

General Conditions of Purchase for germanBelt Group and its affiliated companies*

Section 1 General Provisions, Scope

- (1) Our conditions of purchase shall exclusively apply to any contracts or agreements for the delivery or supply of goods concluded between us and any supplier including any future contractual relationships between us and the supplier even if not expressly agreed to again. We do not accept any contrary or otherwise deviating conditions by suppliers unless we have agreed to them expressly and in writing. Our purchase conditions shall even apply if we unreservedly accept the supplier's delivery while being aware that the supplier's conditions are contrary to, or deviate from, our conditions of purchase.
- (2) Any agreement between us and the supplier made for purposes of performing such Contracts shall be incorporated in this Contract in writing whereby electronic data transmission or transmission by facsimile shall be sufficient.
- (3) Our conditions of purchase shall only apply to entrepreneurs as set out in Section 310 (1) of the German Civil Code (BGB).

Section 2 Bid, Bidding Documents

- (1) Our requests for proposal are subject to change and unbinding unless we expressly specified otherwise. We deem ourselves bound to such quotation or order only for a period of two weeks. The supplier can only confirm his acceptance of such order by written confirmation within these two weeks.
- (2) We reserve the right including but not limited to any property or copy right on any pictures, drawings, calculations or any other document. Any such document may not be disclosed to any third party unless we have expressly agreed otherwise in writing. They must only be used for the manufacturing activities caused by our order and shall be returned to us without further request after the execution of such order. Any such document is subject to confidentiality in relation to any third party within the scope of Section 10 (5) hereunder.

Section 3 Prices, Terms of Payment

- (1) The price stated in the order shall be binding and includes delivery free domicile and packaging unless agreed otherwise in writing.
- (2) The price includes VAT as applicable at the time; VAT shall be stated separately in any invoice.
- (3) Invoices can only be processed if they, in accordance to the specific references given in our order, state the order number shown in the order. The supplier shall be liable for any effect caused by non-compliance with above requirement unless he has proven that such non-compliance was not within his responsibility.
- (4) Unless agreed otherwise in writing we render payment of the purchase price within 20 days from delivery and receipt of the invoice at a 3% discount, or within 30 days from receipt of the invoice at net value.
- (5) Our rights to set-off or retention shall be subject to legal regulations.
- (6) We shall be entitled to assign any claims from such Contract with the supplier without the supplier's consent. Unless agreed otherwise in writing, the supplier shall not be entitled to assign any receivables due to him from such contract or to have them collected by third parties. The provision of Section 354 a of the German Commercial Code (HGB) shall remain unaffected.

Section 4 Delivery Times, Contractual Penalty

- (1) The delivery time that is stated in the order shall be binding for the supplier. The goods shall only be deemed delivered in due time if we or the addressee we specified receives the delivery within the specified delivery time.
- (2) The supplier shall notify us immediately in writing by stating the order number, the quantities and the exact product designation as soon as the goods have been dispatched.

- (3) The supplier shall be obliged to notify us immediately and in writing if any event occurs or is foreseen to occur that prevents the supplier from meeting the agreed delivery time.
- (4) In case of any late delivery we shall be entitled to claim general damage for delay of 2% of the delivery value per full week but not more than 5% of the delivery value; the supplier shall be liable for not less than the legal claims such delay ensues. The supplier shall be entitled to prove that the delay has not caused any or considerably less damage.

Section 5 Delivery, Documents

- (1) Unless agreed otherwise in writing any delivery shall be free domicile.
- (2) The supplier shall package the goods as appropriate. The supplier shall be liable for any damage caused by insufficient packaging even if this damage occurs after the goods have been handed over to germanBelt.
- (3) Partial deliveries shall not be permitted unless agreed otherwise in writing or reasonable.
- (4) The supplier shall be obliged to state our exact order number on any shipping document and delivery note; if he fails to do so we shall not be liable for any delays in processing caused by such failure.

Section 6 Quality Management

- (1) The supplier shall continuously control the quality of his deliverables. Any changes in the delivery item shall require our prior consent.
- (2) Any supplier shall be responsible for compliance with the quality characteristics such as technical and physical properties, dimensions, quality, styles, and completeness as agreed in the order. Any non-compliance with such agreed requirements shall be deemed a wrong delivery and shall be subject to the provisions of Section 7. The supplier shall bind sub-suppliers as required.

Section 7 Liability for Defects, Recourse

- (1) The supplier's delivery is accepted without prejudice to any inspection for defects including but not limited to correctness and completeness which shall be carried out if and when such inspection is, in the ordinary course of business, reasonable. We will give notification of defect immediately after discovery. The supplier waives in regard to the latter provision any objection due to belated notice of defect.
- (2) Unless subsequently agreed otherwise, any delivery shall be subject to the legal provisions governing defects of title or quality.
- (3) We shall generally have the right to choose remedy. The supplier may refuse the remedy we have chosen if such remedy would cause unreasonable costs.
- (4) If the supplier fails to taken action in remedy immediately after having been requested by us we shall in urgent cases, particularly for the avoidance of acute dangers or larger damage, have the right to either perform remedying measures ourselves at the supplier's cost or to have third parties carry out such measures.
- (5) In case of defects of title, the supplier shall free and exempt us from any potential third party claims unless such defect of title is not within his responsibility.
- (6) The limitation period for claims based on defect shall, except in case of fraudulent intent, be three years unless the delivered goods have been used within their ordinary scope of application for a building and have caused its defect. The limitation period commences with delivery of the goods (transfer of risk).
- (7) If the supplier provides remedy by replacement the limitation period for any replacement shall commence afresh at its delivery.
- (8) Any costs including but not limited to costs for transport, toll, labour, assembly, disassembly, material or any other cost beyond the usual scope of the delivered goods' inspection shall be borne by the supplier.

