

## TERMS and CONDITIONS OF PURCHASE - RIEDHAMMER GMBH

As at January 2017

### ARTICLE 1

#### SCOPE OF APPLICATION - DURATION - MODIFICATION - TERMINATION

These terms and conditions of purchase (the "Conditions") form an integral part of all contracts, the subject matter of which is the supply (a) of products which Riedhammer GmbH (the "Purchaser") commissions any supplier (the "Seller") to manufacture or process and/or (b) of other products indicated in purchase orders issued by the Purchaser to the Seller. Acceptance by the Seller of each order issued by the Purchaser shall be deemed made in accordance with these Conditions, unless otherwise agreed in writing by the Parties; it is nevertheless understood that in the event of any discrepancy between these Conditions and any clauses inserted in the order, the latter shall prevail.

In any event, any general conditions of the Seller shall not apply, even partially, unless specifically approved in writing by the Purchaser. These Conditions shall remain in effect for an indefinite period and the Purchaser reserves the right to modify them upon appropriate notice (i.e. 30 days in the first year of the supply relationship, 60 days in any possible second year and 90 days in any possible third year and thereafter), while the Seller shall retain the right to advise the Purchaser within the same period of its unwillingness to continue the relationship upon the new conditions; it being understood that in the absence of any such written communication, the modified conditions shall be deemed accepted.

It is also understood that in the case of orders made in the sphere of a continuous or periodic supply relationship, the Purchaser may withdraw from the relationship upon appropriate notice (as per the notice periods indicated above) to the Seller sent by registered post return receipt requested. The Seller may withdraw from the above-mentioned relationship upon notice to the Purchaser sent by registered post return receipt requested, which notice shall be given sufficiently in advance so as to enable the Purchaser to locate replacement suppliers and, in any event, said notice shall be of not less than 180 days. In case of termination, the Parties shall be obliged to complete any orders made prior to termination. The above terms are without prejudice to the parties' rights to terminate the relationship or any contract, with immediate effect, for a just cause.

Integral part of the terms and conditions of purchase is the Riedhammer GmbH **supplier code of conduct** . This is to be observed without exception by every Supplier ("Seller")

### ARTICLE 2

#### EFFECTIVE DATE OF EACH CONTRACT

Unless otherwise indicated by the Purchaser, each contract for supply made between the Purchaser and the Seller (the "Parties") shall enter into force with the date of the purchase order of the Purchaser.

### ARTICLE 3

#### DOCUMENTATION

The material/s that is/are the subject matter of the order shall be supplied complete with all technical documentation necessary for its operation and maintenance, as well as the required certificates, including the identification plate or tag. The following documents are an integral part of the supply: the certificate of compliance with the specifications, test sheets where required by contract, user/maintenance manuals, catalogue of spare parts to be supplied in two copies in German and in two copies in the language indicated in the order, wiring diagrams of the control panels with the list of component parts and functional diagrams, layouts, plans and views of the machines making up the supply with the dimensions of their positioning, drawings of the foundations and loads, with specifications as regards any possible works to be undertaken by the end user. If the documentation sent to the Purchaser should be found to be incomplete and in any event not in compliance with the above-mentioned instructions, payment of the relevant invoices shall only be made after receipt of all the documentation required. The application by the Seller of distinctive markings on the material/s that is/are the subject matter of the contract, and the dimensions of such markings, must be agreed upon by the Parties.

### ARTICLE 4

#### CARRYING OUT OF THE SUPPLY

The supply shall be made in compliance with the instructions indicated in the order, as well as any drawings, technical and/or contractual specifications and any other documentation that is an integral part thereof. Any possible variation of the terms stipulated shall only be valid if agreed in writing and subsequently confirmed in writing.

**ARTICLE 5**  
**CORRESPONDENCE**

The Purchaser may send its orders by fax or by e-mail, provided that the Seller has an e-mail address for such purpose.

All correspondence that the Parties send each other with regard to each contract must always refer to the relevant order number and must be sent to one of the addresses indicated in the heading of the order, including any possible e-mail address of each Party, without prejudice to the case in which these Conditions or the individual order require that communications between the Parties be made by registered post return receipt requested or other particular means.

**ARTICLE 6**  
**PACKING OF MATERIALS**

The Seller shall provide adequate packing and protection of the parts that are supplied so as to ensure an orderly check of loose parts and prevent damage to machined parts during transportation and during the subsequent acceptance phase at the Purchaser's plant or at the agreed place of destination. In any event, the Seller shall be solely liable for any damage to the material/s due to unsuitable packing or protection.

