

General Conditions of Purchase of the SycoTec GmbH & Co. KG

– for use in business transactions with companies -

1. General

- 1.1 The following General Conditions of Purchase shall apply exclusively to all orders, including any future business transactions. The general conditions of the supplier shall only apply in as far as SycoTec GmbH & Co. KG (in the following: SycoTec) has agreed in writing.
- 1.2 Amendments and supplements to these General Conditions of Purchase shall only be made by the person(s) entered in the commercial register as executive directors or officers with procurement of SycoTec. Oral agreements or statements by other persons who are not authorised to make them are only effective when they are confirmed in writing by the executive directors or an officer with procurement of SycoTec.

2. Order, Confirmation of Order, Check by the Supplier

- 2.1 Documentation detailed in the order, such as technical drawings, specifications, standards and samples form a constituent part of the order. The supplier shall check if the documentation is complete or is known to him in order to request it from SycoTec if necessary.
- 2.2 The supplier shall issue without delay a written confirmation of order with the price and delivery time. Any deviations from the order are to be clearly marked and will only be binding when and in so far as SycoTec confirms. If the supplier does not confirm the order to SycoTec at the latest 10 days after receipt in writing, per e-mail or telefax, SycoTec shall be entitled to cancel its order.
- 2.3 The supplier shall check the details in the order text, in technical drawings and other documentation. Any errors found and/or amendments intended by the supplier are to be informed to SycoTec in writing without delay. Any deviations by the supplier without the agreement of SycoTec shall be borne by the supplier. The same shall apply to the supplier for failing to inform of errors established in the order documentation.

3. Delivery

- 3.1 The delivery times and dates quoted by SycoTec in the order are binding on the supplier.
- 3.2 The goods ordered must arrive on the given delivery date at SycoTec. The supplier shall be fully responsible for the procurement of the necessary sub-contracted items and services - also without fault – (complete assumption of the procurement risk). If delays are expected, the supplier shall inform SycoTec immediately with the probable new delivery time.
- 3.3 The supplier shall bear all additional costs and expenses resulting from the delivery delay for which he is responsible.
- 3.4 Early deliveries are only possible in agreement with SycoTec. SycoTec shall be entitled to refuse the acceptance of goods delivered early and to return them to the supplier or to store them at a third party at the cost and risk of the supplier.
- 3.5 SycoTec shall be entitled in the case of a delayed delivery, after the passing of a reasonable time period, to withdraw from the order, without the supplier being entitled to claim any compensation. The time limit shall be two weeks, unless the particular conditions, that have to be proven by the supplier, make a longer delivery time necessary.
- 3.6 Further, existing statutory rights to damages by SycoTec as a result of the delay remain unaffected.

4. Packaging

- 4.1 In as far as the packaging is not included in the price or made available on a loan basis, it is to be calculated at net cost price and to be itemised separately in the quotation and invoice.
- 4.2 The supplier shall be obliged, in agreement with SycoTec, to use re-useable packaging, to check if the packaging is suitable for recycling and also to use appropriate packaging with regard to state of the art disposal technology.

5. Transfer of Risk

The risk shall be transferred to SycoTec when the item to be delivered is received by SycoTec.

6. Prices, Invoice, Payment

- 6.1 Prices are quoted carriage free, including freight and packing.
- 6.2 Invoices are to be sent in duplicate for every delivery. They must contain exactly the same description as in the SycoTec order and include the order number and order markings.

- 6.3 Payment shall be within 60 days net or 30 days after date of invoice with 3 % early payment discount. If the invoice is received before the goods, the date of the receipt of the goods shall be decisive. The early payment discount will be granted with the transfer to the bank of SycoTec or the sending of a cheque.
- 6.4 SycoTec is entitled to the full scope of the statutory rights to setting-off and retention (also without previous final legal judgement or undisputed counterclaims). SycoTec shall be entitled to assign any claims resulting from the purchase order without the consent of the supplier. The supplier shall not be entitled to assign amounts receivable from the contractual relationship to a third party without the previous written approval of SycoTec.

