

Karl Kruse GmbH & Co KG
International Purchasing Conditions
Version May – 2018

I. SCOPE OF THE GENERAL CONDITIONS

1. The scope of supply, quality and all terms and conditions for the supply of goods to us (collectively referred to as "Goods") in context of business dealings shall be exclusively defined by the written provisions of these International Purchasing Conditions that apply to the present and all such subsequent transactions without any need of express reference thereto or agreement thereon at the conclusion of such transaction. Additional obligations assumed by the Supplier do not affect the application of these International Purchasing Conditions.
2. Terms and conditions of Supplier do not bind us, even if we do not explicitly object to them or if we unconditionally render performance or accept the Supplier's performance or pay to the Supplier.
3. Terms and conditions of Supplier including general terms and conditions conflicting or differing with these International Purchasing Conditions or deviating from statutory provisions shall apply only where expressly accepted in writing by us.

II. CONCLUSION OF THE CONTRACT

1. Our offers are always subject to a confirmation by us. The Contract shall be deemed to have been concluded upon receipt of our written acknowledgement stating its acceptance of Supplier's Goods on the basis of these International Purchasing Conditions. The acceptance of the Goods, the payment for Goods, our silence or any other conduct of us does not allow the Supplier to assume the formation of the Contract.
2. Offers of the Supplier are exempt from charge for us. If the Supplier's offer deviates from the inquiry or order submitted by us, the Supplier will clearly point out the differences as such.
3. We can dispatch a written acknowledgement of the order up to and including 14 calendar days after the Supplier's offer has been submitted to us. Until this time, the Supplier's order is irrevocable. The Supplier will inform us without any delay at least within 7 calendar days, if our written acknowledgement of the order is received with some delay.
4. The written acknowledgement of the order by us brings the Contract into effect even if – except for the purchase price and the quantity to be delivered – the written acknowledgement deviates from the declarations of the Supplier in any other way, especially with reference to the exclusive application of these International Purchasing Conditions. Differing or deviating order confirmations sent by the Supplier are of no effect without any objection by us being necessary.
5. Our employees, commercial agents or other sales intermediaries are not authorized to dispense with the requirement of a written acknowledgement of the order by us or to make promises which differ from its content. Changes to the Contract likewise require written confirmation by our purchase department.
6. After the formation of the Contract we are entitled at all times, in exchange for reimbursing the Supplier's reasonable expenditure including a proportion of the profit, to modify the provisions concerning the performance due by the Supplier or to partially or totally cancel the Contract.
7. The Supplier is obliged to give written notice to us prior to the conclusion of a Contract if the Goods to be delivered are not fit without restrictions for the purpose provided in our purchase order or if assertions made by third parties or itself in adverts, prospectuses or other public announcements whether in or outside Germany of which the Supplier is or ought to have been aware cannot in each and every respect to be complied with, if particular safety provisions are to be observed when dealing with the Goods to be delivered, or, if a risk to health, safety or the environment is associated with the Goods to be delivered.

III. OBLIGATIONS OF THE SUPPLIER

1. The Supplier shall fulfil all the duties imposed by the Contract, by these International Purchasing Conditions and by statutory provisions. In addition, the Supplier shall honor the guarantees, warranties and assurances given, without these having to be evidenced in the written acknowledgement of the order. The Supplier is responsible to us for fulfilling the duties associated with the bringing of the Goods into circulation in Germany respective the market of destination according to our customer in the European Union.
2. The transport of the Goods is the sole responsibility of the Supplier. In particular the Supplier is responsible to us for the Goods being packed suitably for transportation, being loaded in a manner safe for use and transportation and being transported suitably. In addition, the Supplier is obliged to deliver the Goods cleared for unrestricted use within the European Union and complying with customs and import regulations in force from time to time in Germany. Even if INCOTERMS or similar clauses are agreed, the Supplier is obliged to obtain and to hand over to us any licences, authorizations, certificates of origin, movement and preference, other certificates or other documents useful for the free export, transit or import of the Goods as well as for receiving tax relief in the

European Union.