**ARTICLE 7**  
**TERMS AND PLACE OF DELIVERY**

Unless otherwise expressly specified in the order, delivery shall be made at the Purchaser's plant or at the place of destination reasonably indicated by the latter and up to the time of delivery of the products the Seller shall bear all transportation and insurance costs and any other expense or risk relating to loss or damage to the products that are the subject matter of the order.

In the event of delays in delivery for reasons attributable to the Seller, the Purchaser may request the following amounts by way of liquidated damages in respect of the delayed delivery :

- up to one week delay, no liquidated damages;

- for every additional week, 1% per week of the total price of the delivery, up to a maximum of 5%.

The Purchaser shall be entitled to terminate the contract after having set the Seller a final period of time within which to perform its obligations and the Seller having failed to perform its obligations within said period of time, without prejudice to all of the Purchaser's other rights, including the right to claim compensation for any further damages suffered. Notwithstanding the above, the Seller shall be entitled to prove that the Purchaser suffered no or a lesser amount of damages in relation to the delay in question.

The Purchaser is expressly authorised to deduct from the amounts invoiced any possible liquidated damages which the Seller is obliged to pay under terms of this Article.

**ARTICLE 8**  
**POSSIBLE REDUCTIONS AND CHANGES TO THE TECHNICAL SPECIFICATIONS**

The Seller also agrees to accept reductions in the quantity of goods which are the subject matter of the order, provided that they do not exceed 10% of the order and the Purchaser so requests in writing upon reasonable notice.

The Seller shall comply at all times with any changes to the technical specifications relating to the order submitted in writing by the Purchaser; such changes shall not cause the prices and other terms and conditions of the supply to vary, save in cases where (a) the changes are substantial and (b) the Seller requests a re-negotiation of the terms and conditions of the supply in writing within 7 (seven) days of receipt of the relevant request for changes by the Purchaser.

The delivery dates indicated in the order by the Purchaser, be it that the order has been expressly or tacitly accepted by the Seller, shall be deemed strict and essential, without prejudice however to the Purchaser's right to postpone delivery in the case of a just-in-time production and supply contract, on one or more occasions, for individual periods not exceeding 90 (ninety) days each and for an aggregate period not exceeding one year, provided that the Purchaser advises the Seller at least 15 (fifteen) working days prior to the delivery date, as originally provided or as subsequently extended by the Purchaser.

**ARTICLE 9**  
**SHIPMENT**

Shipments shall be made using the most suitable means.

Any costs relating to shipments shall in any case be subject to prior agreement and charged separately (it being understood that the Seller shall provide the Purchaser with the documentation evidencing said costs). If the name of the carrier and/or forwarding agent is indicated in the order and the Seller does not comply with those instructions, then any possible extra costs resulting from the non-compliance with said instructions shall be charged to the Seller. The Seller shall be obliged to draw up a packing list indicating the nature, gross weight, net weight, dimensions and contents of each package.

Every package shall be marked and labelled in a clearly visible way as follows :

Destination  
Purchase order no.  
Quantity  
No. of order  
Riedhammer product code

**ARTICLE 10**  
**SAFETY AND IDENTIFICATION OF SUPPLIES**

The machinery supplied shall comply with the essential safety requirements as set forth in Annex 1 of the EC Directive 2006/42/EG as well as the EC Directive 2004/108/EWG relating to machinery and subsequent applicable German and/or EU laws, according to the text in force at the time of the conclusion of the relevant supply contract. The supply shall be accompanied by the manufacturer's certificate of compliance containing the following elements: name and address of the manufacturer, description of the machine, identification of the signatory appointed by the manufacturer or its authorised representative established in the European Union, and the list of provisions with which the machine complies. Furthermore, if required by the Purchaser: the number of the EC certificate and the name and address of the notified body that issued the certification, as well as the reference to the harmonised standards and the national regulations and technical specifications applied. The machine shall be fitted with a plate, permanently fastened to the machine, which shall contain at least the following information: name of the manufacturer, designation of the series or type of machine and the serial number.

**ARTICLE 11**  
**INVOICING - DOCUMENTS FOR PAYMENT**

Invoices shall be addressed and sent in original and shall contain, in addition to the order number and supplier code assigned to the Seller, also the indication of the recipient of the goods.

