

GENERAL TERMS AND CONDITIONS – PURCHASE –

(current status: April 2017)

The present Purchase Conditions shall apply to the entire course of business with the suppliers or other contractors (hereinafter collectively called "Supplier") even if not explicitly mentioned in subsequent agreements. They shall also apply if the supplier refers to his own general terms and conditions, especially when accepting the order or in the order confirmation, unless said general terms and conditions were expressly confirmed and approved by Haff & Schneider GmbH & Co. OHG (hereinafter called „Haff & Schneider“) in writing.

§ 1 Quote, Order and Conclusion of Contract

1. In his quote/s, the supplier shall strictly comply with the request for proposal by Haff & Schneider as regards kind, quantity and nature and point out explicitly to any potential deviation/s therefrom. All quotes shall be made free of charge.
2. An order by Haff & Schneider shall be deemed given only if made and submitted in writing by Haff & Schneider. In this sense, orders sent by fax or e-mail comply with the written form requirement. Oral orders or orders by phone shall only be considered binding for Haff & Schneider after Haff & Schneider will have subsequently confirmed them in writing.
3. Drawings including tolerance data specified by Haff & Schneider shall be binding and must be complied with without fail. The supplier shall solely conform with the documents made available for the order in question in the execution of the order, no matter whether changes have been made since the last order or not. The drawings submitted to the supplier do not fall under the update service of our company; for any damage resulting from the non-observance of this circumstance, the supplier shall be solely responsible. By accepting the order, the supplier acknowledges that by examining the plans available he is aware of the kind and scope of the performance. In the event of obvious errors, spelling and arithmetic mistakes in the documents, drawings and plans provided, the latter shall not be binding for Haff & Schneider. The supplier shall be obliged to inform Haff & Schneider about such errors for Haff & Schneider to have the opportunity to correct and renew the order. This shall also apply to missing documents or drawings.
4. As long as the supplier will not yet have fulfilled his obligations, Haff & Schneider may demand changes to the order as regards construction & design, type and delivery time within the bounds of what is reasonable. Thereby, effects (like e.g. additional or reduced costs, delivery dates) shall be agreed by mutual consent.
5. Each order shall be confirmed to Haff & Schneider by the supplier without delay, however, no later than 5 workdays upon receipt of the order stating the delivery date and the valid prices in writing. If the order confirmation is not received by Haff & Schneider within 10 workdays after the order has been received by the supplier, Haff & Schneider shall have the right of cancelling the order without reimbursement of costs.

§ 2 Delivery Dates

1. The delivery periods and dates specified by Haff & Schneider in the order shall be binding. The goods must arrive at the place of receipt specified by Haff & Schneider within the delivery period or at the delivery date

(max. 5 workdays early or 1 workday late). If delays are to be expected, the supplier shall inform Haff & Schneider about said delay immediately to obtain the decision of Haff & Schneider about maintaining the order.

2. Should the supplier be in default, Haff & Schneider shall have the right to demand payment of a contract penalty in the amount of 0.5% of the net order value per week or part thereof, however not exceeding 5% of the net order value. The penalty paid will be credited against a claim for damages. The right to demand payment of the agreed contract penalty shall not be forfeited by the circumstance that such right was not expressly reserved upon acceptance of the delayed delivery.
3. If the supplier does not render his due performance or does not do so according to contract, Haff & Schneider shall additionally be entitled to withdraw from the contract and/or to claim damages if the supplier is at fault provided that Haff & Schneider has unsuccessfully set the supplier a reasonable period of grace to provide the service. Further legal rights shall remain unaffected.
4. Haff & Schneider shall not be obliged to accept the delivery before the end of the delivery period.
5. Unless explicitly agreed otherwise, the supplier shall not be entitled to partial performance.

§ 3 Delivery and Packaging

1. Delivery shall be made to the place of receipt specified by Haff & Schneider pursuant to the agreement. If Haff & Schneider are obliged to bear the freight costs, the supplier shall select the type of transport specified by Haff & Schneider or the transport and delivery type the most favourable to Haff & Schneider.
2. The risk shall pass to Haff & Schneider not before acceptance by the place of receipt of Haff & Schneider.
3. Packaging shall be included in the price. If otherwise agreed as an exception, packaging shall be charged at cost. The supplier shall be obliged to select the packaging specified by Haff & Schneider in the order and to ensure that the packaging efficiently protects the goods from damage. Haff & Schneider shall be entitled to charge the costs for the recycling of non-reusable packaging to the supplier. In case of freight collect return of the packaging, Haff & Schneider shall be credited at least 2/3 of the calculated value.

§ 4 Documentation

1. Invoices, delivery notes and packing slips shall be enclosed with each shipment as a single copy. Those documents shall include:
 - Order number
 - Quantity and unit of quantity
 - Item name including item number
 - Remaining quantity in case of partial delivery
 - Required documentation (e.g. factory certificate, test reports. etc.)
 - Value added tax (VAT) identification no.
 - Specification of the account assignment on the invoice
2. In case of freight shipments, a separate dispatch note shall be submitted to Haff & Schneider on the day of shipment.

