

General Terms and Conditions of Purchase of Ringfeder Power Transmission GmbH

Dated: 01-01-2017

0. General

- 0.1 These are the General Terms and Conditions of Purchase of **Ringfeder Power Transmission GmbH** (hereinafter referred to as RPT).
- 0.2 If – per instruction by RPT – an invoice shall be issued to another company within the RPT-Group, RPT has placed this order in the name of this company.
- 0.3 In these Terms and Conditions of Purchase „Contract“ means the contract which includes the contents constituting these conditions.
- 0.4 Amendments and/or supplements must be agreed in writing.

1. Delivery Terms

- 1.1 For deliveries, the terms of delivery stated in order forms, supply contracts or accompanying documents, must be applied. Amendments or supplements of the applicable delivery terms must be confirmed in writing to be valid. The Contracting Parties can agree in writing that certain contracts can be concluded via electronic data transmission.

2. Monitoring of Production

RPT and customers of RPT are entitled to visit the production facilities of the suppliers producing for RPT after prior notification and may perform tests and other required inspections.

3. Initial Samples

- 3.1 RPT receives initial samples in connection with new or modified products as well as in case of modifications of specific, model-related equipment. The handover of the initial samples is executed by the Supplier. RPT carries out necessary examinations of the samples.
- 3.2 If RPT is forced to carry out an additional examination due to defective initial samples, the Supplier bears the related costs.
- 3.3 After approval of the initial samples by RPT neither modification in functions, outwards appearances, features, materials, specific model-related equipment nor changes in manufacturing process and place of production are accepted without written content.
- 3.4 The approval of the initial samples by RPT is not affecting the liability and the contractual commitments of the Supplier nor his obligation to deliver according to the relevant delivery terms.

4. Quality

- 4.1 The Supplier is obliged to inform RPT immediately about discovered or suspected deficiencies of products sent to RPT.
- 4.2 Deliveries which include products not according to the specifications must be immediately reworked according to the preferences of RPT or replaced by the delivery of products free of faults.
- 4.3 If RPT is forced to conduct a general inspection of the delivered products after identifying products which are not conform to the specifications, the Supplier has to reimburse the costs for such an inspection to RPT.
- 4.4 In urgent cases RPT is entitled to rework products which are not conform to the specifications at the expense of the Supplier, after informing the Supplier and without having to wait for approval of the Supplier.
- 4.5 The Supplier reimburses RPT for the freight costs of products which are not conform to the specifications and in case the products must be sent back to the Supplier, also the return freight costs.
- 4.6 The Supplier is obliged to bear the additional freight costs for urgent deliveries caused by products which are not conform to the specifications.

5. Warranty

- 5.1 The Supplier guarantees in lieu of RPT, that the delivered products meet the functional requirements and that the products are manufactured in a correct and professional way, free from defects, conform to the agreed specification and suitable for the intended purpose.
- 5.2 Warranty expires 12 months after the delivery of the products to the end-user.
- 5.3 On markets where RPT has no warranty or liability for defects due to mandatory laws, the liability of the Supplier towards RPT, in addition to the clauses 5.1 and 5.2, is specified in a separate contract.
- 5.4 The temporal restriction of the Supplier's provided warranty does not apply, if after the expiry of the warranty period a significant increase in numbers of defective products is determined (whereby it is assumed, that the same type of defect also occurred during the warranty period), or in case defective products are found, which suggest a significant risk of injury.

6. Spare Parts

The Supplier is obliged to deliver spare parts at reasonable terms and to such extent, that RPT is able to provide their customers spare parts for a period of ten years after production of the corresponding series has been discontinued.

7. Delivery

- 7.1 Deliveries must comply with the orders, scheduling agreements as well as other delivery instructions of RPT.

- 7.2 Delivery accuracy must be 100% with regard to the time frame, delivery quantities have to comply with the confirmed and accepted orders.
- 7.3 The Supplier is liable for the payment of additional shipping costs caused by incomplete deliveries.
- 7.4 Excess delivery quantities can – unless ex ante specified and agreed through additional or less production quantities – be sent back to the Supplier at Supplier's costs. Alternatively, resulting warehouse charges can be invoiced to the supplier.
- 7.5 The Contracting Parties are obliged to immediately inform each other about any circumstances which might have an impact on deliveries.

8. Delivery Conditions

The delivery conditions must be interpreted according to the Incoterms[®] 2010. Subject to other agreed delivery terms, CIP (Carriage and Insurance Paid to) ex works delivery term applies.

9. Technical Modifications

RPT reserves the right to change specifications of ordered products. Subsequent amendments regarding prices and other terms must be agreed in writing in a separate contract.

10. Specific model-related Equipment

- 10.1 "Specific model-related equipment" means all tools, devices, fittings, moulds, models and other instruments which are specifically produced or customized for components ordered by RPT or provided by RPT.
- 10.2 The Supplier is obliged to compile a list of specific model-related equipment and to provide it to RPT.
- 10.3 Specific model-related equipment which is property of RPT must be labeled in such a way that it is clearly indicated as owned by RPT.
- 10.4 The Supplier has to take care, that model-related equipment is safely stored and ensured equal to the amount of the purchase value.
- 10.5 Specific model-related equipment must not be changed, copied, destroyed or scrapped without prior written agreement by RPT.
- 10.6 The Supplier is not entitled to use specific model-related equipment for the production on own behalf or for third parties without prior written agreement by RPT.
- 10.7 The supplier is obliged to maintain and if required to replace specific model-related equipment at his own costs. In those cases, where specific model-related equipment must be renewed, the Supplier is obliged to timely inform RPT about this circumstance. Subject to an ulterior agreement the Supplier has to bear the costs for such a renewal.

