

General Terms of Purchasing of

**MEHLER ENGINEERED PRODUCTS GMBH
Edelzeller Str. 44 – 36043 Fulda
(hereinafter MEP)**

§ 1 General – Scope

- (1) These General Terms of Purchasing (hereinafter referred to solely as "**Conditions**") are applied in the conclusion of contracts with companies, § 310 paragraph 1 BGB (German Civil Code), public corporations or separate estates under public law. Terms and conditions of the Supplier or third parties shall not be applied, including where MEP fails to expressly contradict these in individual cases. Even where MEP refers to a correspondence that contains the terms and conditions of the Supplier or a third party, or refers to these, this does not constitute agreement with the validity of those terms and conditions. An exception applies with regard to a simple or extended retention of title agreed in the general terms and conditions of the Supplier. Deliveries subject to retention of title with the extension forms detailed above shall be accepted by MEP.
- (2) Supplements and amendments to the agreements made between MEP and the Supplier for the purpose of implementing the contract are to be laid down in text form. Verbal agreements shall be valid where these are confirmed by the Contractor in text form. Communication via fax is sufficient to satisfy the requirement of text form, telecommunicative communication, in particular via e-mail, is sufficient.
- (3) The General Terms of Purchasing also apply to all future transactions and contracts with the Supplier.

§ 2 Orders and job orders

- (1) To the extent that the orders of MEP do not expressly contain a commitment period, MEP shall be bound to observe a period of one week from the date of the offer. Timely receipt of the declaration of acceptance at MEP is definitive. Amendments and supplements to the offers are only binding where confirmed by MEP in text form. Text form is provided with transmission via fax or e-mail.
- (2) MEP is entitled to terminate the contract at any time with written declaration and statement of reasons if MEP is no longer able to use the ordered products in his business operations due to circumstances that have arisen following conclusion of the contract. In this case the Supplier shall be compensated for the partial performance that he has supplied.

§ 3 Price

- (1) The price stated in the order is binding and includes, unless otherwise specified, the costs of packaging, insurance, freight, transport and customs and excise to the shipping address or place of use provided by MEP (DDP – Delivered Duty Paid as per Incoterms 2010) -plus the respective statutory rate of value-added tax. If, in exceptional cases, an EXW (Ex Works as per Incoterms 2010) price is agreed, then MEP shall only bear the cheapest shipping costs. In any case, the Supplier shall bear all costs until handover to the freight forwarder, including loading.
- (1) The agreed prices are fixed prices. Claims on the basis of additional goods and/or services may only be pursued following prior written agreement and assignment of the additional goods and/or services between the contracting parties. Reductions in the period between placing of order and delivery shall be to the benefit of MEP.
- (2) MEP is entitled to rights of offsetting and retention to the statutory extent.

§ 4 Payment/invoicing

- (1) As a rule, payment is effected via transfer. The Supplier has stated corresponding bank details for this purpose. The right to payment via bill of exchange is reserved.
- (2) Unless otherwise agreed, all payments shall be undertaken in European currency.

- (3) The settlement of the invoice does not count as approval of the delivery or the waiver of complaint due to apparent or hidden defects.
- (4) MEP reserves the right, in particular in the case of partial payments, to secure these via individually-agreed bank guarantees.
- (5) Invoices may only be processed by MEP when these include the order number stated in the MEP order, as well as the details and/or documents agreed with the order and are also in Compliance with the German Value Added Tax Regulations. The Supplier is responsible for all consequences arising as a result of failure to meet this obligation, to the extent that he fails to prove that he is not responsible for these.
- (6) The time period for payment of the invoice is 30 days and commences with the receipt of an orderly, auditable invoice as per § 14 UStG (Value-Added Tax Act) by MEP, whereby the date of receipt stamp and not the date of invoice shall be definitive. Invoices that display defects or errors do not justify falling due and may be returned by MEP at any time. In the latter case falling due shall not be justified until receipt of the correctly issued invoice.
- (7) In the case of incorrect or incomplete goods or services or goods and services that fail to be effected, MEP irrespective of its other rights, shall be entitled to retain payments of sundry claims from the commercial relationship to a reasonable extent until orderly supplementary performance, without compensation, and without loss of reductions, cash discounts and similar payment benefits.