3. The supplier shall be obliged to submit a written declaration of the customs origin of the delivery items. Said declaration shall be passed on to Haff & Schneider upon the first delivery at the latest. The origin of newly adopted delivery items or a change in the origin shall be communicated to Haff & Schneider without delay and without being asked. The supplier shall be liable for all disadvantages suffered by Haff & Schneider due to the improper or belated submission of the declaration. As far as necessary, the supplier shall prove his information concerning the origin of the delivery items by way of an information sheet confirmed by a customs office.

§ 5 Prices

1. Unless otherwise agreed explicitly, the agreed prices shall be fixed prices provided that the supplier does not generally reduce his relevant prices. The agreed prices shall remain valid until new prices are negotiated. Any price increase by the supplier without prior agreement and approval by Haff & Schneider shall be invalid.
2. The supplier shall refrain from offering Haff & Schneider less favourable prices and conditions than other customers provided that said customers offer the supplier identical or equivalent prerequisites in the specific case.

§ 6 Invoice, Payment and Assignment

1. Separate invoices shall be issued for each order. Payment shall not be made but after the complete receipt of the delivery items free of defects or completely non-defective performance and following receipt of the invoice. The same shall apply to permitted partial delivery/performance. Time delays caused by incorrect or incomplete invoices or invoices issued too early shall not affect any discount periods.
2. The assignment of claims of the supplier against Haff & Schneider to third parties shall require the approval of Haff & Schneider. Payments shall only be made to the supplier.
3. Payments shall only be made by way of bank transfer, all bank fees shall be paid by the supplier.

§ 7 Liability for Defects

1. Haff & Schneider shall inspect the delivery items for any variation in quality and quantity within an appropriate period. Complaints must be received by the supplier in time within a period of 5 workdays from receipt of goods or, in case of hidden defects, starting from discovery of the defect. Payment shall not imply the acknowledgement of the item's freedom from defects. Haff & Schneider shall be entitled to the unrestricted legal claims for defects. Haff & Schneider shall in all cases be entitled to demand from the supplier removal of defects or delivery of a new conforming item at their own discretion. The right to claim damages, especially the right for damages in lieu of performance, is expressly reserved.
2. The limitation period shall amount to 24 months starting from commissioning the products at the user or a maximum of 36 months starting from delivery by the supplier. In case of imminent danger or urgency, Haff & Schneider shall have the right to remedy the defects themselves at the cost of the supplier. In case of hidden defects, Haff & Schneider reserve the right to additionally demand reimbursement of the costs incurred until the discovery of the defects. The return of rejected goods shall be at the cost and risk of the supplier.

§ 8 Product Liability and Recall

1. In the event that claims based on product liability be asserted against Haff & Schneider, the supplier shall be obliged to exempt Haff & Schneider from any such claims if and in so far as the damage was caused by a fault of defect of the contractual item delivered by the supplier. In cases of strict liability, this shall apply only in those cases where the supplier is at fault. If the cause of damage lies in the scope of responsibility of the supplier, the latter shall have the burden of proof. In such cases, the supplier shall bear all costs and expenses including the costs for potential litigation or recall actions. For the rest, the legal regulations shall apply.
2. After prior consultation with Haff & Schneider, the supplier shall mark the delivery items in a manner that they may permanently be identified as his products. Furthermore, he shall ensure that the manufacturer of the product components used by him/her may be retraced.
3. The supplier shall insure himself/herself against all risks from product liability including the recall risk to an adequate amount and to submit to Haff & Schneider the insurance policy for inspection upon request.
4. The supplier is aware of his information obligation in the frame of the effective EU regulations (chemicals legislation, REACH Regulation, etc.). He shall ensure that Haff & Schneider will be informed by him about substances and components which - due to lack of REACH conformity or other non-compliance with valid regulations - must be announced by him without being asked. The announcement shall be made by the supplier timely and so early that Haff & Schneider will definitely have ample scope for action in order to keep up their delivery capability. In the event of verifiable default, the supplier shall be responsible for and liable to pay damages in the frame of the established caselaw.

§ 9 Quality Assurance

The supplier shall carry out and maintain quality assurance of a suitable nature and scope complying with the latest state-of-the-art and to provide proof thereof upon request of Haff & Schneider. If new parts are manufactured, the supplier shall submit to Haff & Schneider an initial sample test report upon request.

§ 10 Order Documentation, Drawings and Models

1. Goods manufactured according to the specifications, drawings and models by Haff & Schneider may not be made available to third parties or be used or delivered for other purposes than specified in the contract without the prior written approval of Haff & Schneider.
2. The same shall apply to tools, designs, samples, profiles, standard sheets, artwork, gauges, devices or similar provided by Haff & Schneider to the supplier. They shall be protected against unauthorised access and use.
3. All drawings, sketches, models, etc. delivered for executing the order shall be returned to Haff & Schneider immediately after completing the order. They shall remain the property of Haff & Schneider.
4. Any reproduction of such items as mentioned in the sections above shall only be permissible within the framework of the operational requirements and copyright regulations. Subsuppliers shall be bound accordingly.
5. In the event of violating one of the said obligations, Haff & Schneider shall be entitled to claim possession of the items made available to the supplier and claim damages at any time.

