

General conditions of purchase

These conditions govern the contractual relationship between companies, legal entities under public law and representing special assets under public law (hereinafter „Suppliers“) and Grass GmbH as well as all companies connected with it (hereinafter „Purchaser“).

1. Definition of terms

Where the text below stipulates agreements to be made in writing, this form shall include communication by telefax, email and teleprocessing.

2. General

Unless agreed to the contrary, the following conditions of purchase shall apply to all contracts exclusively. Any provisions that deviate from or exceed our conditions of purchase shall only apply inasmuch as we have stated this expressly in writing. This shall also apply in cases where opposing provisions are contained in the supplier's General Terms and Conditions and we do not expressly contradict these provisions.

These conditions of purchase apply also to future transactions between the Purchaser and the Supplier. Where these General Conditions of Purchase have been accepted once, any later orders, including verbal orders, shall be deemed to have been placed in accordance with our conditions of purchase, even where this has not been pointed out specifically.

All written documents concerning the order shall include our order number; otherwise, in case of doubt, they shall be deemed as not received.

3. Law, place of jurisdiction

The applicable law shall be the national law in force at the location of the Purchaser, excluding the UN Convention on Contracts for the International Sale of Goods. Any actions shall be brought to the relevant court of law in charge for the Purchaser's location. However, the Purchaser shall be free to bring any action at any other relevant court of law. Furthermore, the respective laws shall apply, such as the Civil and Commercial Codes, Company Act as well as the laws on product liability and copyright.

The occurrence of any disputes does not entitle the Supplier to withhold or cancel any supplies/services due.

4. Written communication

Orders and call-ups need to be made in writing. Verbal agreements shall only be valid in law when they have been confirmed in writing. Generally, the Purchaser expects and accepts unconditional order confirmations only in the form of signed or stamped copies of the order.

Objections against any of the order provisions will be accepted only in the form of a clearly modified copy of the order. If the Purchaser does not receive a written objection within 3 working days of the order date, the Purchaser will assume that the Supplier has accepted the order in full.

5. Prices

Unless explicitly agreed in writing any offers or quotations submitted to us are free of charge, irrespective of any preparatory work these may have required. We will pay no remuneration whatsoever for visits, preparation work or planning/design. Unless agreements are in place to the contrary, no charges may be made for samples. Prices are understood to include packaging, duty, insurance, delivery and unloading (DDP to the receiving destination in acc. with Incoterms 2010), and are fixed prices that cannot be increased for whatever reason. Packaging may only be charged for where this is separately mentioned in the order.

6. Quality assurance

With respect to manufacture, nature and usability, the delivered goods shall meet the generally recognised rules of technology (technical standards, regulations, procedures, conditions etc.). The Supplier shall operate a quality assurance system that is commensurate with the task of assuring the agreed quality in type and scope and reflects the latest state of technology and, on request, shall furnish proof of this system to the Purchaser.

All products supplied to the Purchaser by the Supplier shall comply with the RoHS directive of the European Union (Directive 2002/95/EC) on the restriction of the use of certain hazardous substances.

7. Shipping

Each consignment shall be accompanied by a delivery note stating in detail the Purchaser's order number, position number and item number, the number of the delivery note, as well as the gross and net weight. Without the appropriate delivery documents, the delivery is not accepted and/or further processed as fulfilling the contract but will be stored at the Supplier's risk and costs. Consignments shall be packaged appropriately and to suit the mode of transport and, in particular, shall meet our shipping regulations. Unless agreed to the contrary, the goods shall be delivered on Euro pallets. Each packaging unit shall be labelled, showing the content, quantity and Purchaser's item number. Any damage resulting from failure to comply with these instructions shall be borne by the Supplier.

Goods can only be accepted at certain times of day, which shall be ascertained from the respective Purchaser location.

8. Delivery

The Supplier shall ensure that the correct quantity of goods ordered by the Purchaser are delivered in time and without defects. The delivery dates or, if applicable, collection dates stated by the Purchaser are fixed dates; they are absolutely binding. Compliance with the delivery time or date shall be accomplished when the goods are available at the location/place of fulfilment stated by the Purchaser.