§ 5 Delivery periods, deadlines and default

- (1) The delivery period stated in the order is binding. MEP reserves the right to amend the assigned delivery periods. Receipt of the goods at MEP or the stated shipping address is definitive for meeting of the delivery period.
- (2) Early deliveries shall only be accepted following prior agreement with MEP. Without prior agreement MEP reserves the right to refuse acceptance of the delivery and to return this at the cost and risk of the Supplier.
- (3) The Supplier is obliged to inform MEP promptly, in written form, as soon as circumstances occur or become apparent that result in an inability to maintain the agreed delivery period. MEP reserves the right to make alternative plans to ensure timely cover for cases where deadline difficulties arise as a result of delay.
- (4) Where the agreed delivery or performance period is exceeded MEP may withdraw from the contract and procure replacement elsewhere with the lapsing of a reasonable period of respite that it has set. Moreover, MEP reserves the right to claim compensation for direct and/or indirect loss incurred as a result of the delay.
- (5) In the case of delayed delivery MEP has the right to demand a contractual penalty to the amount of 1 % per week commenced, to a maximum of 5 % of the total order value (final invoice amount excluding value-added tax). The right to pursue further claims is reserved.

§ 6 Packaging

- (1) Packaging may only be invoiced following prior agreement in text form.
- (2) MEP reserves the right to return invoiced packaging that is still useable, charging it against the amount invoiced.
- (3) Returnable packaging is to be clearly labelled as such and the quantity stated in the accompanying documents. The pallets used for transport must be in faultless condition.
- (4) The goods are to be packed in such a manner as to avoid transportation damage.
- (5) The obligation of the Supplier to take back packaging is based upon the statutory conditions.

§ 7 Acceptance of goods, transfer of risk, property rights

- (1) Occurrences of force majeure and disruption of operations, regardless of type and cause, that render acceptance of the goods by MEP difficult or impossible, as well as unplannable changes in quantity occurring at MEP, give it the right to extend the acceptance periods or to withdraw from the supply contract on the basis of written declarations. In the event of withdrawal MEP shall reimburse the Supplier for all additional costs verifiably incurred up to the point of withdrawal.
- (2) Shipping shall be at the risk of the Supplier. The risk of deterioration, including accidental loss, remains with the Supplier until full and proper delivery to the shipping address or place of use stated by MEP, unless otherwise agreed in individual cases – as per Incoterms 2010 clause D.
- (3) In the case of delivery with installation or assembly the risk shall be transferred to MEP with successful completion, which is to be documented via acceptance certificate.
- (4) Where the Supplier is obliged to provide material samples, inspection sheets, quality documents or other contractually agreed documents, the completeness of the delivery and performance shall also be dependent upon receipt of these documents by MEP.
- (5) In the case of delivery of goods subject to retention of title MEP is entitled to sell on the goods in the scope of orderly business transactions. MEP shall become owner at the latest with payment of the complete payment amount.

§ 8 Guarantee, notification of material and legal defects

- (1) The Supplier shall vouch to MEP that his goods and services correspond to the acknowledged codes of practice and the contractually-agreed properties, standards and safety, industrial health and safety, accident prevention and other regulations, that they possess the contractually-assured characteristics and are free from defects. Respective statutory regulations also apply.
 - (2) The statutory guarantee period applies for all goods and services.
 - (3) Notification of apparent defects shall be deemed to have been satisfied where MEP provides notification of the defect without delay, in other words as soon as possible in the orderly course of business. Necessary notifications of hidden defects shall be deemed to have been satisfied where MEP provides notification of these following discovery, at the beginning of or during the processing operation.
 - (4) In the case of orderly notification of defects MEP may apply the following rights, depending on requirement, in the event of defective goods or services:
 - a) Reduction of the purchase price in the case of utilisation of the goods or acceptance of the defective performance.
 - b) Faultless replacement delivery or repeat performance within a reasonable period, including free return of the goods notified by the Supplier. In the case of replacement or repeat supplementary performance shall be deemed to have failed where the material defect has not yet been rectified after the first attempt at supplementary performance.
- Should this prove impossible, MEP shall be entitled to withdraw from the contract, procure alternative replacement and apply claims for compensation. In the event of acceptance of the defective delivery MEP shall not be obliged to waive rights of guarantee.
- (5) If the immediate rectification of a defect is necessary for the avoidance of a greater disadvantage, then MEP shall be entitled to rectify the defect itself or have the defect rectified, at the cost of the Supplier. The Liability of the Supplier in the case of rectification of defect comprises all loss and costs caused by the defect.
 - (6) If the Supplier provides subsequent performance or repairs, the warranty periods set out in section 8.2 shall begin to run once again. The Supplier shall bear the costs and risk related to the rectification (e. g. return costs, costs of transport).

