

## Terms and Conditions of Sale and Delivery

### - General Terms and Conditions - of RITZFAHR GmbH in Efringen-Kirchen/Germany for legal transactions with firms, legal entities under public law and separate estates under public law

We, RITZFAHR GmbH, handle the orders given to us solely on the basis of the conditions of sale and delivery recorded below. These conditions also apply to all future transactions with you, our customers.

Our conditions are therefore binding, even if you yourselves display terms of business which differ from ours. Your conditions apply only if we confirm to you the differing terms of business in writing.

Fundamentally, it is deemed as agreed that the terms of business of both contractual parties become contractual components only when they agree with each other. If individual provisions contradict each other, then these do not become part of the contract. Instead of this, the legal provisions apply.

#### **1** Formation of the contract

Our offers are subject to change and are also subject to the correct and timely delivery by our suppliers, insofar as the offer does not explicitly state that the offer is binding. The drawings, samples, catalogs or other documents provided or otherwise conveyed to you in connection with the offers and/or other explanations within the scope of preparing for conclusion of the contract shall remain our property and are subject solely to our power of disposal of our copyright and/or patent right.

The contract is formed, after clarification of all technical and business stipulations, through the acceptance of your written order by means of our written order confirmation; this also applies if you place your order through our representatives. Our acceptance of your order can also take the form of our delivery of the goods you ordered. The declarations relating to the characteristics of the contracted products in the order confirmation, in catalogues, and/or other correspondence between us relating to the contracted product do not represent a guarantee in the sense of § 276 section 1 of the German Civil Code, unless we specifically informed you of this in our written order confirmation, and also stated which specifications and product characteristics we guarantee.

If we have manufactured and delivered the product in

the form of a special design specified by you – based on drawings, samples or other specific information – then you shall be responsible for ensuring that no third-party rights, in particular patents, utility models and other property rights and copyrights, are violated. You shall be obligated to release us from all third-party rights that could result from such a violation.

#### **2** Scope of our obligation

Our order confirmation containing the description of the service to be provided by us exclusively defines the scope of our obligation and the details of the qualities of our service.

This also applies if the service due by us is to be effected according to your specifications, in particular according to a drawing prepared by you. Unless special manufacturing specifications are provided in the drawing, we may manufacture the item in accordance with DIN or ISO standards or the applicable standards at the time that production begins.

Metal products (pressed, punched, drawn and turned parts) will be delivered in the quality and design in accordance with the DIN standard you require and within the tolerances required by the metalworking plants.

- Surface finishing – in particular nickel plating – of metal products does not make them one-hundred percent rust-proof, so that we can provide no guarantee in this regard.
- For plastic molded parts, we will implement delivery based on the purchase requisition in accordance with the released drawings (first samples) and the data sheets of our suppliers. For all standard items, the general technical data and information on the product overviews of our current catalog apply. Custom solutions always require mutual written approval.

When agreeing on the submission of samples with test reports, the standard procedures for the industry are agreed upon; the values in the samples will be stipulated as a contractual quality of the service to be provided by us only after your express written release for production.

You shall inform us of your decision whether to release the submitted sample without delay, no later than five (5) work days after receipt of the sample. We are permitted to begin production based on the sample after ten (10) work days in the event that we receive no further instructions from you by that time.

We always reserve the right to make technical modifications, as long as they are in conformity with technological progress or safety regulations and have been accepted by you after we have informed you of the intended modification and the reason. You expressly agree to treat as strictly confidential all production documents, drawings, samples and information from all orders submitted that we designate in writing as confidential and submit to you in connection with our working relationship. After fulfillment or termination of the contract, you shall return these documents without being asked. You are not permitted to retain copies of the documents.

The aforementioned documents may not be published or made available to third parties or service providers, contractors or sub-contractors not designated by us as authorized, without our express written permission. We assure that, to our current knowledge, all products manufactured by us are unencumbered by third-party copyrights. Upon learning of license or patent violations in this connection, you shall inform us without delay. We then reserve the right to further examine the matter and to decide whether to acknowledge the claim or oppose it.

Data required for processing of the contracts will be stored and backed up in electronic form in our computer system. This data will be treated in compliance with Section 33 of the Federal Data Protection Act and the Teleservice Data Protection Act.