7. Property, Security Interests

- 7.1 The goods ordered by SycoTec are to be stored safely by the supplier and marked as the property of SycoTec. This also applies to any materials handed-over for the order. Material that SycoTec makes available to the supplier for processing into finished products is to be handled in such a way that SycoTec is and remains the owner of the said material. The supplier shall carry the risk for this as well as for any test and measuring instruments and has to provide sufficient insurance cover against damage, theft and destruction. This also applies to the finished products, of which SycoTec is either owner or co-owner. The supplier shall go ahead and transfer immediately the title to any insurance benefits to SycoTec, which herewith accepts this transfer. SycoTec shall at the request of the supplier release the property rights arising from this, which serve as security against all its claims, in as far as the expected proceeds of the sale of the claims insured is more than 10% of the claims including the value of the claims from the delivery.
- 7.2 SycoTec shall be entitled at any time during normal business hours to convince itself of the orderly storing and marking of the goods in its ownership or co-ownership.

8. Technical Documentation, Tools

- 8.1 Any technical drawings, plans, samples and technical data that SycoTec issues to the supplier for preparing an offer or executing an order remain the property of SycoTec; they are not to be used by the supplier for any other purpose, neither reproduced nor made available to third parties. The supplier shall undertake to guarantee the confidentiality of this documentation by taking suitable measures, in particular, confidentiality agreements with the staff involved, even after they have left the company.
- In as far as the supplier prepares documentation, samples or calculations for executing the order, it will become the property of SycoTec. The supplier grants SycoTec herewith indirect possession of these items. The supplier shall store these items for SycoTec; paragraph 8.1 sentence 3 is analogous valid.
- 8.2 Items manufactured in accordance with paragraph 8.1 are only allowed to be supplied, demonstrated or presented to third parties with the express permission of SycoTec. Commercial advertising by the supplier exploiting the business relationship with SycoTec is not allowed.
- 8.3 Tools, the procurement and maintenance of which has been paid by SycoTec, shall become the property of SycoTec with the manufacture, at the latest with the payment by SycoTec. They will be manufactured, machined and stored by the supplier on behalf of SycoTec. They are to be returned to SycoTec when the supply agreement ends or the order for which the tool has been used in accordance with the agreement ends. Numeral 8.1 is analogous valid. Damage or wear and tear is to be informed to SycoTec immediately. The tools are to be insured by the supplier to the standard insurance conditions against damage or loss, for the time that they have not been returned to the safekeeping of SycoTec.
- 8.4 SycoTec is to be informed of any changes in the production process, materials or bought in items for products, the re-location of production plants, changes in the method or equipment for testing products or other quality assurance measures. The change is only allowed after SycoTec has given written approval.

9. Warranty

- 9.1 The warranty shall also extend to the goods and services of any sub-contractors and suppliers.
- 9.2 The warranty commences with the receipt of the goods at SycoTec or another named location. The limitation period for warranty claims is three years from the delivery.

