

General Conditions of Purchase and Special Conditions of IPS – Innovative Produktionssysteme GmbH

A. General Conditions of Purchase 1. Scope

These Conditions of Purchase are subject of all orders by the companies of IPS – Innovative Produktionssysteme GmbH

1. (hereinafter IPS) and apply exclusively.
2. Any conflicting or additional terms of the contractor is contradicted. They apply only when IPS has expressly agreed to them or parts thereof in writing.
3. These Conditions of Purchase shall apply even if IPS unconditionally accepts the services of the contractor while being aware of conflicting or deviating terms and conditions of the contractor.
4. These Conditions of Purchase also apply to all contractual relationships in the framework of a future business relationship, even if they are not expressly agreed for this purpose again.

2. Conclusion of the Contract

1. IPS will send an order to contractor in writing. The written form is maintained even when delivery is through electronic data transmission. Verbal subsidiary agreements on the order are only binding if they are confirmed in writing by IPS. This also applies to subsequent amendments and additions.
2. The order shall be deemed adopted, if contractor does not object to it within two working days (which are: Monday to Friday, except holidays in the entire Federal Republic of Germany).
3. Should contractor assume the order only with deviations, such deviations are to be explicitly marked. The changed order or any order confirmation is considered as new offer. Moreover, contractor is obliged to notify IPS in writing of amendments to the purchase order or the different order confirmation when compared to previous contract terms or catalogue details. A contract is concluded only after written acceptance of the amended terms by IPS.

- 3. Compliance with the legal requirements/ notification of concerns/ import and export check**
1. The contractor is obliged to comply with the state of the art and to comply with the applicable laws, rules, regulations, the Dodd Frank Act and the Global Compact of the United Nations as well as the requirements of the authorities.
 2. If the relevant laws, regulations or the state of the art change between conclusion of contract and compliance and this affects the performance of the contract, contractor will promptly inform IPS in writing about the change, and the associated schedule and cost-related consequences. IPS will decide on the changes within an appropriate period. In the case of approval, the parties will meet a consensual settlement of the costs on the basis of the order and adapt the contract in writing. Should IPS not accept the change, both parties shall be entitled to termination of the contract.
 3. By submitting an offer the contractor confirms that he has reviewed the documents obtained in the course of the inquiry by IPS and found them to be sufficient.
 4. The Supplier ensures compliance with all the requirements and prohibited substances in accordance with the legal provisions that are valid for the European Union. (in particular: regulation concerning the registration, evaluation, authorisation and restriction of chemicals (REACH, EC no. 1907/2006)). In addition, the supplier warrants to comply with the current limit values of the RoHS Directive [2011/65/U] in its deliveries. This also applies to products that fall outside the scope of the Directive. Excluded from this are only products that clearly can not be part of electronic.
 5. Import and export check:
 - a. Relevant provisions of the import and export check for the purposes of this section are particularly (but not exclusively): the Foreign Trade and Payments Act (AWG), the Foreign Trade Regulation (AWV), the so-called EC Dual Use Regulation (currently Regulation (EC) No. 428/2009 of the Council dated 05.05.2009), the existing country and people-embargo including the embargo measures to combat terrorism (so-called anti-terrorist lists), the War Weapons Control Act (KrWaffKontrG) and the Act Implementing the Chemical Weapons Convention (CWCIA) in the applicable versions together with all attachments, implementing regulations and other supplementary regulations.
 - b. The Contractor guarantees in the implementation of the transaction to observe and comply with all relevant requirements of the import and export check and, where appropriate, obtain all necessary import or export licenses. This also applies in particular to the case that the Supplier of the goods ordered by IPS in turn procures from Sub-suppliers or uses the parts or raw materials which he purchased from such suppliers for the production of the goods ordered by IPS. The contractor undertakes to indemnify IPS from all claims made by third parties against IPS due to its own infringement of the relevant provisions of the import and export check and compensate IPS for the damage resulting from such use.
 - c. The contractor agrees to notify IPS immediately by a separate letter of any known prohibitions - existing according to the relevant regulations of import and export check - of the authorisation

requirements concerning the import and/or resale of the ordered (and optionally further processed by IPS) goods. He undertakes, in particular, to inform IPS, stating the specific list items, whether the products are listed in one or more lists of the relevant provisions of the import and export check, especially in Part I, Section A or C of the export list for foreign trade regulations and/or in Annex I or IV of the EC Dual Use Regulation and/or in a list for a currently valid EU embargo.