3. The Supplier shall without limitation deliver and hand over the Goods referred to in the written acknowledgement of the order which are of the quantity, quality and description required by the Contract and arrange appropriate instructions for their processing and use and in packaging. The packaging shall comply with the labelling and marking requirements, which in each case satisfy the requirements of the legal provisions, regulations and standards applicable from time to time to Goods brought into circulation in Germany and shall be in accordance with the latest developments of science and engineering. In particular, the Supplier shall ensure that the Goods are not subject to deviations which could adversely affect their normal value in use or their economic value in Germany, or the use intended by us. Moreover, the Supplier undertakes to deliver Goods of above-average kind and quality taking account of the tolerances customary in the trade.
4. The Supplier is not entitled to make part deliveries or to invoice them separately.
5. Up to delivery, the Supplier guarantees that the Goods are free from rights or claims of third parties, in particular those based on title, industrial property rights or any other intellectual property right which could hinder or exclude the unrestricted usability of the Goods by us or our customers in the European Union.
6. Every delivery must be accompanied by two delivery notes which clearly state the order number of the acknowledgement of the order and for each type of Goods the applicable customs tariff number.
7. The Supplier is under a duty to fulfil his obligations promptly, in particular with regard to liability for cost and risk to hand over free house to us at the place of delivery indicated in the written acknowledgement of the order, or in default at our place of business, the Goods together with the documents, delivery note and invoice.
8. Strict compliance with agreed delivery dates and delivery periods shall be a fundamental obligation of the Supplier. Strict compliance with the specifications of the Goods shall be a fundamental obligation of the Supplier as well. Without prejudice to any claim or right, which we may have against the Supplier, any delay or deviation from the specifications of the Goods must be communicated to us in writing immediately after discovery thereof, in case of a delay including the new delivery date. The Supplier is entitled to perform its obligations outside the agreed delivery dates or delivery periods only insofar as we have in each individual case agreed thereto in writing.
9. Contractual penalties shall be paid in addition to the agreed services and may be claimed by us, even if we accept a delivery without explicit reservation insofar.
10. Any rights of the Supplier to exercise a lien or to suspend performance and to raise counterclaims are excluded, except where the corresponding claim of the Supplier is due and undisputed or has been finally adjudicated upon or where despite written warning we have committed a fundamental breach of its obligations due and arising out of the same contractual relationship, and has not offered any adequate assurance.
11. Supplier is obliged to inform us in writing with a reasonable lead time of the forthcoming delivery, to use only environment-friendly packaging materials and to collect packaging material (including but not limited to transport, sales and all other packaging) from the place of delivery indicated in the written acknowledgement of the order or in default at our place of business in Germany. Notwithstanding any contrary statutory provisions, the Supplier shall at its own cost ensure the reuse and the recycling of materials or such other disposal of waste as may be prescribed. We are entitled at the Supplier's cost to dispose of packaging which is not taken away by the Supplier.
12. Subcontracting to third parties shall not be permissible without our written approval and shall entitle us to withdraw from the Contract and to claim damages.

IV. PRICES, INVOICES; PAYMENT CONDITIONS

1. The agreed prices are fixed prices. Prices shall be "DDP" (Incoterms 2000) and shall include all rebates, packaging, transportation costs and any indirect tax.
2. VAT is shown on invoices as a separate item. Invoices shall clearly state the order reference, the date of the acknowledgement in the order and the numbers of every single item as well as the Supplier's tax number. Invoices will be prepared in either Euro or an alternative currency at our discretion. Invoices, delivery notes and transportation documents must correspond to the details in our acknowledgement of the order, must comply with all legal requirements and have to be forwarded separately by post. Invoices that do not fulfil these conditions shall be returned. Notwithstanding our other rights, we shall have a right of retention with regard to the price until presentation of an invoice that fulfils these conditions.
3. The claim for payment does not become due until the Supplier has delivered completely the Goods and the documents indicated in the written acknowledgement of the order and a duly issued invoice to us.
4. Unless otherwise agreed in writing, we shall pay the price less 3 % discount

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within 14 days or net within 30 days. The charges and fees in connection with the payment are to be borne by the Supplier.

5. We are allowed to pay by a transfer to a bank with which the Supplier maintains business, or by remittance of cheques.
6. The effecting of payments shall not imply acceptance of Goods or services as meeting contractual requirements.

V. TRANSFER OF RISK

1. The risk attaching to Goods only shall transfer to us at the time they are received at the point of destination specified by us. The risk attaching to Goods including installation or erection and to services shall transfer to us at the time they are successfully tested for acceptance.
2. The Supplier shall bear the costs and the risk involved in the return transport or defective delivery items.

