to provide the necessary replacement and accessory parts and tools to SCHMALZ at the same price, with accounting for currency depreciation, for a period of ten years after the period of limitation has expired.
- 9.8. Further guarantees of the supplier are unaffected.

10. Product liability

- 10.1. The supplier is obligated to indemnify SCHMALZ from domestic and international product liability claims of third parties unless according to product liability conventions it is not responsible for the defect in the product and the resulting damage. Further claims by SCHMALZ shall remain unaffected.
- 10.2. As part of this obligation, the supplier shall refund any costs incurred by SCHMALZ resulting from or in connection with warnings, exchanges or product recalls. To the extent possible and reasonable, SCHMALZ will inform the supplier of the content and extent of the measures to be performed and give them a chance to respond. The supplier shall support SCHMALZ in performing the measures to the best of its ability and take all reasonable measures mandated by SCHMALZ.
- 10.3. The supplier is obligated to take out and maintain a liability insurance policy with worldwide coverage of an amount suitable to the products of at least €3 million per personal injury for each person, at least €5 million per instance of property damage, and at least €5 million per instance of financial loss. The supplier transfers the claims on the liability insurance along with all ancillary rights to SCHMALZ immediately. SCHMALZ accepts this transfer immediately. If this transfer should not be permissible according to the insurance contract, the supplier hereby instructs the insurer to make any payment only to SCHMALZ. Further claims by SCHMALZ remain unaffected by these provisions. The supplier shall prove to SCHMALZ upon request that it has effected and maintained a liability insurance policy. The supplier shall refrain from any act and not neglect any obligation that might put its insured status at risk.
- 10.4. If the supplier fails to uphold its obligation under paragraph 3 properly, SCHMALZ has the right but no obligation to take out a liability insurance policy at the supplier's expense.

11. Intellectual property rights of third parties

- 11.1. The supplier guarantees that the delivery and use of the products shall not infringe on any patents domestic or foreign, utility patents, licenses, or other intellectual property rights or copyrights. This does not apply if the products were designed by SCHMALZ.
- 11.2. In the event that a third party makes a claim on SCHMALZ or its customers of such an infringement for the delivery or use of the products, the supplier indemnifies SCHMALZ from these claims. The obligation to indemnify relates to any and all costs to SCHMALZ resulting from or in connection with such claims. In particular, SCHMALZ reserves the right to obtain permission from the third party to use the products at the supplier's expense. The obligation to indemnify does not exist if the supplier is not responsible for the infringement of third-party intellectual property rights.

12. Force majeure

- 12.1. Insofar as SCHMALZ is hindered in fulfilling its contractual obligations, especially in accepting the products, by force majeure, SCHMALZ shall be freed of its contractual obligations for the duration of the hindrance and a reasonable additional start-up period without being obligated to compensate the supplier for damages. The same applies in the event that unforeseen circumstances or circumstances outside of SCHMALZ's control such as labor disputes, measures taken by government authorities, energy shortages, and significant disruptions to operations make it unreasonably difficult or temporarily impossible for SCHMALZ to fulfill its obligations. SCHMALZ may refuse to accept the products if such circumstances hinder the sale of the products by reducing demand. This also applies in the event that such circumstances arise while SCHMALZ is already in default of acceptance.
- 12.2. SCHMALZ is authorized to withdraw from the contract if such a hindrance lasts for more than four months and as a result fulfillment of the contract is no longer in the interest of SCHMALZ. Upon request by the supplier, after the period has elapsed, SCHMALZ shall declare whether it will make use of its right to withdraw, or accept the products within a reasonable period.

13. Liability of SCHMALZ

- 13.1. SCHMALZ bears unlimited liability for damages which result from violation of a guarantee or from personal injury, bodily harm or damage to health. SCHMALZ is further liable for damages resulting from malicious intent or gross negligence, or insofar as SCHMALZ has assumed an exercise risk. SCHMALZ bears liability for petty negligence only insofar as major contractual obligations are violated that result from the nature of the contract and that are of particular significance to accomplishing the purpose of the contract. In the event that SCHMALZ is in breach of such obligations, in default, or unable to fulfill its obligations, the liability of SCHMALZ is limited to such damage as may be typical and predictable in the scope of the contract. Mandatory statutory liability for product defects remains unaffected.
- 13.2. Insofar as liability on the part of SCHMALZ is excluded or limited, the same limitations apply to the personal liability of the employees, representatives and vicarious agents of SCHMALZ.