Early deliveries are only permitted upon written agreement by the Purchaser. In all other cases, the Purchaser shall be entitled to return or store the goods at a haulage company at the Supplier's risk and costs.

Where an early delivery has been accepted, this agreed delivery date shall be considered to be the actual delivery date. Should the Supplier fail to meet the delivery dates (with deliveries or services), he shall be in default without a separate notice having to be served in this respect. Therefore the Purchaser shall be entitled, at his discretion and without setting an extension of time, to request a replacement delivery, compensation due to non-fulfilment of contract or to withdraw from the contract. In order to be able to keep up the manufacturing process, the Purchaser shall be entitled to purchase goods to cover any shortfall; any resulting additional costs and ancillary costs shall be fully borne by the Supplier. These entitlements shall not be forfeited by the Purchaser if he accepts a late delivery. In addition, the Purchaser shall be entitled to request a penalty payment of 0.5% of the order value for each week of delayed delivery or part thereof; however, such payment shall not exceed 5% of the order value. The penalty payment shall be offset against any claims for compensation due to not meeting the delivery deadline. Should the Purchaser accept a late delivery or service without reservation, this does not constitute a relinquishment of the claims the Purchaser is entitled to due to late delivery or service. The Supplier shall be obliged to notify the Purchaser upon recognising that a delivery will be delayed or include goods of lesser quality. In recognised cases of force majeure, e.g. strike or lock-out, as well as production cuts or similar cases, the Purchaser reserves the right - without prejudice to his other rights - to withdraw fully or partially or to request the fulfilment at a later point in time, without this action entitling the Supplier to special legal claims, e.g. for compensation. Subject to evidence supplied to the contrary, for numbers of items, weights and measures the values established by the Purchaser during his goods inwards control shall be definitive. The acceptance of the goods is subject to the inspection of the goods for freedom of faults, correctness, completeness and suitability for purpose.

9. Place of fulfilment

The place of fulfilment is the receiving point specified in the order. The risk and costs of deliveries shall be borne by the Supplier.

10. Billing

After proper delivery (correctly supplied services), invoices shall be sent in duplicate to the invoice address stated in the order, stating the Purchaser's order number and in compliance with the applicable sales tax form requirements.

11. Payment

Unless agreed otherwise, payment shall be made, subject to an early payment discount of 3%, to a bank account that has been stated in writing, on the 25th day of the month following the receipt of the goods and invoice, or net within 90 days. The Purchaser shall have the right to choose the means of payment. Payment does not imply a recognition of the fault-free condition of the delivery (service) and hence a relinquishment of any rightful claims due to failure of performance regarding warranty or compensation. On-account payments retain their value in full proportion to the full value of the order.

12. Warranty

The legal provisions regarding factual as well as legal defects shall apply unless provided for hereunder differently.

The Supplier shall provide a full warranty for the delivery of the goods (or services) in accordance with the order and in compliance with all relevant legal standards, for 24 months from acceptance, irrespective of the provenance of the goods/ services or their components. This does not apply in cases where the law stipulates longer terms and in cases of injury to life, body and health as well as cases of gross negligence in observing duties, and malicious non-disclosure. Goods/ services are accepted by inspection at the place where they are used and/or upon the deployment of the goods (however no later than 6 months after taking possession). The warranty period does not start until this date. The Supplier shall renounce the right to object on the grounds of late notice of defect. The Purchaser shall be entitled to return defective goods at any time; this applies to the whole consignment even if only one sample of the consignment is defective. In the case of a claim under liability, the Purchaser has the right, notwithstanding any other recourses under the law, to request, at his discretion and even where the defect is insignificant or can be remedied, a replacement delivery, cancellation of the contract, making good the defect free of charge or an appropriate reduction in price or causing the defect to be remedied by others at the expense of the Supplier. Once such a defect has been remedied, the warranty period begins again. Where due to statutory regulations an extension of time is required, a maximum period of three weeks shall be considered appropriate. The Supplier shall, without having been asked, send, with the delivery to the Purchaser, any regulations for the storage and operation of the goods, in German language; and he will be liable for any damage resulting from the fact that these regulations were not available.