### **3** Tools

If we manufacture tools and/or fixtures required for production in accordance with drawings and/or other plans which you submit to us, then we require that you pay a share of the tool manufacturing costs, of which we will notify you during the contract negotiations and for which we will invoice you as a lump sum after release of the tool. Your share of the tool costs is due upon release of the reference sample manufactured using the tool, however no later than the time of the first contractual delivery manufactured using this tool. We can amortise these partial costs means of a percentage of the net invoiced amount value of the outstanding portion of the

tooling costs, to be specified in writing in each individual case. An amortisation which is not fully used during the term of the contract does not result in a claim by you against us for compensation of the unredeemed amount of the amortisation.

We can invoice you for a reasonable amount for additional costs incurred for tool repairs in the event of wear or a change in dimensions, etc. This also applies to fixtures.

Irrespective of your share in the costs, we remain the owner of the tool, which we will use only for deliveries to you, unless you grant us written permission upon request to use the tool for other customers also, since the design concept of the tool is our intellectual property and the proportional costs do not cover the expenses for design, construction, manufacture, testing and maintenance.

Minimum quantities to be achieved for parts as specified in compliance with drawings using tools manufactured by us and the related acceptance of the costs for the maintenance intervals and repairs will be negotiated separately.

We shall undertake to retain the tools for three (3) years after the last delivery. If you notify us before expiration of this period that additional orders will be placed within a period of one further year, then we shall be obligated to retain the tools for the period specified by you. Otherwise we can dispose of the tools at our discretion. The tools which we retain for you will be insured within the framework of our business insurance and treated with the same diligence exercised in handling our own property. If, after achieving a particular quantity, the tolerances specified in the contract are no longer possible due to the service life of the tools, negotiations on the question of manufacturing a new tool or repairing the existing tool at your expense shall ensue.

### **4** Prices

Our prices in offers and order confirmations are stated in EUROS ex works and do not include statutory value-added tax or packing, shipping and transport insurance.

All prices stated in our offers apply for a period of four (4) months. All prices in our order confirmation apply for the stipulated period or a maximum of six (6) months. If after a period of six (6) months we ask a price that exceeds the contractual price by more than 5%, then you are entitled to withdraw from the contract.

Subsequent reduction of the order quantity and/or reduction of the stipulated release orders entitle us to appropriately increase the stipulated item prices and also the stipulated share in the tool costs.

Our prices are based on the current conventional calculation factors. If the calculation basis for release orders changes permanently, then we are entitled to adjust the stipulated item prices in accordance with these changes in costs at our reasonable discretion.

## **5** Payment

Our invoices are payable within ten (10) days of receipt with a 2 % discount or within thirty (30) days of the invoice date, on net terms only at our head office in Halver. In the event of late payment, we will charge you interest on arrears of 8 % above the applicable basic interest rate and an additional fee of € twenty (20.00) for each payment reminder.

We are under no obligation to accept bills of exchange or checks. They will be accepted only as payment and are valid as means of payment with discharging effect only after being cashed in. You shall bear discount charges and other costs related to payment means.

You may exercise the right of retention for counterclaims against our claims only if the counterclaims are undisputed or non-appealable.

## **6** Delivery deadline and delivery

The stated delivery period is to the best of our knowledge and without guarantee. Stipulated delivery periods begin with the date of our order confirmation, however not before clarification of all details of the order implementation. The delivery periods shall be deemed as fulfilled if the items due from us leave our plant within the stipulated period or are made available by us in the plant from which the delivery is made if you are in default of acceptance.

We are not in delay if the delivery is prevented by a circumstance beyond our control. We agree that circumstances beyond our control include force majeure, strikes and lockouts, accidents and other causes resulting in partial or complete discontinuation of work, such as shortage of materials, shortage of operating current, transport hindrances, disturbances in the power supply, operational disturbances of all types, also in the suppliers' ope-

rations. In all of these cases we are entitled to postpone the delivery to you by the duration of the hindrance. In all cases, however, we will notify you without delay of the start and expected end of such hindrances.

In the event that our delivery is delayed, you shall grant us in writing a suitable grace period of at least fifteen (15) work days, under warning of denial of delivery. After this period has expired without results, you can exercise the right of termination or make a claim for damages only for that part of the contract which has not yet been fulfilled. However, you cannot claim cessation of interest. If considerable deterioration of your assets occurs after conclusion of the contract or if such deterioration of assets becomes known only after conclusion of the contract, then we have the right to deny our services or to request advance payment or sufficient collateral security to prevent the purpose of the contract from being jeopardized. If you do not provide collateral security within a suitable period set by us, then we are entitled to withdraw from the contract and/or make a claim for damages.