11. Confidentiality

- 11.1 All information, devices and technical documentation including electronically stored data and computer-generated geometries, the Supplier has gained access to in conjunction with this business relationship, have to be treated with confidentiality during the contract term and thereafter. The production of copies and training is permitted only in the course of the execution of the order and provided the copyright restrictions are respected. The setup of an archive of specifications/ drawings is expressly prohibited.
- 11.2 The Supplier may make information about this business relation in advertising publicly known, or use company trademarks or logos in any other way, only with the prior written approval by RPT.

12. Payment Terms

Payments shall be made according to the conditions agreed between the Contracting Parties.

13. Payment

- 13.1 The payment period commences with the day of receipt of the invoice by the invoice recipient indicated in the order, however, at earliest from the date of delivery. Condition for timely payment is, that invoices are properly addressed without reference to any contact person, and the complete order number is indicated.
- 13.2 The receipt of payment does not imply the approval of the delivery or the invoiced amount.

14. Intellectual Property Rights

- 14.1 If RPT implemented / participated in / paid for any engineering and design works in connection with the specified product, the industrial and intellectual property rights pass on to RPT unless otherwise stipulated in a separate contract.
- 14.2 If RPT is not the owner of the property rights of the products, the supplier has to ensure that these products do not infringe or violate any industrial or intellectual property rights of third parties. In such a case the supplier has to exempt RPT from all claims for damages and if possible replace this product by another which does not interfere with any property rights or as an alternative to obtain an appropriate license.
- 14.3 The Supplier commits, not to manufacture products exclusively ascertained for RPT, for own or third party purposes.

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15. Export Control

If it can be assumed, that products of the Supplier in their entirety or in part underlie the scope of national export- or control regulations, it is incumbent upon the Supplier to inform RPT about this circumstance and the implications of such regulations in writing. Also, the Supplier is obliged to keep RPT informed about any changes of export regulations regarding his products.

16. Consequences of Contract Infringements

- 16.1 If products are delivered too late or defective products are not promptly reworked, RPT is entitled to entirely or in part cancel the order and / or claim for damages. Damages can include compensation for additional costs in connection with production losses or delivery delays.
- 16.2 In the case of behaviors conflicting with these Terms and Conditions the Contracting Parties are entitled to compensation.
- 16.3 In case of insolvency of one of the Contracting Parties the other Party is entitled to immediately cancel the contract entirely or in part. Confirmed delivery contracts have to be fulfilled.

17. Limitation of Liability

At determination of the liability of the Supplier for damages, in the case of non-performance of the Contract and its terms, the nature and scope of the business relationship as well as financial capacities of the Supplier shall be considered. This limitation of liability does not refer to the liability of the Supplier in regard to the Product Liability Act.

18. Exemptions ("Impediments")

- 18.1 Neither Contracting Party shall be liable in the case of non-performance of the Contract and its terms if this situation ("Impediments") is caused by circumstances beyond the control of the Party and which the Party could not reasonably have foreseen. If such a non-performance is the result of an assignment of obligations to third parties, the Contracting Party is exempted from liability only if there was no impact of impediments concerning the third party in regard to the terms above.
- 18.2 In case the Contracting Party assigns parts of orders to subcontractors, the Party which placed the order must be informed, to have the possibility to carry out an inspection / audit.
- 18.3 If one of the Contracting Parties is aware of impediments which might interfere with the fulfillment of the obligations, this Party is obliged to provide this information to the other party without delay.
- 18.4 Each Party is obliged to take all reasonable efforts, the Contracting Party can demand in view of the impediment and which minimize its resulting effects as much as possible.
- 18.5 If an impediment continues for more than thirty days, the Parties are free to refuse the orders referring to these delayed or not arriving products, without thereby getting liable towards the respective other Contracting Party.

19. Environmental Requirements

- 19.1 The Supplier commits to comply with all applicable laws and legal regulations and to hold all required approvals for maintaining his business operations.
- 19.2 Products supplied to RPT must not include chemical substances that underlie restrictions according to German law.
- 19.3 Upon request, the Supplier has to present a declaration about the contents of the manufactured products and provide corresponding identification labels.
- 19.4 The Supplier is obliged to make reasonable efforts to minimize impacts on the environment by implementing environmental-friendly processes.
- 19.5 The Supplier has to take reasonable efforts to use environmental-friendly and reusable materials to reduce the share of materials detrimental to the environment to a minimum during the development and manufacturing of products.

20. Assignment of Rights

- 20.1 The Supplier may only assign his obligations arising out of this contract to subcontractors or contract processing after written approval by RPT.
- 20.2 If RPT approves to assign the production in its entirety or in part to a third party, the Supplier has to ensure that this company complies with the Terms and Conditions of this Contract in its essential parts. Such an agreement will not exempt the Supplier from its obligations arising out of the Contract or its terms.

21. Severability Clause

- 21.1 If any provision of these Terms and Conditions shall be found to be invalid by law, only this provision shall be considered invalid, whereas the other provisions keep their validity.
- 21.2 In such case the Contracting Parties shall agree on a new provision as replacement for the invalid provision, providing a similar or equal result in its construction.

22. Applicable Law

This Contract and its terms shall be governed by the law of the Federal Republic of Germany excluding the United Nations Convention on Contracts for the International Sales of Goods (CISG).

23. Arbitration

Any disputes arising out of or in connection with this Contract or its subject matter concerning the interpretation or application shall be settled by arbitration under the applicable German law. Place of jurisdiction shall be Gross-Umstadt, Germany.

24. Additional Agreement

For deliveries to and from the US the „Additional Agreement about Ordering and Shipping in and from the US“ is applicable.