13. Product liability

Should a claim be made against the Purchaser on the basis of product liability, the Supplier shall indemnify him inasmuch as the damage was caused by the goods supplied by the Supplier. However, in the case of liability through no fault of one's own, this applies only where the Supplier is at fault. Inasmuch as the Supplier is responsible for the cause of the damage, he shall have the onus of providing proof.

In these cases the Supplier shall pay for all costs and expenses, including the costs of any litigation or replacement action. The Supplier undertakes to take out an appropriate extended employer's liability and product liability insurance with worldwide validity (including the USA and Canada) with an insurer licenced in the EU, which covers consequential loss as well as the cost of recalls.

In the case of a faulty delivery/service, the Supplier shall be liable for all costs incurred by the Purchaser for remedying the defect, such as costs for transport, sorting and rework.

14. Impossibility

Inasmuch as the delivery is not possible, the Purchaser shall be entitled to request compensation. This does not affect the Purchaser's right to withdraw from the contract. Where unpredictable events significantly change the commercial importance or the content of the consignment or have a significant effect on the Supplier's operation, the contract shall be adjusted appropriately under the principle of good faith.

15. Ownership

A Supplier's reservation of title requires an express and separate agreement in order to be effective. Any substances and materials provided by the Purchaser remain his property and may only be used in accordance with the intended purpose. The same applies to objects and information transferred in the context of the enquiry and order process. As custodian, the Supplier shall accept the risk of accidental perishing or loss of goods, deterioration and damage. Goods and services manufactured or provided on the basis of the above mentioned documents, objects and information may not be made available to third parties without

agreement by the Purchaser. Once the order has been completed or when an order has not been accepted, all documents, objects and information relating to this process have to be returned without prior request. They must not be made available to third parties. Where it has been agreed for the Purchaser to pay for the cost of tooling, printing, printing plates or similar, these become the property of the Purchaser immediately upon payment of the full costs, or part of the costs where this has been agreed. Unless arranged otherwise, they will remain loaned to the Supplier until he has fulfilled the contract. This also applies to tools, printing plates and similar items, the price of which has been included in the price of the ordered items, in accordance with the agreement. Such tools and devices shall be identified by the Supplier, free of charge, as the Purchaser's property and shall be kept in a fit and usable state and shall be returned, on request, after completing the contract. The Purchaser shall be entitled, at any time during the Supplier's business hours, to inspect these at the Supplier's premises.

Tools may not be used for other purposes than for completing our orders unless this has been approved by us in writing. We reserve the right to check the above points at the Supplier's and his subcontractors' production premises.

16. Confidentiality and customer protection

All work and information resulting from the initial stages and processing of our orders shall be treated as confidential business secret. The Supplier shall be liable for any damage resulting from a breach of this duty. It is not permitted to refer to the business relationships with the Purchaser except with the Purchaser's written approval. If in the context of our orders the Supplier gets to know the names and/ or addresses of customers, he shall keep these details confidential. For these customers the Supplier shall grant customer protection for up to 2 years after the delivery of the respective order.

It is not permitted, without our agreement, to sublet the order complete or in parts to subcontractors. Where contracts are sublet, the Purchaser shall be informed in writing. The above obligations shall be transferred to such subcontractors in full.

17. Patents, protection of patterns and designs, copyrights

In the case of any patent, design or copyright disputes arising from the supply of goods or services, the Supplier shall indemnify us against any claim or action and guarantee our unencumbered use of the supplied goods or services.

18. Transfer of title

All rights and entitlements, in particular of a business or copyright nature, resulting from ideas, proposals and work by the Supplier or a third party commissioned by him as part of the cooperation, shall be transferred to the Purchaser in full, without limitation as to space, time and content. We shall be entitled to transfer these rights and entitlements to third parties fully or in parts, at our discretion.

19. Final provisions

If a party to the contract ceases to make payments or his assets are subject to an application for insolvency proceedings or judicial court-supervised composition proceedings, the other party shall be entitled to withdraw from the contract for that part that has not yet been fulfilled.

20. Severability clause

Should a provision of these conditions of purchase and any further agreements be or become ineffective, the validity of the other conditions of purchase shall not be affected. The parties to the contract shall be obliged to replace the ineffective provision by another provision that is as close as possible to the commercial effect of the ineffective provision.

Höchst, dated 5 November 2014