- d. If the import or export of the ordered (and optionally further processed by IPS) goods is subject to a permit reservation, the contractor is required to provide his best cooperation in the granting of the permit and in particular, provide IPS with all this required information and documents.
- e. Should the contractor violate any of the above provisions and IPS is therefore taken by a third party claim or resale of the ordered (and optionally further processed by IPS) goods becomes impossible IPS is entitled to notice of withdrawal from the contract. The right to assert claims for damages remains unaffected.
- f. If IPS is refrained from the resale of the ordered (and optionally further processed by IPS) goods as a result of restriction of import that comes into force after conclusion of the contract (e.g. due to an embargo or embargo tightening), IPS is entitled to declaration of withdrawal from the contract.

4. Delivery terms

- 1. Unless otherwise agreed, deliveries shall be DDP (Incoterms® 2010) to the designated place of IPS, including packaging.
- 2. Each delivery must be accompanied by a delivery note in duplicate. The delivery must be provided with the order, IPS material and supplier number.
- 3. Before dispatch of the goods IPS should be informed in writing on the value, weight as well as the date of dispatch.
- 4. The acceptance times for deliveries of goods are specified as follows:
Monday to Friday: 7 - 9 am / 9.15 am - 12 noon / 12.30 - 3.30 pm
Exception: Deliveries in tankers (e.g. raw materials for compounds) will only be accepted until 12 noon.
- 5. Insofar the contractor provides samples, test reports, quality documents, manuals, CE explanations, schematics and drawings, spare / wear parts lists, general documentation or any other documentation, the completeness of the delivery and service is also subject to the delivery of these documents.

6. IPS is not required to accept agreed partial deliveries or excess deliveries that are not contractually agreed. The same applies if the goods are delivered before the agreed date. IPS may be entitled to return the goods at the expense and risk of the contractor or store at third parties.
7. If IPS incurs costs as a result of the defective delivery of the subject matter, in particular transport, travel, labor or material costs, or costs for the incoming goods inspection that goes beyond the normal scope, the contractor shall bear these costs.

5. Performance time

1. The dates specified in the order are binding.
2. The contractor is obliged to inform IPS immediately in writing if circumstances occur or become apparent, from which it follows that the agreed deadline cannot be met. The obligation to comply with the originally agreed terms shall remain unaffected.
3. In the absence of necessary documents to be supplied by IPS, the contractor can only claim them if he has not received these documents within a reasonable period despite a timely written request

6. Default

1. In the case of exceeding the contracted hours, the contractor is in default without a reminder.
2. In case of default, IPS is entitled to statutory claims. IPS is especially entitled to claim damages instead of demanding service and/or rescind the contract.
3. Without prejudice to the right to make further default damages, 1% of the net order value applies as a penalty for each week started, but maximum of 5% of the agreed total net order value. The penalty may be claimed even after receipt of the service until the final payment, without the need for a reservation. The contractor shall be entitled to prove that no or negligible damage is incurred as a result of the default.
4. The goods must meet the agreed specifications and what must be provided by the partner when the intended use is known, or at least the mandatory legal requirements and the state of the art. Decisive for the contractual condition of the goods is the time of the transfer of risk. The partner is liable for the contractual execution of his goods.

7. Transfer of risk

1. The risk passes to IPS upon arrival of the goods at the business operations of IPS.
2. This also applies if IPS has assumed the costs of shipping in some cases due to a separate contractual agreement or the delivery is made „ex works“.