14. Provision of items and manufacture of tools

- 14.1. SCHMALZ retains all rights, in particular intellectual property rights and ownership rights, to all formulations, designs, samples, prototypes, models, drawings, masters, tools, software, and other objects provided by SCHMALZ to the supplier for the purpose of manufacturing the ordered products or for any other purpose. Upon completion, SCHMALZ acquires ownership of the tools manufactured by the supplier for SCHMALZ. SCHMALZ shall provide the tools to the supplier for the purpose of manufacturing the ordered products.
- 14.2. The supplier shall use these items solely for manufacturing and delivering the ordered products and/or only in accordance with the specifications of SCHMALZ. These items are not to be made accessible to third parties. The supplier is not authorized to copy, reverse engineer or otherwise reproduce the items. Once they are no longer required for fulfilling the contract, the supplier shall return the items to SCHMALZ at its own expense without prompting or delay.
- 14.3. Modification and processing of provided items by the supplier shall be performed for SCHMALZ. If such items are processed using other items not belonging to SCHMALZ, then SCHMALZ acquires co-ownership of the new property in a proportion corresponding to the proportion of the value of the item of SCHMALZ to the value of the other processed items at the time of processing.
- 14.4. The supplier shall use, treat and store the provided items with care. The supplier shall further insure the provided items at their value as new against damage through fire, water and theft. All claims to compensation by this insurance pass to SCHMALZ immediately. SCHMALZ hereby accepts the transfer of claims. If this transfer should not be permissible according to the insurance contract, the supplier hereby instructs the insurer to make any payment only to SCHMALZ. Further statutory claims by SCHMALZ remain unaffected by these provisions. The supplier shall prove to SCHMALZ upon request that it has

effected and maintained an insurance policy. If the supplier fails to uphold its obligations under clauses 1 to 5 properly, SCHMALZ has the right but no obligation to take out an insurance policy at the supplier's expense.

- 14.5. The supplier is obligated to perform all necessary service work and inspections as well as any maintenance and refurbishment work on the provided items at its own expense in a timely manner. Any damage shall be reported to SCHMALZ in writing without delay.
- 14.6. Products that the supplier manufactures fully or partly to the specifications of SCHMALZ or using items provided by SCHMALZ may not be used by the supplier themselves nor offered, delivered or made otherwise accessible to third parties without prior written authorization from SCHMALZ. This applies also to products that SCHMALZ declined with good reason. If in violation, the supplier must pay SCHMALZ a contractual penalty amounting to the value of the products in question plus 10% of the net value, unless the supplier was not responsible for the violation. Further claims by SCHMALZ shall remain unaffected.

