

General Conditions of Purchase

of the AEM-Anhaltische Elektromotorenwerk Dessau GmbH, Daheimstraße 18, 06842 Dessau-Roßlau, Germany
(Version August 2014)

1. Area of application

For all orders from AEM-Anhaltische Elektromotorenwerk Dessau GmbH (hereinafter "AEM") only the present conditions shall apply, unless expressly otherwise agreed in writing. Conditions of the Supplier stated in its Terms and Conditions or in order confirmations are hereby expressly excluded. The acceptance of order confirmations, services or supplies or payment for same implies no recognition of the Terms and Conditions of the Supplier.

2. Orders

- 1) Orders are binding only when issued in writing by AEM. Verbal agreements require written confirmation from AEM to become effective.
- 2) The Supplier must confirm the order in writing. The order confirmation must reflect all details of the order. Deviations from the orders can be considered approved only if they in turn are confirmed in writing by AEM.

3. Delivery deadlines, delay penalty, ancillary costs

- 1) The delivery times or dates listed in orders are binding. They are always to be understood as containing no extension.
- 2) Costs of transport including packaging, insurance and all other ancillary costs shall be borne by the Supplier, unless expressly otherwise agreed.
- 3) Estimated delivery delays must be communicated in writing to AEM, stating the reasons and the expected duration.
- 4) If the agreed delivery deadline is not met for reasons that the Supplier is responsible for, AEM is entitled to charge a delay penalty for each commenced week of delay of 0.5%, or up to a maximum of 5%, of the total sum. The unconditional acceptance of the delayed delivery/service does not constitute a waiver of the contractual penalty.
- 5) AEM is entitled to refuse to accept goods that have not been delivered by the delivery date specified in the purchase order and to send them back or to store them with third parties at the expense and risk of the Supplier.

4. Import and export regulations, customs

- 1) For deliveries of goods and services from an EU country outside Germany, the Supplier must indicate its EU sales tax identification number.
- 2) Imported goods must be delivered duty-paid. The Supplier shall issue at its own expense the declarations and information required under Regulation (EC) No. 1207 / 2001, permit inspections by the Customs authorities, and furnish the required official confirmations.

5. Quality, acceptance, and transfer of risk and ownership

- 1) For dimensions, weights and quantities of a delivery, the values determined during the inspection of incoming goods shall be deemed binding.
- 2) AEM reserves the right to inspect the goods immediately after receipt for obvious and visible defects and only then to accept them. In the event of an objection, the Supplier may be charged with the cost of the examination and the replacement. AEM shall immediately display any kind of defects as soon as they are discovered in the normal course of business. In this respect the Supplier shall waive any objection based on late notification of defects.
- 3) Regardless of the agreed pricing, on delivery without installation or assembly to the delivery address specified by AEM, and on delivery accompanied by installation or assembly with successful completion of acceptance by AEM, the risk shall pass on to AEM.
- 4) Ownership of the delivered goods passes to AEM upon payment. Any prolonged or extended reservation of proprietary rights is excluded.

6. Warranty for material and legal defects

- 1) Defective deliveries are to be replaced immediately by error-free delivery and defective services are to be repeated without errors. In the event of development or construction errors, AEM is entitled immediately to assert the rights provided for in paragraph 3.
- 2) A rectification of defective deliveries or services requires the consent of AEM. During the time in which the subject of the delivery or service is not in the possession of AEM, the Supplier shall bear the risk.
- 3) If the Supplier fails to eliminate the defect within a reasonable grace period that it has been given, AEM is free to withdraw from the contract or to reduce payment, at its discretion, and in addition to claim respective damages.
- 4) The limitation period for claims of AEM arising from material defects is 36 months from the transfer of risk; the limitation period for claims of AEM arising from defects of title is ten years from the passing of risk. For newly supplied/provided or repaired parts, the limitation period shall begin anew.
- 5) The remaining statutory rights of AEM remain hereby unaffected.