8. Notice of defects

1. In the case of a purchase, which is a two-sided trading business for the parties, defects shall be claimed by IPS from the contractor in time (within 10 working days of receipt of the goods), in case of hidden defects within 10 days after their detection.
2. For larger quantities, the investigations of the goods by IPS are limited to spot checks. Defects that are not detected are considered hidden.
3. IPS reserves the right to do incoming goods inspection as sampling inspection. If IPS detects faults or defects within this sampling inspection on incoming goods, the supplier is obliged to do a 100%-inspection within 3 working days on request of IPS to separate good parts from bad parts. If requested by IPS this 100% inspection must be done at IPS and the supplier has to use his own measurement equipment.
4. If the supplier does not fulfil this obligation to do an 100%-inspection according to 8.(3), IPS reserves the right to do the 100%-inspection on his own and to charge the emerging cost to the supplier.

9. Claims for defects

1. IPS is entitled to the legal claims for defects in full. Regardless of this, IPS may demand remedy of the defect or deliver a defect-free product or the production of a new work as subsequent performance at its option. The rework is done in agreement with the contractor in consideration of the operational requirements of IPS.
2. The subsequent performance by the contractor must be done within the EU or in a third country, if the object is outside Germany at time of the complaint and the return transport to Germany under objective criteria is out of the question. All costs associated with return transport of the object to Germany for remedying the defect shall be accepted in full by the contractor.
3. IPS is entitled to remedy the defect by itself at the expense of the contractor, without the contractor will be given the opportunity to remedy if imminent danger or a special urgency is present. The warranty does not expire through this repair.
4. In the case of the withdrawal, IPS is entitled to continue to use the services of the contractor free-ofcharge until a suitable replacement. In the event of withdrawal, the contractor shall bear the costs of removal / disposal of return transport and is responsible for disposal.
5. Warranty claims become time-barred within 30 months. After 5½ years for items that are used for a building or for services for a building. The period begins with the receipt of services.
6. In case of not meeting the rework deadline or loss of interest of the supplier in the goods or rework, also additional expenses for covering purchases are to be replaced by the Supplier.

10. (Product) liability

1. The statutory liability provisions apply.
2. In the event that a claim is made by a customer or other third parties against IPS due to product liability, the contractor is obliged to indemnify IPS exempt from such claims if and to the extent the damage was caused by a defect of the product delivered by contractor. In cases of strict liability, however, this only applies if the contractor is at fault. If the contractor is responsible for the damage, he shall bear the burden of proof. In all such cases, the contractor shall bear the costs and expenses, including the costs of any legal action or recall. Moreover, the statutory provisions shall apply.

11. Waste disposal

If waste is produced during the performance of the contract by the contractor, the same shall recycle or dispose of it at its own expense according to the requirements of waste legislation, unless agreed otherwise in writing. Title, risk and the disposal regulation responsibility shall pass to the contractor at the time of waste generation.

12. Prices / accounting

1. The prices specified in the order are binding and - include all discounts, surcharges, packing, freight and duty costs - plus VAT and include all ancillary services required to fulfill the contract.
2. The invoices to be made in duplicate shall be sent upon fulfillment of the contract separately for orders to the billing address indicated in the order. Order numbers are to be indicated. All invoice documents are to be attached.
3. Invoices for partial services are to be provided with the notice of partial service invoice, final invoices with the note of pending service invoice.
4. Original invoices must not be attached to the goods.
5. General Price increases until the delivery time can be imposed only if they are provided in the contract.

13. Payment terms

1. Payments are due only after complete goods and invoice receipt and entry of the agreed delivery date.
2. Unless otherwise agreed, payments are due within 30 days of delivery and receipt of invoice less a 3% cash discount or within 60 days net.

3. Discount shall also be permitted if IPS offsets or retains payments in a reasonable amount due to defects; the payment period starts after complete elimination of defects.
4. Payments shall not constitute recognition of the service as being in accordance with the agreement.
5. IPS will only be in default if it is not paid on a timely reminder of the contractor which is made after the due date.
6. If advance payments are contractually agreed, these advance payments are only payable if IPS has a guarantee of the contractor at a major German bank, credit union or public savings in the amount of the advance that secures these advance payments and is payable on first demand.