VI. MATERIAL – TOOLS, PATTERNS, DRAWINGS

1. Material provided by us shall remain our property and shall be stored separately, marked and kept at no costs to us. The material shall not be used other than for our orders. The Supplier shall compensate us for depreciation in value or loss.
2. The Supplier shall process or work the material for us and we shall become the direct owner of the new or worked item. Where this is not lawfully possible, the Parties agree that we shall at all times during the processing or working become the owner of the new item. The Supplier shall apply due and proper care in keeping the new item at no costs to us.
3. Tools, patterns, samples, models, sections, drawings, standards, forms, documents and gauges, etc. provided by us, as well as items made with or to them, shall not without our written approval be passed on the third parties nor used for purposes other than those specified in our acknowledgement of the order. They shall be safeguarded against unauthorized inspection or use. Subject to any other rights, we are entitled to demand their return to us if the Supplier violates this clause.
4. The Supplier shall not make any information which it has acquired from us accessible to third parties unless it is generally known or the Supplier has otherwise lawfully gained knowledge of it.

VI. NON-CONFORMING GOODS

1. Goods do not conform to the Contract if they do not meet the requirements set out in section III. or with assertions in adverts or with declarations made by the Supplier to us or with other legal provisions applicable within the European Union, unless a different term is set out in our written acknowledgement of the order or otherwise agreed.
2. In the case of subsequent transactions concerning the same type of Goods, the confirmations, references or other declarations made by Supplier continue to apply, without the necessity to be mentioned again.
3. Goods shall be in accordance with the state of the art.
4. Quantities deviating from our acknowledgement of the order may be returned totally or partly by us.
5. With the exception of obvious non-conformities, the duty to examine the Goods only arises when they are processed or used by us, at the latest, however, six months after their handing-over to us. The duty to examine exists only in respect of typical deviations of a factual kind in type, quantity, quality and packaging of the Goods delivered, but not in respect of compliance with legal rules. The examination shall be limited to spot checks undertaken by us. In the case of delivery in instalments or of part-deliveries, the examination of individual deliveries shall suffice. In any case the use of our usual methods of examination shall be sufficient. The consulting of experts, damage assessors, inspection offices or other external third parties is not required.
6. We shall give notice of obvious non-conformities within 10 working days after the handing-over of the Goods to us. In any other case, we shall give notice of non-conformities known to us or discovered by means of an examination within 20 working days after our knowledge thereof and having the examination closed. Notice shall be given to the Supplier or to his sales intermediary. The notice will describe the non-conformity in general terms; greater detail as to the type of non-conformity or the extent of the Goods affected is not required.
7. Without prejudice to any other rights, in the case of deliveries of non-conforming Goods to us we are entitled to request delivery of substitute Goods or repair at our choice and to be reimbursed for any wasted expenses, even if the breach of contract is not fundamental. A request for delivery of substitute Goods and repair shall be made at the latest 6 months after the notice of the non-conformity to Supplier.
8. Without prejudice to any other rights, we shall be entitled to carry out repairs or cause them to be carried out at the Supplier's expense if delivery is effected after a reasonable period set or if we have a special interest in

the immediate execution of performance. We will endeavour to notify preliminarily the Supplier.

9. The limitation period for us in actions for breach of warranty shall be three years unless the relevant laws and regulations provide for longer period of warranty.
10. Whilst the Supplier is investigating the existence of a non-conformity or is trying to correct the same, the running of the limitation period shall be suspended. Our notice of defects to the Supplier shall suspend the limitation of period as well. In no case shall the limitation period expire before the expiration of six months from the giving of notice of the non-conformity.
11. The period of limitation for remedies of us against the Supplier with respect to a violation of third parties' industrial property rights is ten years.

VII. AVOIDANCE OF THE CONTRACT

Without prejudice to other legal rights, we are entitled to avoid the Contract in whole or in part without compensation if the Supplier objects to the application of these International Purchasing Conditions, if the written acknowledgement of the order is received by the Supplier more than 14 calendar days after its date of printing, if insolvency proceedings are applied for or commenced relating to the assets of the Supplier, if the Supplier without providing a reason justifiable in law does not meet fundamental obligations due towards us, if we due to the delivery of non-conforming Goods are entitled to remedies according to these International Purchasing Conditions, if a breach of Contract committed by the Supplier is not fundamental and an additional period of time for performance set by us has expired without a sufficient result, or if for other reasons we cannot be expected the Supplier to fulfil its obligations.

