

General Purchase Conditions of BHS-Sonthofen GmbH (hereafter referred to as BHS)

1. Scope of application

The following Terms and Conditions of Purchase shall exclusively apply to any and all supplies and services ordered by BHS under any purchase agreement, contract for work and services or contract for work and materials. Any Supplier's terms and conditions of sale, delivery and services or performance of any kind shall be rejected hereunder; this also applies to terms stipulated on the Supplier's order confirmation forms. BHS' failure to object to any such terms or parts thereof shall not constitute implied consent. Any deviations from or additions to these General Terms of Purchase require BHS' express written consent and are not legally effective unless signed by both parties.

2. Purchase order and conclusion of contract

Only orders placed in writing by BHS shall be legally binding. Oral agreements shall not be binding until BHS has confirmed these in writing. Insofar as written orders and changes to orders are automatically generated by electronic data processing systems, said declarations shall be valid even without BHS' signature.

If the Supplier does not accept a BHS purchase order within five (5) working days, BHS shall be entitled to revoke same. By accepting the purchase order the Supplier unconditionally agrees to our purchase conditions.

3. Order documents, models, tools etc.

BHS retains title as well as industrial property and intellectual rights to any patterns, models, tools, pictures, drawings, calculations or other documents and files placed at the Supplier's disposal. These materials shall be kept strictly confidential and must not be disclosed to any Third Party without our express written consent. They shall be used for the contractual purpose only. The Supplier shall care for and insure these materials without any extra costs for BHS. BHS can claim these materials to be returned immediately.

4. Delivery time

The agreed delivery time and date is binding. The stipulated delivery date is the date when the contract object has to arrive at the place of destination designated by BHS, or the service has to be furnished.

Any anticipated delays in delivery shall be reported immediately in writing explaining the reason for the delay and its likely duration. This notification shall not release the Supplier from his legal obligations.

If delivery is delayed for reasons attributable to the Supplier, BHS shall be entitled, at its choice, to claim, in case of fixed date, immediately or otherwise after unsuccessful expiry of a reasonable grace period allowed by BHS either liquidated damages for non-fulfillment or to get replacement from a Third Party and/or to terminate the contract. By accepting a delayed delivery of goods or services the Buyer does not waive his right to claim damages.

Claims for missing documents to be supplied by BHS can only be considered if the Supplier did not receive these within a reasonable period of time despite of a notice in writing.

Partial deliveries are permissible only upon express agreement.

If documentation is also included in the scope of supply, these documents must also be delivered on time. Otherwise BHS reserves the right to make partial payments at its own discretion.

In case contractual penalties have been agreed, any compensation claims for non-fulfillment shall remain unaffected.

If delivery is made earlier than agreed, BHS shall have the right, at its discretion, to return the goods at the Supplier's expense and risk or store them until the scheduled delivery date, again at the expense and risk of the Supplier. In the latter case BHS reserves the right not to make payment until the stipulated due date.

5. Shipment

Unless otherwise agreed in writing, delivery shall be effected, properly packed, carriage and insurance paid to the designated place of destination. Our regular business hours shall be observed.

A delivery note must accompany each consignment. All shipping documents like delivery note, advice of delivery, waybill, packing slip etc. must bear the complete BHS order and material numbers. The Supplier shall bear the risk of any delay occurring to BHS due to lack of this information.

If the Supplier has to select a more expensive mode of shipment as a result of delays in delivery, he shall bear all additional costs incurred.

6. Transfer of risk

The risk shall be transferred to BHS after complete and proper delivery of the goods to the designated place of destination.

7. Defects of quality or title

Notwithstanding any guarantee he has accepted, the Supplier warrants the delivered goods to be free from defects of quality or title. He shall be liable that the delivered goods meet the agreed quality standards and are in compliance with latest state-of-the-art technology, legal requirements, safety and accident protection rules as well as the basic technical standards (such as DIN, VDE). The Supplier shall also assume liability for any third party products.

As to dimensions, quantities and quality the values determined by BHS during the incoming goods inspection are decisive. BHS shall be entitled to perform or have performed quality tests in the Supplier's factory.

Warranty claims for defects shall be limited to 24 months after start-up or max. 30 months after delivery. Incoming goods will be inspected by BHS for deficiencies in the normal course of business. The Supplier shall be notified immediately (max. 14 days) of any obvious deficiencies. Any hidden defects can be reported at any time after their discovery within the limitation period for warranty claims.