§ 11 Provision of Material and Custody

1. The material provided by the supplier shall remain the property of Haff & Schneider. It must therefore be stored, labelled and managed separately from the supplier without charge. It may only be used for orders from Haff & Schneider. The supplier shall be fully liable for damages in case of loss due to negligence or intent.
2. Machining and processing of the material owned by Haff & Schneider shall be done for Haff & Schneider. Should this process result in property being created in favour of the supplier, such property shall at the same time be transferred to Haff & Schneider and the product thus created shall merely be taken in custody by the supplier on behalf of Haff & Schneider. If said material is processed together with external goods, Haff & Schneider shall be entitled to co-ownership in this product in proportion to the value of the processed goods at the point of time of processing. For the custody of the new or transformed item, clause 11.1 shall apply accordingly.
3. If enforcement measures threaten to be or have been brought against the supplier which also affect or may affect the material owned by Haff & Schneider, the supplier shall be obliged to point out to the enforcement authority the property of Haff & Schneider and to immediately inform Haff & Schneider about the executed or imminent enforcement measure at the same time.

§ 12 Freedom From Third-Party Rights and Property Rights

1. The supplier herewith assures that the product delivered by him are his sole property and are free from third-party rights.
2. The supplier shall guarantee that not patents or other third-party property rights are infringed by his delivery of goods and their use. He shall exempt Haff & Schneider and their customers from all claims arising out of the use of such property rights. This shall not apply if the supplier has produced the delivered items in accordance with drawing, models or equivalent descriptions or orders made available by Haff & Schneider and does not or cannot know that property rights may be violated thereby. Any claim for damages by Haff & Schneider in excess of this shall remain unaffected. The supplier shall name all property rights of which he is aware or becomes aware of and which he uses in connection with the items to be delivered or already delivered upon request of Haff & Schneider.

§ 13 Minimum Wage

Suppliers shall comply with the legal provisions of the German Minimum Wage Act (Mindestlohngesetz (MiLoG)) as amended, and shall especially pay his employees the legal minimum wage in a timely manner. The supplier shall exempt Haff & Schneider from all third-party rights (particularly from employees and social insurance agencies, financial authorities) which are due to the infringement of his obligations pursuant to the Minimum Wage Act (MiLoG). The same shall apply in the event of violations of the Minimum Wage Act (MiLoG) through subcontractors and/or lenders or their subcontractors and/or lenders. The indemnification obligation shall cover both civil liability and administrative fines imposed based on infringements of the Minimum Wage Act (MiLoG). In excess of this, the indemnification obligation shall apply with regard to claims of social insurance

agencies and financial authorities. Furthermore, the supplier shall exempt Haff & Schneider from all costs (especially court and lawyer fees) incurred in connection with violations of the Minimum Wage Act (MiLoG). Further claims for damages in our favour shall remain unaffected.

§ 14 Retention of Title

We object to all regulations and declarations on the retention of property by the supplier in excess of the regular retention of title.

§ 15 Force Majeure/Acts of God

War, civil war, environmental/natural disasters, export restrictions or trade restrictions due to a change in political conditions as well as strikes, lockout, operational disruptions, operational restrictions and similar events rendering the fulfilment of the contract impossible or unreasonable are regarded as force majeure and exempt Haff & Schneider from the obligation of due acceptance for the duration of the force majeure. The contractual partners shall be obliged to mutually inform each other about such circumstances and adjust their obligations to the changed conditions in good faith.

§ 16 Secrecy

1. The supplier shall undertake to treat the orders by Haff & Schneider and all related commercial and technical details in strict confidentiality.
2. The supplier shall refrain from advertising his business connection without the prior written approval of Haff & Schneider.

§ 17 Place of Performance and Place of Jurisdiction

1. The contractual relationship between the supplier and Haff & Schneider shall exclusively be subject to German law even if the supplier's registered office is located abroad unless otherwise agreed in writing.
2. If the supplier is merchant in the sense of the German commercial law, Nesselwang shall be place of performance for all obligations from the business relation.
3. Insofar as the supplier is merchant in the sense of the commercial code, legal entity under public law or special fund under public law, the court at the place of business of Haff & Schneider shall be the local place of jurisdiction for all disputes directly or indirectly arising out of the contractual relationship. This shall also apply for legal disputes relating to the effectiveness of the concluded contracts. Phrases 1 and 2 shall apply accordingly if the supplier's place of business is located abroad, or if the supplier moves his place of business or regular residence abroad or if his place of business or regular residence are unknown at the time the action is filed.

§ 18 General Regulations

Should one of these purchase provisions be or become ineffective, the effectiveness of the remaining provisions shall remain unaffected.