14. Offsetting / assignment

1. IPS is entitled to offset all payment claims that a company of the HAUG GROUP asserts against the contractor against receivables from the individual orders.
2. If IPS is entitled claims against other companies that belong to the same group as the contractor, IPS is entitled to withhold payments until the claims against this company have been paid.
3. Assignments and other transfers of the rights and obligations of the contractor outside the scope of § 354 a HGB are excluded.

15. Right of use and property right

1. IPS may use the contract including the underlying patent and other intellectual property rights without restriction in its division. This right of use also entitles to amendments to the contract and also covers illustrations, drawings, calculations, analysis, recipes and other works, which are manufactured or developed by the contractor in the course and the implementation of the contract. For the purpose of planting of replacement parts and spare parts as well as amending IPS may leave documents to third parties.
2. The contractor guarantees that the rights of third parties, including its subcontractors to the granting of the right to use and does not preclude IPS respect of all claims.
3. The limitation period for warranty obligation for the exemption of conflicting rights is 10 years from the conclusion of the contract.
4. The partner is prohibited without the consent of IPS to get in touch with our customer directly.

16. Retention of title - Provision - Tools

1. If IPS provides components to the contractor, IPS reserves the right of ownership. Processing or transformation by the contractor is made for IPS. If the reserved goods are processed with other objects not belonging to IPS, IPS acquires joint ownership of the new item in proportion to the value of the item (purchase price plus VAT) to the other processed items at the time of processing.
2. If the item provided by IPS is inseparably mixed with other items that do not belong to us, then IPS shall acquire co-ownership of the new item created in the ratio of the value of the reserved item (purchase price plus value-added tax) to the value of the other mixed items at the time of mixing. If the mixing is such that the object of the contractor is to be regarded as the main item, it is agreed that the contractor transfers co-ownership to IPS on a pro-rata basis and the contractor shall hold the sole ownership or co-ownership for IPS.
3. If the contractor is contractually obliged to produce tools, the tools become the property of IPS after successful completion of payment of the production costs. If the tools to produce parts remain with the contractor, the transfer of the tool is replaced by the fact that the contractor owns the tools for IPS and IPS obtains the indirect possession. The tools are left with the contractor by IPS only for production purposes. IPS is entitled to demand the tools from the contractor. Arrangements referred to in paragraph 4 shall also apply.
4. IPS reserves the ownership of the tools provided to contractor. The contractor is obliged to use the tools exclusively for the manufacture of goods ordered by IPS. The contractor is also required to insure the tools belonging to IPS at his own expense against fire, water damage and theft. At the same time the contractor assigns IPS now all claims for compensation under this insurance; IPS accepts the assignment. The contractor is obliged to promptly carry out any necessary service and inspection work and all maintenance and repair work on the tools of IPS at his own expense. He has to report any faults immediately to IPS; if he fails to do so culpably, claims for damages shall remain unaffected.
5. If the security rights to which IPS is entitled to pursuant to paragraph (1) and/or paragraph (2) exceed the purchase price of all reserved goods unpaid of IPS by more than 10%, IPS is obliged to the release of the security rights at its discretion upon the contractor's request.
6. All documents submitted by IPS remain the property of IPS. They may not be disclosed to third parties and are to be fully automatically returned to IPS after execution of the contract. Third parties are not special experts and sub-contractors appointed by the contractor, if they have undertaken to maintain confidentiality in the same way to the contractor. The contractor shall be liable for all damages arising to IPS from the violation of this obligation.

17. Confidentiality and Data Protection

1. The contractor's is obligated to full confidentiality of all information it receives in performing the contract. This does not apply to information that was already known to the Contractor upon receipt

or of which he has otherwise been made aware (eg from a third party without any confidentiality or through their own independent efforts).

2. The Contractor is required to comply with the legal provisions concerning data protection, including the written commitment of employees to § 5 BDSG. He also impose this obligation to all persons authorized by him with the execution of the contract.
3. Any confidentiality agreements concluded between the parties shall remain unaffected. The Supplier shall oblige its sub-suppliers or affiliated companies to maintain secrecy, at least in accordance with this provision.
4. At any time request of IPS, but at the latest upon termination of the contract, all documents originating from IPS (including copies and records made thereof) shall be promptly and completely surrendered to IPS or destroyed at the request of IPS. The Supplier has no rights of retention or liens with respect to the documents and information.