7. Safety and environmental protection

- 1) The supplies and services of the Supplier must comply with the statutory provisions, in particular the safety and environmental regulations, including the Regulation on Hazardous Substances, the ElektroG (Act Governing the Sale, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment), and the safety recommendations of the competent German professional bodies or trade associations, such as VDE, VDI, and DIN. Relevant certificates, approvals and proofs are to be supplied free of charge.

- 2) The Supplier shall be solely responsible for compliance with the accident prevention regulations during deliveries and the provision of services. The safety devices that are accordingly necessary, as well as any manufacturer's instructions, shall be supplied free of charge.

8. REACH / RoHS regulation

- 1) For all deliveries to AEM, all requirements resulting from the EU REACH regulation on chemicals (EC Regulation No. 1907/2006 of December 30, 2006) as amended – hereinafter referred to as the REACH regulation – must be complied with by the Supplier, in particular the registration of substances. AEM is not required to obtain an authorisation for a product supplied by the Supplier within the framework of the REACH regulation.
- 2) The Supplier guarantees to deliver no products that contain the substances referred to in
 - Appendices 1 to 9 of the REACH regulation in their up-to-date versions;
 - resolution 2006/507/EC of the Council of the EU of October 14, 2004 (Stockholm Convention on Persistent Organic Pollutants) in the respectively valid version;
 - the EC Regulation 1005/2009 on substances depleting the ozone layer in the respectively valid version
 - RoHS (2011/65/EC Restriction on Hazardous Substances) for products according to its scope of application.

Should the delivered goods contain substances listed on the so-called "Candidate List of Substances of Very High Concern" ("SVHC list") according to REACH, the Supplier shall communicate this immediately. The same applies if ongoing deliveries contain substances that were formerly not included in this list but have since been included. The current list can be found at http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp.

9. Payment terms

- 1) Invoices are to be created immediately following shipment of the goods, stating the order number and article number. The sales tax is to be reported separately.
- 2) Payment of the invoice is always subject to proper delivery, as well as correct pricing and calculations. Unless otherwise agreed, invoices are either to be settled by AEM within 14 days less 2% discount or within 30 days without deductions, at the discretion of AEM. The payment period begins to run only upon contractually agreed defect-free delivery.
- 3) The assignment to third parties of claims of the Supplier against AEM is excluded.

10. Provision of material, drawings, plans, data

- 1) Material supplied by AEM remains its property and is to be safeguarded by the Supplier free of charge and with the diligence of a prudent businessman separately from its other materials and marked as property of AEM. It may be used only to implement the order of AEM. Damage to the supplied material is to be compensated for by the Supplier.
- 2) If the Supplier processes or reshapes the supplied material, it shall do so on behalf of AEM. AEM shall become the direct owner of the new objects thus created. If the supplied material constitutes only a part of the new objects, AEM shall acquire co-ownership in the new goods in proportion to the value of the supplied material contained therein.
- 3) Drawings, designs, patterns, manufacturing requirements, in-house data, tools, facilities, etc., which AEM gives the Supplier for a tender proposal or to carry out an order, shall remain the property of AEM. They may not be used for other purposes, reproduced or made accessible to third parties and are to be safeguarded with the diligence of a prudent businessman and shall be returned promptly to AEM after conclusion of the contract.

11. Confidentiality

- 1) The Supplier shall keep confidential all non-obvious commercial and technical details that become known to it through the business relationship and not disclose them to any third party.
- 2) Manufacturing for third parties, exhibiting products made especially for AEM, particularly according to AEM's plans, drawings, or other special requirements, publications relating to orders and services, as well as any references to this order vis-à-vis third parties, requires the prior written consent of AEM.
- 3) AEM points out that it stores personal data related to its business relationship with the Supplier for the purpose of executing the contract in accordance with the data protection regulations.

12. Severability clause, applicable law, court of jurisdiction

- 1) Should individual clauses of these General Conditions of Purchase prove invalid in whole or in part, the validity of the remaining clauses or remaining sections of such clauses shall remain hereby unaffected.
- 2) German law shall apply exclusively under exclusion of the UN Convention on the International Sale of Goods (CISG).
- 3) Court of jurisdiction for all legal disputes is Dessau-Roßlau. AEM is also entitled to assert claims against the Supplier before another competent court.