Our deliveries are effected with the customary packaging (cardboard boxes, exchangeable Euro pallets, etc.) at your expense and at your risk.

If we use rented transport containers, you shall return them to us at no charge. We will not take back shipping and packaging material requested by you that is only recyclable. Our environmentally friendly packaging is fair-priced and complies with the applicable regulations of the current industrial waste ordinance.

Visible damage to packaging or the goods must be documented on the shipping documents immediately upon delivery. Hidden damage from transport must be reported to us within seven (7) days.

All deliveries are carried out in the customary manner. Excess or short deliveries of up to ten (10) % of the ordered quantity are permitted. Partial deliveries are regarded as a separate transaction. They will be invoiced separately and the invoices will be paid separately.

For contracts with consecutive execution, we shall be notified in due time of the type and date of the splitting. If there is a delay in calling and splitting, then we are entitled after an ineffectual grace period to split and deliver ourselves or to withdraw from the non-fulfilled part of the contract and to request compensation for the resulting loss. We will examine the items for delivery in spot checks at our plant for proper dimensions and material properties, in addition to surface defects and surface

cracks, insofar as they can be determined by a visual inspection. The costs for this customary inspection are included in the stipulated prices. Any additional inspections and the test methods to be applied (e.g. 100% inspection) require a separate agreement and must be specified exactly in the parts drawing, and in the order and order confirmation. Additional price components will also be determined for these inspections.

Release orders, unless otherwise agreed in writing, shall be accepted within six (6) months of the confirmation date, without our having to request acceptance or put you in default. Once this period has expired, we are entitled to invoice you for the goods or to cancel the order, at our option. Any termination on your part does not release you from the obligation to accept inventories kept in stock of finished and semi-finished goods, raw materials, assemblies and goods in production.

## **7** Packing, shipping, transfer of risk

Unless you specify otherwise, the dispatch type will remain at our discretion, with no responsibility on our part for the least expensive means of shipping. Upon leaving our plant, all costs and risks that are related to shipping shall be transferred to you, also if we carry out the shipping with our vehicles. The goods will be insured against damage from transport only if you expressly request that we do so. In this case we will charge you for the insurance premiums that we pay, but we will assume no responsibility for performance of the insurance.

If the goods are ready for shipping and the dispatch or acceptance is delayed for reasons beyond our control, then the risk is transferred to you upon receipt of notification of readiness for shipping.

## **8** Requirement to make complaint in respect of defect; guarantee and liability

With reference to the fact that none of our statements is a guarantee in accordance with Section 276, Par. 1 of the German Civil Code, we guarantee and assume the liability for our goods and services in accordance with the following supplementary stipulations to the statutory regulations:

You shall be obligated, immediately upon arrival at your location, to carefully examine random samples of the products we deliver to you – also if samples were sent previously – to ensure that they are complete and in pro-

per condition, also to include that the contractually guaranteed qualities are given. The delivery shall be deemed approved if you do not submit a written complaint within ten (10) work days after receipt, assuming that the delivered products are still in the condition at time of delivery. The defect must be described exactly.

If the defect cannot be detected in a regular inspection, then it must be reported to us in writing or by fax within seven (7) days after it is detected. However, you are obligated to examine the necessary material parameters for your planned processing requirements prior to using the materials for production. The materials must be separated from comparable products of other manufacturers, so that it can be determined with certainty that the goods claimed to be defective are in fact from our deliveries.

It shall be deemed as agreed upon that a shortfall due to defective items of up to one (1.0) % of the respective delivered quantity, however a minimum of up to two (2) items, is acceptable and does not constitute grounds for a complaint on your part. However, you are obligated to report damages from transport to the carrier or shipping agent immediately upon delivery and not to issue him a clean receipt. In this respect, the notification obligations of the General German Shipping Conditions (ADSp) also apply.

In the event of a justified complaint of a defect, we shall be obligated to subsequent performance or rectification or substitute delivery at our option. However, we are also entitled to credit you for the value of the rejected items. You can request rectifications or substitute delivery only if the defective items cause a shortfall below the minimum quantities specified in DIN 6903.

We shall bear the costs of eliminating the defects insofar as they have not increased by your relocating the goods delivered by us to another location than the delivery destination specified by you.