18. Publishing / advertising

Evaluation or disclosure of the existing IPS in publications or for promotional purposes is permitted only with the express prior written consent of IPS.

19. Miscellaneous

1. The place of performance is that specified by IPS. Place of payment is the headquarters of IPS.
2. Only the law of the Federal Republic of Germany with the exception of conflict of laws, or the United Nations Convention on Contracts for the International Sale of Goods (CISG) for the contract. The above agreements on para. 3 remain unaffected thereof. (5), so that the legal provisions listed there (para. 3 (5)) are valid in this context.
3. Changes / additions to the purchasing conditions, including changes in the written form, must be in writing.
4. If the contractor is an entrepreneur (§ 14 BGB), and/or merchant within the meaning of the Commercial Code, a legal entity under public law or public law special fund, it is agreed that only competent for disputes arising from the underlying contractual relationship for the seat of IPS court may be called, that has jurisdiction. In addition, IPS has the right to sue in the court that has jurisdiction for the domicile of the Contractor.
5. If any provision of these Terms is invalid or void or unenforceable, or objectively, the remaining provisions shall nevertheless remain effective. The parties agree that in the way of negotiating the

invalid, ineffective or unenforceable contract term objective is to be replaced by an agreement, which comes closest to the meaning.

6. IPS is committed to sustainability. This requirement also applies to IPS related products and services. The suppliers commit themselves and their sub-suppliers to manufacture their goods with the least amount of energy usage and to conduct themselves in an environmentally and socially responsible manner, especially with regard to natural resources. This applies to the complete supply chain, beginning with the selection of raw materials and extending to the energy efficient and environmentally responsible manufacturing and handling of the goods, their packaging and transport, their use and ultimate waste disposal.

B. Special conditions for plant, factory supply and service contracts 1. Field of application / deviations

1. These special conditions apply in addition to the general conditions of purchase of the HAUG GROUP companies in case of the presence of a factory, factory supply or service contract.
2. The receipt of the goods described in the general conditions will be replaced in the event of a work or works supply contract by the acceptance of the goods and in the case of a service contract through the provision of services.

2. Change in services

1. Contractor notifies IPS in writing immediately of any amendments / extensions of the scope of the contract, whose necessity becomes recognisable only upon contract execution. The amendments / extensions shall be effective only upon written consent IPS.
2. Change requests by IPS will be reviewed by the contractor within 10 working days for possible consequences and the notify IPS of the result in writing. In this case, impacts on the cost and the time and schedule are to be particularly pointed out. IPS decides to carry out the changes; the parties shall adapt the contract in writing accordingly.

3. Use of sub-contractors

1. The involvement of sub-contractors requires the prior written consent of IPS.
2. If the contractor uses sub-contractors without the prior written consent, IPS has the right to withdraw from the contract and/or claim damages.

4. Notice of concerns

The contractor is required to notify IPS objections to the proposed method of execution or against the performance of other business writing.

5. Exchange of personnel

1. IPS is entitled to claim substitution of the staff for good cause. This is especially true when doubts about the necessary experience and / or qualifications exist, or safety / environmental regulations are not observed. The contractor undertakes, in this case immediately to ensure qualified substitute. The agreed dates remain unaffected.
2. Substitution of personnel by the contractor is subject to the approval by IPS.

3. All costs associated with a change of personnel shall be borne by the supplier
4. A reasonable training period will be provided to the staff free of cost.

6. Entering the factory premises

1. Entry into the factory premises is to be registered in time.
2. The instructions of the professional staff of IPS are to be followed.

7. Acceptance

1. In the case of a work or works delivery contract IPS will accept the goods within a reasonable period.
2. The acceptance may also be denied due to minor defects.
3. Moreover, the statutory provisions shall apply.

C. Escape clause

1. Should one of the existing agreements be or become void or ineffective, the parties agree that the remaining provisions of these Terms and Conditions of Purchase nevertheless remain valid.

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