

General Purchase Conditions (HERION Systemtechnik GmbH)

(Date: March 2012)

Preamble

The General Purchase Conditions (GPC) regulate the contractual relationship between HERION Systemtechnik GmbH (hereinafter referred to as "HERION"), Untere Talstr. 65, D-71263 Weil der Stadt and the Supplier.

1. Subject of the Contract

1.1. The subject matter and components of the contractual relationship between HERION and the Customer result from these GTS and the Special Terms ("ST"). The current TS are available to the Customer under <http://www.herion-systemtechnik.de>

1.2. The validity of deviating or conflicting terms and conditions of the Supplier is excluded, unless HERION has expressly agreed in writing to the validity of the deviating conditions. The GTS and ST also apply if HERION, knowing of conflicting or deviating terms and conditions of the Customer, accepts a delivery from without reservation.

1.3. Any agreement between HERION and the Supplier relating to the purposes of implementation of this contract must be in writing.

2. Conclusion of Contract / Contractual Documents

2.1. The Supplier must accept HERION's order within 2 weeks of receipt of the order; actual provision of services shall be also be deemed as performed acceptance.

2.2. HERION retains ownership rights and copyright to illustrations, drawings, calculations and other documents ("contract documents"). The Supplier is not permitted to allow third parties access to contract documents without the prior consent of HERION. These are to be used exclusively for production based on orders from HERION. After processing of the order the Customer must return the contract documents to HERION or destroy them and shall confirm proper destruction in writing. Sec. 7 applies additionally.

3. Price - Payment - Delivery Note

3.1. The prices specified in the order are binding. Unless otherwise agreed, prices are including delivery ex works to the location specified in the order (DDP, 2010) and packaging.

3.2. All invoices shall be send in single copy to the plant specified in the order. They must contain a supplier's number, number and date of the order (or completion of purchase and delivery instruction), additional supplier's data (accounts), sales tax identification number in the case of cross-border deliveries within the European Community, off-loading point, number and date of the delivery note and the quantity of the calculated goods. The invoice should be made out for one delivery note only.

3.3. Unless otherwise agreed in writing, payment will be made by HERION within 14 days of the delivery and receipt of the invoice with a 3% discount or within 60 days of receipt of the invoice.

3.4. Due date of payment is solely based on the agreed delivery date; insofar early deliveries remains unaffected.

4. Delivery Schedule

4.1. The delivery schedule specified in the order is binding.

4.2. Decisive for the observance of the delivery date or the delivery period is the receipt of the goods at the delivery address/factory of HERION. If the goods are not to be delivered "Free Works" (DDU), the Supplier shall make the goods available in time taking into account the usual time for loading and forwarding.

4.3. The supplier must immediately notify HERION of any circumstances and their impact which may delay the delivery of the goods.

4.4. In case of delayed delivery, HERION is entitled to assert legal claims; without prejudice to any further claims or rights HERION we shall be entitled to demand a contractual penalty to the amount of 0.5% of the delivery value for each completed week, although not exceeding 5% of the delivery value.

5. Quality - Warranty - Inspection for Defects

5.1. The Supplier shall warrant that his deliveries comply with the state of the art, safety standards and any agreed technical specification. Changes to the subject of delivery require the prior written approval of HERION. ST-Quality Assurance Measures applies to the Supplier`s obligation for quality control in respect to initial sample release.

5.2. HERION the customer shall be entitled to make the statutory claims for defects without limitation; in particular HERION is entitled to choose between rectifying the fault and supplying a new, defect-free delivery.

5.3. The period of warranty shall be 36 months from delivery.

6. Liability - Insurance

6.1. The Supplier shall be liable in accordance with the statutory regulations.

6.2. If the Supplier is responsible for a problem that gives rise to a product liability claim, the Supplier must on request exempt the Customer from any claims for compensation by third parties, to the extent that the Supplier himself is liable in relation to third parties.