Sections 8 Product Liability, Discharge from Liability, Liability Insurance

- (1) To the extent as to which the supplier is responsible for any defect regarding which third parties are asserting damage claims against us the supplier shall be obliged to discharge and exempt us at the first request from any third-party indemnity or liability claims including from any cost accrued by disputing these claims as the cause for such damage falls into his area of sovereignty and organization and he shall bear his own liability in dealings with third parties.

- (2) Within his liability for damages in the sense of (1), the supplier shall also be obliged to reimburse any expense as set out in Sections 683, 670 of the German Civil Code (BGB) or in Sections 830, 840, 426 of the German Civil Code (BGB) that have been caused by or in relation to any recall campaign we conduct. We will inform the supplier of such recall campaign's contents and scale, if possible and reasonable, and will give him the opportunity to be heard on the matter. Any other statutory claims shall remain unaffected.
- (3) The supplier undertakes to maintain product liability insurance with coverage of € 10 million per case of personal injury/damage to property; any exceeding damage claims by germanBelt shall remain unaffected.

Section 9 Industrial Property Rights

- (1) The supplier ensures that his delivery does not infringe in any way on any third-party property rights.
- (2) Should any third party hold us liable in relation to any violation of industrial property rights subject to (1) the supplier, unless he is not at fault, shall be obliged to discharge and exempt us at first request from any such claim including from any cost accrued by disputing the claims any third party may assert.
- (3) The limitation period for such indemnity and exemption shall be three years commencing with the transfer of risk.

Section 10 Provision of Materials, Retention of Title, Tools, Confidentiality

- (1) Any material, part, container or special packaging we provide shall remain our property. They must only be used as intended. Materials are processed and parts are installed for us and at our behalf. If goods that are subject to retention of title are processed together with other goods to which we have no title we shall acquire co-ownership on such newly manufactured goods in proportion to the gross value of our goods as compared to the other goods so engaged at the time of processing.
- (2) If goods we provide and that are subject to retention of title become inseparably mixed with any goods to which we have no title we shall acquire co-ownership on such newly manufactured goods in proportion to the gross value of the goods that are subject to retention of title as compared to the value of the other goods at the time they were mixed. If they are mixed in a way that means that the supplier's property must be deemed the principal property it shall be agreed hereunder that the supplier grants us proportionate co-ownership; the supplier shall hold such solely owned or co-owned property in safe custody on our behalf.
- (3) We retain title to any tools. The supplier shall be further obliged to use any such tools exclusively for manufacturing the goods of our order. The supplier shall be obliged to insure our tools at his own cost and at replacement value against fire, water and theft. The supplier herewith already assigns to us any claim arising from such insurance; we herewith accept such assignment. The supplier shall be obliged to carry out at his own cost any potentially required maintenance and inspections as well as any repairs of our tools at the time they are due. He shall notify us immediately of any faults; intentional failure to do so renders damage claims unaffected.
- (4) If the security interests due to us as set out in (1) and/or (2) exceed the gross purchase price of any not yet paid goods subject to retention of title by more than 10% we shall, at the supplier's request, be obliged to release such security interests at our discretion.
- (5) The supplier shall be bound to keep any pictures, drawings, calculations, and any other documents or information he received strictly confidential. Any disclosure to third parties requires our express consent. This obligation of confidentiality shall survive the performance of this Contract; it expires if and to the extent as to which the manufacturing knowledge incorporated in the pictures, drawings, calculations or other documents the supplier thus received has become generally known.

Section 11 Venue, Place of Performance, Severability

- (1) The place of jurisdiction for any dispute arising directly or indirectly from any contract that is based on our general conditions of purchase shall be Bad Blankenburg. We shall however also be entitled to bring at our discretion litigation at the supplier's or his branch's place of residence or at the place of performance provided no other exclusive venue is applicable.
- (2) Any contract between us and the supplier shall be governed by the law of the Federal Republic of Germany; conflicting law or the United Nation Convention of Contracts for the International Sale of Goods (CISG) shall be excluded.
- (3) Place of performance shall be the place as specified by us; otherwise it shall be Bad Blankenburg.

- (4) Should any provision of these general terms of purchase or of any other collateral agreement be or become invalid the validity of the other provisions shall remain unaffected. The supplier and we undertake to replace such invalid provision with a provision that corresponds to the contract's commercial intentions. The same shall apply to any omission.

10/2013

*** Affiliated companies**

germanBelt GmbH
germanBelt Systems GmbH
germanBelt Steel GmbH