Invoices shall be issued by the Seller with a date which is not earlier than the date of delivery to the Purchaser of the relating products.

Invoices shall be subject to the tax treatment in effect at the time of the transaction, or in any event to any particular treatment which may possibly be requested, under the Purchaser's responsibility, in each particular order.

In the case of materials to be delivered to third parties, a copy of the Transport Document signed by the carrier shall be sent to the Purchaser as evidence of delivery. For deliveries made freight prepaid, the copy shall be the one signed by the third party recipient.

**ARTICLE 12**  
**PAYMENT TERMS**

Unless otherwise agreed in writing by the Parties, payments will be made 60 days following the date of the relevant invoice by bank transfer to the current account of the Seller at the bank indicated by the latter. In case of non-performance by the Seller, the Purchaser reserves the right to temporarily suspend payment of the supply which is the subject matter of the claim.

The Parties further agree that in the event that payment of any particular invoice is made within 14 days following the date thereof, the Seller shall grant the Purchaser a discount equal to 3% of the total amount of the invoice; it being understood that any possible formalities to be adopted for the purposes of granting said discount shall be agreed between the Parties on a case by case basis.

**ARTICLE 13**  
**INSPECTION OF GOODS**

Checking the conditions and compliance with the specifications of the goods supplied can only be carried out by the Purchaser (directly or by means of a third party appointed for the purpose), also by sampling. Such checks shall take place according to the normal procedures of the Purchaser and may be carried out, at the Purchaser's discretion, at its premises or at the place of destination of the goods, should this be different.

In case of delivery freight prepaid, the quantity and weight recognised are those measured upon arrival at the Purchaser's premises or the agreed place of destination.

Save any possible different mandatory provisions of the law, the Purchaser may claim in respect of any possible non-compliance or defects in the goods supplied within 14 days of the effective discovery thereof by the Purchaser, according to the terms of § 377 of the German Commercial Code.

Any possible claims in respect of non-compliance or defects shall be deemed as accepted by the Seller if no objection is made within 15 days of receipt of the relating written communication from the Purchaser. Parts and goods which do not comply with the order and which, in the Purchaser's opinion, are not reparable, shall be returned to the Seller at the latter's expense. In the event of refusal of the goods, all costs relating to selection, packing, storage, loading and shipment shall be borne by the Seller; the Seller is also required to indicate the address and means to be used for the return of the goods.

**ARTICLE 14**  
**PRODUCTION CAPACITY**

If the machines and/or equipment to be supplied (except those manufactured according to the Purchaser's drawings) are intended for installation in a plant, the Seller guarantees that the machines and equipment, once installed and started, will achieve the production parameters provided in the order and necessary for the proper functioning of the plant; if the system does not achieve the required production parameters due to the machines and equipment supplied, and for this reason the Purchaser has to bear greater expenses or costs (such as but not limited to liquidated damages, supply free of charge technical and/or technological services etc.), such greater costs will be charged to the Seller up to a maximum amount equal to 15% of the value of the Seller's supply, by way of liquidated damages, in addition to compensation for any further damages suffered.

**ARTICLE 15**  
**GUARANTEE OF PROPER PERFORMANCE**

At the request of the Purchaser and by way of guarantee of proper performance of the supply, the Seller shall provide the Purchaser with a guarantee issued by a primary bank or insurance company acceptable to the Purchaser. The text of the guarantee shall be as per the text attached to the order or these Conditions. This guarantee shall be delivered to the Purchaser at the time of delivery of the supply and/or any advance payment and shall be returned within 30 days following the date of the test certificate.

**ARTICLE 16**  
**GUARANTEE OF SUPPLY**

The Seller guarantees that it has complied with the applicable regulations in Germany and in the country (as advised by the Purchaser to the Seller in advance) where the supply will be installed. The Seller guarantees that the supply was designed and constructed in compliance with the most modern criteria in terms of health and safety at work, the rules of good workmanship and the specifications requested, in order to prevent any foreseeable risk by means of:

- application of all the devices provided by the provisions of the law, by good workmanship and by the technical specifications;
- guards and safety devices that are reliable, rational and efficient and in any case applied using criteria that make it impossible to tamper with or deactivate them; unless otherwise agreed, such guards and safety devices are left, *inter alia*, in consideration of the specific qualities and knowledge of the Seller, to the latter's choice and responsibility.