- 9.3 With deliveries comprising of a large number of items SycoTec carries out a random sample test, in compliance with the provisions of the testing specification. SycoTec reports any defects immediately and retains the right to reject the shipment, or when the supplier does not within three days of being informed declare himself prepared to carry out a screening inspection, to carry this out at the cost and risk of the supplier or have it carried out. The requirement of SycoTec to make a complaint immediately upon receipt of the defective goods does not apply, if the supplier despite promptly informing his willingness to carry out a screening inspection does not carry it out in a reasonable time period.
- 9.4 SycoTec shall be entitled with defective goods to demand supplementary performance (as required, additional delivery or rework). In this case, the supplier is obligated to pay all the costs involved necessary for the supplementary performance. After the passing of a reasonable time limit - subject to their dispensability according to statutory provisions - or with failures in the supplementary performance SycoTec shall have the right to terminate an order or to abatement of the order price. Claims for damages remain unaffected. SycoTec shall also have the right to terminate the order and claim compensation instead of contractual performance with only negligible deviations from the agreed quality or only negligible impairment of the usability.
- 9.5 The supplier shall be obligated with defective goods to compensate SycoTec for any consequential damage.
- 9.6 The goods supplied must correspond to the generally accepted state of the art technology and the engineering rules as well as the health and safety at work regulations, as laid down in statutory laws, DIN / ISO standards, VDI regulations, EU ordinances etc for the Federal Republic of Germany. If the order is expressly for the purpose of a delivery to a country outside the European Union the appropriate valid regulations must be taken into account by the supplier. The supplier shall be obligated to provide to SycoTec on demand proof to that the relevant regulations have been complied with. If this is not complied with, SycoTec shall be entitled to withdraw from the order. Claims for damages remain unaffected.
- 10. Third Party Rights**
- 10.1 The supplier shall warranty that the goods supplied and their intended usage are free from third party rights; in particular, patent-, trademark- author or similar rights. This also applies in as far as SycoTec is aware of such third party rights. In this case the supplier has to ensure that such rights cannot be enforced against SycoTec and its customers. This also applies to the resale and/or the use of items supplied abroad.
- 10.2 If SycoTec should be claimed against for infringement of a trade mark right in accordance with paragraph 10.1, the supplier is obligated to indemnify SycoTec from the costs of the legal action, in particular court costs, lawyers and patent lawyers fee and has to adequately refund these costs. SycoTec can at its discretion proceed with the legal costs.
- 10.3 In the case of a culpable infringement of third parties rights, SycoTec shall have the right to claim from the supplier the resulting damages, in particular, from an injunction or final suspension of the action affected. This shall also be valid if the supplier is not at fault.
- The period of limitation for this right to exemption is three years, from the date when SycoTec first has a cause for action.
- 11. Product Liability**
- 11.1 If a claim is made by a third party against SycoTec for product liability damages, for which the supplier is liable, the supplier has to indemnify SycoTec at first demand from all claims of the third party, including the costs necessary for defending the action, if the supplier has included the reason for the liability in the scope of his governance and organisation.
- 11.2 If SycoTec has to carry out a recall action due to a damage event in the meaning of paragraph 11.1 the supplier shall be obliged to refund to SycoTec all the costs involved resulting from or in connection with the recall action. SycoTec shall in as far as it is temporal possible inform the supplier of the content and scope of the recall action and request from him a statement of opinion. Further legal claims by SycoTec remain unaffected.
- 11.3 The supplier shall be obliged to take out product liability insurance with an adequate limit of indemnity of at least € 5.0 million per person/material damage for the contractual subject matter and maintain it until the warranty period of the final delivery of goods to SycoTec ends. Further legal claims by SycoTec remain unaffected.
- 11.4 The objection of contributory negligence against SycoTec is foreclosed, unless senior staff or organs authorised to represent SycoTec act with intent or gross negligence.
- 12. Works Orders**
- These conditions also apply for the execution of works orders.
- 13. Identification Marking**
- 13.1 At the request of SycoTec an identification mark specified by SycoTec is to be attached to the items to be delivered. In cases of doubt, the costs are in the agreed price; or else, SycoTec can demand a refund for the proven costs.
- 13.2 The name of the supplier and/or the manufacturer shall only be allowed on the products delivered with the approval of SycoTec. This shall only apply to the specific case for which it is granted and must be in written form.
- 13.3 The products identified for SycoTec in this way are not allowed to be sold or in any other way disposed of by the supplier.
- 13.4 The supplier shall ensure with an effective documentation system that it is possible for SycoTec to trace the manufacture, the individual production steps and the transportation of the goods.
- 14. Data Protection**
- SycoTec shall be entitled to collate the person oriented data associated with the conclusion and execution of the order, and taking into account the statutory provisions to process it or have it processed at subcontracted companies. The address of the processors will be given on request.
- 15. Place of Fulfilment, Jurisdiction, Applicable Law, Severability Clause**
- 15.1 The place of fulfilment for both parts shall be Leutkirch.
- 15.2 The sole place of jurisdiction with regard to all disputes arising from the contractual relationship – also cheque and bill of exchange processes – shall be court having jurisdiction over Leutkirch. However, SycoTec can assert claims against the supplier at the court of the registered office of the supplier or any other court with jurisdiction.
- 15.3 The laws of the Federal Republic of Germany shall apply, to the exclusion of the UN Purchasing Convention (CISG).
- 15.4 If individual provisions should be partly or fully invalid, the validity of the remaining provisions shall not be affected. If need be the contractual partners are obliged to replace the invalid provision with a valid provision that comes as close as possible to the intended meaning of the invalid provision.

dated 2007-07-11