6.3. Within the scope of his liability for claims for damages in terms of Sec. 6.2, the Supplier shall also undertake to reimburse any expenses in acc. with Art. 830, 840, 426 BGB (German Civil Code) which are incurred as a result of or in connection with recall measures initiated by HERION. As far as reasonable HERION will inform the Supplier on the scale and content of such product return and give him an opportunity to comment. Any other statutory claims shall remain unaffected.

6.4. The Supplier shall maintain products liability insurance with a blanket coverage of Euro 10 Million â, per damage to person/property and to provide written proof thereof on HERION` request. The existence of a products liability shall not affect any comprehensive claims for damages of HERION.

7. Industrial Property Rights

7.1. The Supplier guarantees that all deliveries are free of rights of third parties and intellectual property rights of third parties are not infringed by his supply.

7.2. The Supplier shall indemnify HERION on first demand from all third party claims for infringement of intellectual property. This indemnification shall cover any costs incurred out of necessity by HERION as a result of or in connection with claims made by a third party.

7.3. The limitation period for legal defects (Sec. 7.1) shall be 36 months, beginning with the transfer risk.

8. Provision - Tools

8.1. HERION retains ownership of all parts, provided by HERION to the Supplier ("Retained Goods"). Processing or alteration of Retained Goods by the Supplier shall always be carried out for HERION.

8.1.1. If Retained Goods are processed with other goods not belonging to HERION then HERION shall become a co-owner of the new property in the ratio of the value of the conditional materials(purchase price not incl. sales tax) to the other processed goods at the time of processing.

8.1.2. If Retained Goods inseparably combined or mixed with with other goods not belonging to HERION then HERION shall become a co-owner of the new property in the ratio of the value of the conditional materials(purchase price not incl. sales tax) to the other combined or mixed goods at the time of processing. If this mixing is performed in such a manner that the goods of the Supplier is to be regarded as the principal good, then it is deemed agreed that the Supplier transfers to HERION a prorata co-ownership.

8.2. If HERION provides tooling to the Supplier, HERION retains ownership of the said tooling; insofar the Supplier shall

- use the tooling for the manufacture of the goods ordered by HERION only
- insure the tooling at his own cost against fire, water and theft at replacement value.; the Supplier hereby assigns all claims from this insurance to HERION.
- carry out all service and inspection work required for tools as well as any maintenance and repair work at his own cost

- notify any instances of defects caused by tooling; should he culpably omit to do this, claims for damages remain unaffected.

9. Confidentiality

9.1. The Supplier shall treat with strict confidentiality all diagrams, drawings, calculations and other documents and information received from HERION (Confidential Information). Confidential Information shall not be provided to third parties without written consent of HERION.

9.2. This Confidentiality obligations shall remain in effect for 5 years as from conclusion of contract ; they shall be become void when and if the knowledge contained in the diagrams, drawings, calculations and other documents is in the public domain.

10. Compliance

10.1. The Supplier is hereby required to observe all applicable laws or directives concerning the prevention of bribery and corruption in connection with deliveries and/or the business of HERION. The Supplier shall immediately inform HERION about any infringement of the mentioned regulations by any of his board members, management staff, employees or representatives or any persons acting on his behalf.

10.2. HERION hereby refers the Supplier to his code of conduct to promote responsible and ethical business leadership, the IMI Way; the IMI Way is available to the supplier at www.HERION.ch. Irrespective of the actual delivery or business relationship to HERION, the supplier must ensure that his board members, managerial staff, employees or representatives conform ethically to the relevant regulations of the IMI Way.

10.3. In the event that the Supplier breaches his duties stated under Sec.10.1 and/or Sec. 10.2 then HERION reserves the right to withdraw from the contract.

11. Other Provisions

11.1. The Supplier may only assign his rights and obligations from this contract to a third with prior written consent of HERION.

11.2. The place of jurisdiction for all and any disputes arising out of the present contract shall be the registered office of HERION; HERION however shall be entitled to file action at the Supplier`s general place of jurisdiction.

11.3. German law shall apply to the contractual relationships. The UN Convention on the International Sale of Goods (CISG) shall be excluded.

11.4. Should any individual provisions of the present contract be legally ineffective, the validity of the remaining provisions shall in no way be affected.

(Date: March 2012)