The Seller also guarantees that the supply:

- has been designed and constructed so as to reduce the noise level according to the best technology in use; and
- in any case does not exceed a noise level of 80dB(A) Leq.

The Seller guarantees that the supply complies with the characteristics and specifications agreed upon and that the materials used are free from defects including hidden defects and that the goods were manufactured in the most workmanlike manner possible and in accordance with the most modern technologies. From the date of inspection as per Article 13 above or, where provided, from the date of testing at the premises of the end user, the guarantee shall run for a period of 24 months; the guarantee may not, in any case, exceed a period of 30 months running from the date of the supply of the goods to the Purchaser or end user. During the period of the guarantee, the Seller, at the request of the Purchaser, shall repair or replace, under its care and at its expense, all the parts of those products, machinery or components thereof, even if supplied by third parties, that are found to be unsuitable or defective, with the exclusion of parts subject to normal wear and tear. The Seller shall bear all costs in relation to the delivery to the Purchaser's factory of the parts to be replaced and shall bear all labour costs relating to repairs and replacements. The Seller shall repair or replace the defective parts in the shortest time possible, to be established on a case by case basis, and shall be entitled to request the Purchaser to return the parts replaced, without prejudice to the Purchaser's right to claim compensation for any further damages suffered.

It is understood that in case of ascertained defects in the products supplied by the Seller or in the case of lack of quality of the products, the Purchaser may refuse to pay or suspend payment of those products until such time as all defects have been eliminated, where this is possible within good time.

The foregoing does not prejudice the Purchaser's right to compensation for damages suffered and termination of the contract relating to the defective or non-complying products in respect of which the Purchaser has not requested the repair or replacement; furthermore the foregoing is without prejudice to all of the Purchaser's rights under the terms of the law in respect of defective goods or lack of quality, including the extra right to terminate all contracts with the Seller for similar products to the defective or non-complying products, where the defects, flaws or non-compliance are of such an extent as not to permit the continuation of the business relationship on the basis of mutual trust.

**ARTICLE 17**  
**FORCE MAJEURE**

The obligations of the Parties under each supply contract stipulated on the basis of these Conditions shall be deemed suspended in the event of an event of force majeure. For this purpose, events of force majeure shall mean events which are unforeseeable and beyond the control of the Parties, that prevent the fulfilment of the obligations of one or both Parties, such as, for example, but without limitation: earthquakes, lightning, floods, national strike of a category of workers, lockouts, government injunction, war, riots, embargoes, etc. The party intending to avail itself of the suspension shall inform the other party of its intention to do so in writing, within 15 days of the start of the event in question and also communicate the end of said event within 15 days thereof. The party prevented from fulfilling its obligations shall provide the other with the maximum co-operation so as to reduce the damaging consequences to the latter. If, however, the event should continue for longer than six months, then the Purchaser reserves the right to terminate the contract without anything being due to the Seller, and the Seller shall be obliged to return any amounts which may already have been paid.

**ARTICLE 18**  
**CONFIDENTIALITY OBLIGATION**

The Seller is obliged to observe the maximum confidentiality in relation to all information of a technical nature (such as, but not limited to, drawings, layouts, documentation, formulae, and correspondence) received by the Purchaser during the carrying out of the supply. None of such information may be disclosed to third parties, without the Purchaser's prior written consent. If the Seller should be asked by third parties not authorised by the Purchaser to produce supplies according to the Purchaser's technical specifications, the Seller shall not undertake such supplies and shall immediately provide the Purchaser with full and complete information in order to ascertain with the latter the lawfulness of the third party's order. All construction modifications which the Seller intends to make to the products that are the subject matter of the supply for the purposes of improving their technical and qualitative aspects must be previously agreed upon and authorised by the Purchaser.

**ARTICLE 19**  
**ENTIRE AGREEMENT – SEVERABILITY**

The purchase order, these Conditions and the clauses contained in the enclosures to the order and/or Conditions represent a complete agreement between the Parties and supersede any previous agreement as regards the subject matter of the supply.

If one or more provisions of these Conditions or of the individual contracts stipulated on the basis thereof shall be invalid, the Conditions and/or individual contracts shall in any event remain valid as a whole and the Parties shall replace, in good faith, any invalid or unenforceable provision with clauses having contents which are as similar or equivalent as possible.