15. Provision of materials

- 15.1. If SCHMALZ provides material to the supplier, then the supplier is obligated to collect the equipment from SCHMALZ at its own expense and risk.
- 15.2. SCHMALZ retains ownership of the material. The supplier is not authorized to mortgage the equipment, use it as collateral, or make other arrangements that might pose a risk to the ownership of SCHMALZ. In the event of seizure or other interference by a third party, the supplier shall inform SCHMALZ in writing without delay and provide all necessary information for notifying the third party of the ownership right of SCHMALZ and of the measures necessary to protect the material. If the third party is not able to reimburse SCHMALZ for the costs, legal and otherwise, of asserting the ownership rights of SCHMALZ, then the supplier is obligated to compensate SCHMALZ for the resulting deficit, unless the supplier is not responsible for the interference.
- 15.3. The supplier shall treat the material with care for the entire duration that it is provided. In particular, the supplier shall insure the material at its value at the time of provision against damage through fire, water and theft at its own expense. The supplier hereby passes all claims to compensation by this insurance to SCHMALZ. SCHMALZ hereby accepts the transfer of claims. If this transfer should not be permissible, the supplier hereby instructs the insurer to make any payment only to SCHMALZ. Further claims by SCHMALZ shall remain unaffected.
- 15.4. In the event that the supplier processes or modifies the material, it shall only be done for SCHMALZ. SCHMALZ's ownership of the material persists after it has been processed or modified. If the material is processed or modified with other items not belonging to the supplier, SCHMALZ acquires co-ownership of the new property in a proportion corresponding to the proportion of the value of the material to the value of the other processed items at the time of processing or modification. This also applies when the material is bonded or combined with other property not belonging to the supplier in such a way that SCHMALZ loses its sole ownership. The supplier shall safeguard the new property on behalf of SCHMALZ. Otherwise, all provisions governing the provided material apply also to the new property resulting from processing, modification, bonding or combination.
- 15.5. The supplier shall compensate SCHMALZ for any damages resulting from loss, destruction or other damage to the materials provided, unless the supplier is not responsible for the loss, destruction or other damage. The supplier shall notify SCHMALZ in writing of any loss, destruction or other damage without delay.
- 15.6. Upon request by SCHMALZ, the supplier shall assemble inventory lists of all provided materials present at its premises.
- 15.7. When the contract is terminated or completed, the supplier is obligated to return the provided materials to SCHMALZ without delay. Return transport to SCHMALZ shall be performed at the expense and risk of the supplier. The supplier is obligated to compensate SCHMALZ for any wear or other deterioration of the materials beyond that which is to be expected naturally, unless the supplier is not responsible for the wear or deterioration.

16. Nondisclosure

- 16.1. The parties are obligated to keep secret indefinitely any information designated as confidential or recognizable by other means to be business or trade secrets. They shall not record, disclose or use such information except as necessitated by the business relationship.
- 16.2. The obligation to confidentiality does not apply to information that was known to the receiving party before the contractual relationship commenced, that is generally known or accessible, or that becomes generally known or accessible through no fault of the receiving party. The burden of proof lies with the receiving party.

16.3. The parties shall ensure by means of suitable contractual agreements with their employees and agents, especially any freelance collaborators, contractors and service providers they should engage, that those employees and agents shall also refrain from any utilization, disclosure or unauthorized recording of such business or trade secrets.

17. Code of conduct, accident prevention provisions and factory regulations

17.1. The supplier is obligated to adhere to the laws and regulations of any country in which it operates. In particular, the supplier shall not participate either actively or passively, directly or indirectly, in bribery or in violations of human rights. The supplier is responsible for preserving the health and safety of its employees as well as for protecting the environment. To the best of its ability, the supplier shall promote and demand adherence to this code of conduct by its own suppliers.

17.2. While working on the premises of SCHMALZ, the supplier is responsible for adhering to all accident prevention provisions as well as SCHMALZ factory regulations.

18. Final provisions

18.1. The supplier is not authorized to transfer rights or obligations to third parties, or to let significant parts of a purchase order be executed by third parties, without permission in advance in written form from SCHMALZ.

18.2. Payments shall be made only to the supplier. The supplier is entitled to offset of only such counterclaims that are established in law or undisputed. The supplier may assert a right of retention only if its counterclaim is based on the same contractual agreement.

18.3. Subcontractors of the supplier shall be considered the supplier's vicarious agents. Upon request, they are to be disclosed to SCHMALZ without delay.

18.4. The legal relations between the supplier and SCHMALZ shall be governed by the law of the Federal Republic of Germany, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).

18.5. The sole court of jurisdiction for all disputes arising from the business relations between SCHMALZ and the supplier is the seat of J. Schmalz GmbH. SCHMALZ reserves the right to bring suits at the seat of the supplier or in any other permissible jurisdiction.

18.6. Insofar as the parties do not agree otherwise, the place of execution for all work performed shall be the seat of SCHMALZ.

18.7. The contractual language is German.

18.8. Should any individual provision of these General Terms & Conditions of Purchase be or become completely or partially invalid or infeasible, or should anything be missing from these General Terms & Conditions of Purchase, the validity of the remaining provisions shall not be affected. In place of the invalid or infeasible provision, that valid and feasible provision shall be considered agreed which most closely approximates the purpose of the invalid or infeasible provision. If any provision is missing, then that provision shall be considered agreed which serves the purpose of these General Terms & Conditions of Purchase and which the parties would have agreed to had they considered the matter in the first place.