§ 9 Liability and other claims

- (1) The Supplier shall be liable for all personal, material and consequential loss caused by him, in the scope of the statutory conditions.
- (2) To the extent that the Supplier is responsible for this loss, he shall be obliged to release MEP from claims of third parties for compensation for loss.
- (3) If MEP is obliged to initiate a recall campaign with third parties as a result of a defect in a product supplied by the Supplier, then the Supplier shall bear all costs associated with the recall campaign.
- (4) If MEP is subject to claims due to non-negotiable liability to third parties regardless of blame, then the Supplier shall intercede on behalf of MEP to this extent and release MEP, at first request, from such claims that he would be directly liable for. For the internal settlement between MEP and Supplier the principles of § 254 BGB (German Civil Code) shall apply accordingly. This shall also apply in the case of direct claims of the Supplier.
- (5) The Supplier shall take out corresponding third-party liability insurance cover and provide evidence of this to MEP on request.

§ 10 Copyright, rights of inventor, trademark rights (of third parties)

- (1) The Supplier shall ensure that no rights of third parties are infringed with regard to his delivery.
- (2) Should claims be made against MEP in this respect, then the Supplier shall be obliged to release MEP from these claims.
- (3) The obligation to release on the part of the Supplier refers to all loss and costs necessarily incurred by MEP as a result of or relating to claims of a third party.

§ 11 Drawings, models, technical documents, manufacturing equipment, supplies, confidentiality

- (1) The Supplier is obliged to treat all illustrations, drawings, calculations, templates, patterns and know-how as well as other documents and information with the strictest confidentiality and to return these following completion of the job order, without first being requested to do so. They may not be passed on to unauthorised third parties or otherwise made accessible. Copying of such items is only permissible to the extent that this is required for operational reasons, and where copyright permits.
- (2) The duty of the Supplier to maintain confidentiality also covers personal details.
- (3) The duty to maintain confidentiality shall also apply following the completion or failure of the contract; it lapses if and when the manufacturing knowledge contained within the illustrations, plans, calculations and other documents becomes common knowledge. Upstream suppliers are to be obligated accordingly.
- (4) To the extent that MEP supplies and/or makes available materials, these shall remain the property of MEP. The processing or transformation of the goods by the supplier shall be performed on behalf of MEP at all times. If the materials are blended with other objects that do not belong to MEP, then it shall acquire co-ownership of the new object to the proportion of the value of the objects to the other processed objects at the time of their processing.
- (5) The Supplier may only use the commercial relationship of the contracting parties for advertising purposes with the prior, written agreement of MEP. The Supplier commits himself to refrain from using the company name or the trademark of MEP without prior, written agreement.
- (6) The obligation to maintain confidentiality and refrain from utilising the information and documents made available shall lapse where it can be proven to have been received by the Supplier prior to notification or was publically known or accessible. The burden of proof is upon the Supplier.