The Supplier shall be liable, regardless of fault, for any defects included within the scope of the regulations set forth hereafter. If the goods delivered show a defect at the time of transfer of risk, BHS shall be entitled to claim subsequent fulfillment or a reduction of the purchase price. Subsequent fulfillment shall be accomplished, at our choice, either by remedy of defects or by replacement. Any costs incurred shall be borne by the Supplier. In case the subsequent fulfillment fails, or if the Supplier has unjustifiably denied subsequent fulfillment or has let elapse a reasonable grace period, BHS shall be entitled to repair the defect by itself or have it repaired and demand compensation for the expenditure incurred. The legal right of withdrawal, the right for compensation for damages, in particular the compensation for damages instead of the performance, and the right of recourse according to §§ 478 f. BGB (civil code) are reserved.

The statutory period of limitation starts anew for replaced parts. If more than 10% of the goods of one consignment show defects, BHS shall be entitled to reject the complete consignment at the Supplier's expense without checking the remaining goods. Receipt and payment of goods by BHS does not mean we accept the goods as being free of defects.

Irrespective of fault, the Supplier shall be liable for any defects of title.

8. Insurance

The Supplier declares that he maintains liability insurance coverage in an adequate amount. Upon request, the respective insurance certificate shall be submitted for inspection.

9. Invoicing

Invoices must not be attached to the consignment. The invoice must contain exact details of the order. Part invoices are only possible if respective partial deliveries had been agreed.

10. Pricing

The agreed prices shall be firm excluding VAT, carriage and insurance paid to the designated place of destination (CIP).

11. Terms of payment

Unless otherwise agreed, the Supplier's invoices shall be paid after complete and faultless delivery, either within 14 days after date of invoice subject to deduction of a 3 % discount, or within 30 days net.

If part payment has been agreed, the Supplier shall submit along with the request for payment an irrevocable and unlimited bank guarantee for all payments to be made prior to delivery, bearing the annotation: „payable on BHS' first demand including VAT“.

12. Industrial property rights and other rights of third parties

The Supplier declares that the goods delivered are free of thirdparty intellectual and industrial property rights. The Supplier shall indemnify and hold BHS harmless from and against any claims arising from the infringement of said property rights and he shall reimburse BHS for any damages that BHS incur as a result.

13. Product and producer liability

Insofar as the Supplier is responsible for any product or manufacturing damage he shall be obliged to hold BHS, upon first written demand, harmless from any claims for damages asserted by third parties provided that the cause of the defect is within the scope of his liability. The Supplier is also obliged to reimburse BHS for expenses in connection with a recall action. Further claims on part of BHS shall remain unaffected.

14. Retention of title

Any retention of title clauses made by the Supplier shall not be applicable.

15. Provision of materials

Any equipment whatsoever BHS provides to the Supplier for the purpose of executing the Contract shall remain the property and/ or co-ownership of BHS. The Supplier shall store these materials free of charge and shall safeguard them from damages. In case of any damage the supplier shall replace the damaged materials free of charge.

16. Insolvency of the Supplier

If insolvency proceedings are filed against the Supplier's assets, BHS shall be entitled to retain 10 % of the amount ordered as security up to expiration of the period of limitation to cover any potential claims based on defects. Furthermore, BHS shall be entitled in this case to cancel the remaining unfilled portion of its order and to terminate the contract with immediate effect without giving notice. Any models, material provided by BHS or other property of BHS shall be released immediately upon request.

17. Export control

The supplier undertakes to provide BHS-Sonthofen GmbH with all the relevant information and details regarding the composition and origin of the goods it supplies for observing export and re-export regulations, insofar as this information is necessary for compliance with export control regulations. It must disclose any recording of its goods in lists of goods in the EU, Germany or the USA that it is aware of, even without being asked to do so by BHS-Sonthofen GmbH.

18. Place of performance and legal venue

The place of performance is Sonthofen. The place of jurisdiction for any disputes arising from this contractual relationship shall be Munich. BHS shall also be entitled to assert its own claims at the Supplier's place of jurisdiction.

19. Applicable law

The contract shall be governed by the laws of the Federal Republic of Germany. The UN Convention on Contracts for the International Sale of Goods (CISG) is expressly excluded and shall not apply. Each one of these conditions of purchase shall apply independently from each other (§ 139 BGB).

20. Prevailing language

This document is an English translation. In case of dispute the German version shall prevail.

Sonthofen, May 2018