VIII. DAMAGES

1. The Supplier is entitled to claim damages from us in case of late payment without justification. Damages amount to a flat interest rate of 2 % per annum above the interest rate of the European Central Bank for main refinancing operations (minimum bid rate) of the currency in which payment is due applicable during the unjustified retention of payment. With the exception of damages due to intentional harm or gross negligence and with the exception of damages due to blameworthy injury to life, body or health, any claim on any other ground to damages, to further interest or to an indemnity against any other kind of damages is excluded.
2. Without any restriction and in accordance with the legal requirements, we are entitled to claim damages from the Supplier instead of or in addition to any other remedy. The taking of delivery of the Goods without any reservation shall not result in a waiver of the right to damages. Without prejudice to any further reaching legal rights, the quantum of damages to be compensated shall comprise all direct and indirect expenses, losses and inconveniences caused to us by the breach of contract, unless the Supplier proves that the extent of damages was not foreseeable at the time of formation neither of the Contract nor during its performance. Without prejudice to the Supplier proving that damage was either not caused or was caused in a significantly smaller size, and without prejudice to us claiming further damages, in each case of late delivery by the Supplier we are also entitled to claim contractual penalties of 0,5 % for each week of delay commenced, up to a maximum of 5 % of the value of the respective Goods, without any evidence being necessary.

IX. OTHER PROVISIONS

1. On handing over, the Goods as well as all connected papers and documents become in principle the unrestricted property of us. If a reservation of title in favor of the Supplier has been agreed, this has for the time being the effect of a simple reservation of title; We are, however, entitled regardless of the reservation of title, to utilize the Goods at any time without any restrictions, namely by using the Goods and/or selling them, as well as by transferring property in the Goods to third parties, even when such utilization by us has the consequence of destroying the reservation of title.
2. Without prejudice to us continuing claims, the Supplier will indemnify us without limit against all claims of third parties which may be brought against us based on product law or product liability law or similar provisions, insofar as the product was delivered by the Supplier or contained materials or parts delivered by the Supplier and in lieu of us the Supplier itself could be held liable. In particular, the indemnification also includes compensation for expenses incurred by us and the costs of any (precautionary) recall campaign and is granted by the Supplier waiving further conditions or other objections, in particular without requiring compliance with any duty of examination, giving notice, supervision or recall, and waiving any defense of limitation. Irrespective of any additional claims of us, the Supplier shall maintain product liability insurance with an adequate cover figure.
3. Without prejudice to our continuing claims, the Supplier shall give us unlimited security or compensation on first demand and waiving all further conditions or other defenses, in particular waiving the observing of all duties of examination, notifying, control or recall or the prior taking of administrative or legal proceedings, as well waiving the defense of limitation, if in

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consequence of an administrative order we are threatened with detriment or if we are subject to administrative fines or if we learn of other detriment and the administrative order is based on provisions of product law, the observance of which is according to the provisions of this International Purchasing Conditions within the Supplier's sphere of obligation. The same applies, if we are obliged on the basis of applicable statutory provisions to recall Goods, which have been delivered by the Supplier or which contain parts delivered by the Supplier, if these are the cause of the recall of the Goods.

4. In relation to pictures, drawings, calculations and other documents as well as computer-software, which have been made available by us in a material or electronic form, the latter reserves all proprietary rights, copyrights, other industrial property rights as well as know-how rights.

IX. GENERAL TERMS

1. The place of performance and payment for all obligations arising from the legal relationship between us and the Supplier is Duesseldorf, Germany.
2. If provisions of these International Purchasing Conditions should be or become partly or wholly ineffective, the remaining arrangements will continue to apply. The parties are bound to replace the ineffective provision with a legally valid provision, as close as possible to the commercial meaning and purpose of the ineffective provision.
3. All communications, declarations, notices etc. are to be drawn up exclusively in German or English. Communications by means of fax or e-mail fulfil the requirement of being in writing.
4. Place of jurisdiction is exclusively Duesseldorf, Germany. This clause shall not preclude us from our right to file a dispute with the competent court referring to the place of business of the Supplier.
5. The legal relationship between us and the Supplier shall be governed by the United Nations Convention on the International Sale of Goods as of 1 April 1980 (UN Sales Convention/CISG). Outside the application of the UN-Convention, the legal relationship between the parties is exclusively governed by the non-uniform German law, namely by the German Civil Code/German Commercial Code (BGB/HGB).