§ 12 Code of Conduct for Suppliers, Security in the Supply Chain

- (1) The Supplier is obliged to comply with the laws of the applicable legal system(s). In particular, the Supplier will not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labor. Moreover, the Supplier will take responsibility for the health and safety of its employees, the Supplier will act in accordance with the applicable environmental laws and will use best efforts to promote this Code of Conduct among its suppliers. Reference is made to the Supplier Code of Conduct which can be found on the website "www.mehler-ep.com".
- (2) The Supplier shall provide the necessary organizational instructions and take measures, particularly with regard to the following security: premises security, packaging and transport, business partner, personnel and information - in order to guarantee the security in the supply chain according to the requirements of respective internationally recognized initiatives based on the WCO SAFE Framework of Standards (e.g. AEO, C-TPAT). The Supplier shall protect the goods and services provided to the MEP or provided to third parties designated by the MEP against unauthorized access and manipulation. The Supplier shall only deploy reliable personnel for those goods and services and shall obligate any sub-suppliers to take equivalent security measures.
- (3) In addition to other rights and remedies the MEP may have, the MEP may terminate the contract and/or any purchase order issued thereunder in case of breach of the obligations under section 15 by the Supplier. However, provided that the Supplier's breach of contract is capable of remedy, the MEP's right to terminate is subject to the proviso that such breach has not been remedied by the Supplier within a reasonable grace period set by the MEP.

§ 13 Export Control and Foreign Trade Data Regulations

- (1) The Supplier shall comply with all applicable export control, customs and foreign trade regulations ("Foreign Trade Regulations"). The Supplier shall advise the MEP in writing within two weeks of receipt of the order - and in case of any changes without undue delay - of any information and data required by the MEP to comply with all Foreign Trade Regulations in case of export and import as well as reexport, including without limitation:
 - All applicable export list numbers, including the Export Control Classification Number according to the U.S. Commerce Control List (ECCN); and
 - the statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding; and
 - the country of origin (non-preferential origin); and - upon request of the MEP- the Supplier's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case of non-European suppliers).
- (2) The Supplier shall be liable for any expenses and/or damages incurred by the MEP due to any breach of the obligations according to section 13.1, unless the Supplier is not responsible for such breach.
- (3) The MEP shall not be obligated to fulfill the agreement if such fulfillment is prevented by any impediments arising out of national or international foreign trade or customs requirements or any embargoes or other sanctions, unless the MEP was or should have been aware of these obstacles when the agreement was concluded.

§ 14 Hazardous substances

If the subject of the contract is a material or preparation that has hazardous qualities as per the Ordinance on Hazardous Substances or if these hazardous qualities arise on handling, then, prior to bringing these into circulation, the Supplier shall assess these in accordance with the respective terms of the Ordinance on Hazardous Substances valid at the time of delivery, as well as packaging and labelling them accordingly. During initial sampling and with first series delivery respectively, a current safety data sheet, issued with a date, in German and English languages is to be sent, including information regarding place of use and purpose of use. The safety data sheet must be sent again in the event of any change in the material / the preparation as well as any reworking of the safety data sheet by the Supplier, at the latest every 3 years. Should any particular handling requirements exist, MEP is to be informed of this separately in writing and advised in the utilisation of the material/ the preparation, taking into consideration the local prerequisites at MEP. The terms, in particular the obligations of the Supplier as per the Ordinance on Hazardous Substances in its respective version valid at the time of delivery, remain unaffected.

§ 15 Data Protection

The parties undertake to comply with the provisions of the EU General Data Protection Regulation and the Federal Data Protection Act in the case of the processing of personal data. Reference is made to the privacy policy of MEP, which can be found on the website "www.mehler-ep.com".

§ 16 Assignment

The Supplier is not entitled to assign its claims from the contractual relationship to third parties.

§ 17 Place of performance, jurisdiction, applicable law

- (1) If insolvency proceedings are opened regarding the assets of a party, then the other party shall be entitled, in the scope of the statutory options, to withdraw from the part of the contract that has yet to be fulfilled.
- (2) Unless otherwise stated in the order, place of performance is the registered office of MEP.
- (3) If the Supplier is a businessperson, then the registered office of MEP is agreed as place of jurisdiction. MEP reserves the right to also pursue action against the Supplier at the court with jurisdiction for his registered office.
- (4) The law of the Federal Republic of Germany is applied – under exclusion of conflict of laws and the UN Convention on Contracts for the International Sale of Goods of 11/04/1980 (CISG).
- (5) Should individual terms of these General Terms of Purchasing prove invalid or become so, this shall not affect the validity of the remainder of the terms.

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