**ARTICLE 20**  
**USE OF PATENTS**

The Seller, by signing this contract, specifically indemnifies and holds harmless the Purchaser and its clients from any claims, costs and expenses regarding any possible patents, or similar rights of third parties, that the Seller has deemed necessary and appropriate to use in the manufacture or processing of the materials and/or equipment and/or products ordered or that in any case may be involved in the manufacture or processing thereof.

**ARTICLE 21**  
**PERFORMANCE OF ASSEMBLY AND INSTALLATION**

The Seller is obliged to comply with and have its personnel comply with all health and safety regulations in force and/or in any event, imposed by the nature of the work. The Seller also assumes the obligation to make the necessary inspections in the places in which the work is carried out so as to ensure that the work is performed in a workmanlike manner and in full compliance with the accident prevention and safety regulations in effect, and any specific rules of the department which may be affixed at the workplace. The Seller declares that it is aware of the accident prevention and health and safety at work regulations and agrees to make itself aware and take note of the specific hazards existing in the workplace in which it will operate, and the applicable provisions in this regard, in particular:

- the specific safety rules and those of the particular department, and ensuring the application of said rules,
- any materials made available by the Purchaser for the purposes of carrying out temporary works.

Prior to commencing the individual works, the Seller undertakes to make itself aware and take note of the specific hazards existing in the workplace in which the workers for whom it is responsible will be required to work. The Seller shall be responsible for the constant supervision of the progress of the works and agrees to inform the Purchaser of the name of the person in charge of the works and/or worksite, in a written letter accepted by said person in charge.

The Seller is obliged to work only with personnel and employees and to provide us only with personnel who has been checked thoroughly by him, also in view of the legal provisions and regulations existing for Foreign Trade, in particular of the European Community and the United States, and who meets the respective requirements.

In any case the Seller is obliged to provide the Buyer only with such personnel or staff members who, after exclusion by such checking, do not have the same names and addresses as persons named in the sanctions lists which are made available in the Internet and serve the objective of combating terrorism (regarding Taliban, Al-Qaeda, Iran, etc.).

**ARTICLE 22**

**LIABILITY**

The Seller indemnifies and holds the Purchaser harmless from any liability for any work-related injury sustained by any of said workers, save in the case of any injuries caused by negligence on the part of the Purchaser or its employees, and also for any damages that, for reasons attributable to or due to the fault of said workers, may be caused to third parties.

In the event that, for proven organisational and functional reasons, the Seller uses equipment and systems of the Purchaser or others, the Purchaser shall have no liability of whatever nature in respect of any possible accident that may occur, except for injuries caused by wilful misconduct or culpable negligence on the part of the Purchaser.

**ARTICLE 23**

**INDEPENDENCE OF THE PARTIES - NO SUB-CONTRACTING**

The Seller has to implement the tasks and obligations assumed under each contract in an independent manner and under its own responsibility. The Seller and its employees and the Seller's assistants will not receive instructions from the Purchaser, save with regard to technical indications relating to the products as more particularly referred to in Article 4 above and/or any other indication which the Purchaser is entitled to give under the applicable law. In any event, the Purchaser shall not be entitled to take any disciplinary measures vis-à-vis the Seller's employees.

The Seller has to perform the contract by itself and/or its employees. Accordingly, under no circumstances shall the Seller entrust third parties, be it in whole or in part, with the performance of the supply without the Purchaser's prior express written authorization. Should the Seller fail to comply with said obligation, then the Purchaser may, at its sole discretion, cancel the supply and/or demand payment of all damages and expenses.

If the Purchaser authorises the Seller to sub-supply/sub-contract, the Seller shall in any event remain directly responsible vis-à-vis the Purchaser for the correct performance of the work, possibly jointly responsible with the sub-supplier, also in relation to any possible damages.

In any case, it is understood that the Purchaser shall be entitled to suspend performance of the supply should the Seller not have previously submitted to the Purchaser, for its approval, the means of manufacture or processing to be used by the sub-supplier with regard to the supply.

**ARTICLE 24**

**APPLICABLE LAW AND COMPETENT COURT**

This contract is governed by German law. Any possible dispute between the parties arising out of these Conditions shall be settled exclusively by the court which is competent for the place where the Purchaser has its registered offices. By way of partial exception to the foregoing, the Purchaser may, at its sole discretion, bring proceedings before any court having jurisdiction over the Seller in particular, but not limited to such cases, for recovery of its own property or compensation for damages. The Convention of the United Nations Organisation of 11-04-1980, which came into force on 01-01-1991, shall not be applied.