In the event that it may be expedient to carry out any reworking of defective products partially or wholly on your premises, you are entitled, after receiving our written permission, to perform this work yourself or have it performed by third parties and to charge us for the actual costs.

If the end buyer of the product in the delivery chain is a consumer, then you are entitled to withdraw from the contract – under the further provisions of Section 377 of the German Commercial Code – pursuant to the stipulations of Section 478 and 479 of the German Civil Code.

However, you are entitled to compensation for damages and expenses only in accordance with the following regulations on liability.

Regardless of the legal grounds, we shall be liable for all damages – including any claims for compensation – only in the event of

- intentional behavior,
- our own gross negligence, also gross negligence on the part of executive employees or executive bodies of our firm,
- negligent injury to life, limb or health of third parties,
- defects that we fraudulently conceal or the lack of which we have guaranteed,
- defects in our services, insofar as liability for personal injury or material damage to privately used objects is provided for by the product liability law.

In the event of negligent violation of essential contractual obligations, we shall also be liable for gross negligence on the part of non-executive employees and in the event of minor negligence. In the latter case, however, our liability is limited to typically foreseeable damage.

All of the above claims for guarantee, compensation for damages and compensation for expenses are limited to one (1) year after delivery of the contract items.

## 9 Reservation of title

Until all existing claims at the time of the delivery or later claims against you from additional agreements have been settled, we reserve unrestricted ownership of the delivered items.

The delivered goods shall remain our property until full payment of the stipulated purchase price and all claims associated with the entire business relationship, regardless of their type, including any claims from a current account relationship. You are entitled to sell the delivered items in normal business transactions. You are not allowed to make pledges or transfers of ownership. In the event that the items are sold on credit, you are likewise obligated to reserve ownership.

Processing of the reserved goods shall be effected in our behalf as the manufacturer pursuant to Section 950 of the German Civil Code. In the event of processing with reserved goods of other suppliers, the evaluation of the end product is effected in proportion of the invoice values of all suppliers including us pursuant to Section 947,

Par. 1 and Par. 2 of the BGB (German Civil Code). Subject to a condition precedent of the settlement of our claim, we hereby transfer the expectant right of our (co-)ownership to you. In the event of access to our reserved goods through pledging, confiscation or other power of disposal of third parties, you must make reference to our ownership of the goods and notify us without delay.

All of your claims from any sale against your customer are hereby assigned to us by way of security, in the event of processing for the purchase price of our goods, without requiring our later separate declaration. You shall be obligated to provide us with the necessary information on your customers and to submit the necessary documents for the assertion of our claims. You are entitled, until revoked, to include claims from reselling assigned to us, as long as you are not in default with your services to us. In the event of a delay in payment on your part, we shall be entitled to right of return of the reserved goods and also to collect receivables arising from the resale and further processing.

In the event of behavior in violation of the contract, in particular delay in payment, initiation of bankruptcy proceedings concerning your assets or in the event of discovery of comparable grounds, we shall be entitled, in addition to our right of return, to request assignment of your rights of surrender against the third-party purchaser. The return of the goods and the pledging of the reserved goods does not mean termination of the contract.

If the value of our security claims exceeds all secured claims by more than twenty percent (20%), at your written request we will separately release a corresponding portion of the securities, subject to our written agreement.

## 10 Place of performance, applicable law, extended reservation of title, and final provisions

The place of performance and competent court is Efringen-Kirchen. For all transactions, deliveries, and performances, these general terms of business apply exclusively, together with the Allgemeine Lieferbedingungen für Erzeugnisse der Elektroindustrie (General Conditions of Delivery for Products in the Electrical Industry) in their current version, and in conformance with the extended Bedingungen zur Softwareklausel und den Ergänzungsklauseln zum erweiterten Eigentumsvorbehalt des ZVEI (Conditions of the Software Clause and the supplementary Clauses on the Extended Reservation of Title of the Central Federation of Electrotechnology and Industry), in

their current version.

The law of the Federal Republic of Germany applies exclusively, with the exclusion of the UN Convention on Contracts for the International Sale of Goods.

You may not, without our express written permission, transfer, assign or pledge to third parties, in full or in part, rights from this contract or other existing or future contracts between us. Verbal supplements to the agreement apply only if they are confirmed by us in writing.

In the event of an invalid provision, the validity of the remaining provisions will remain unaffected. The invalid provision shall be replaced by a provision that most nearly fulfills the intended business purpose. This agreement supersedes all of our previous terms and conditions of delivery and payment.