

## General Conditions of Purchase for Companies

Magnet-Schultz GmbH & Co. KG, D-87700 Memmingen

SVM Schultz Verwaltungs-GmbH & Co. KG, D-87700 Memmingen

Magnet-Werk GmbH, D-87700 Memmingen

State 2/2014

- 1. Scope:** Our conditions of purchase shall apply exclusively, besides the legal provisions shall apply. Differing sales conditions are non-binding for us, even if we do not object explicitly and in writing to them and/or accept the supplier's delivery without reservation also in awareness of other conditions of the supplier. Orders shall be handed over to third persons with our explicit consent only.

is liable to compensate us for the damages; we are furthermore entitled to withdraw from all concluded delivery contracts.
- 2. Quotation:** The supplier is obliged to accept our orders in writing stating our order number within two weeks from receipt of the order. If the supplier does not accept within the time limit, we are no longer bound to our purchase order.

We can request insignificant modifications of the delivery time regarding construction and design. The supplier is obliged to give notice in writing of eventual effects particularly as regards additional costs and delivery dates without further delay.
- 3. Use of manufacturing equipment and confidential information:** Drawings, tools, models, mouldings, samples, photographs, measurement equipment which we make available to the supplier shall remain our property and be returned to us without request as soon as they are no longer needed for the performance of the delivery; they shall not be made available or handed over to unauthorized third persons. The reproduction of such items is only allowed as part of the management requirements and copyright regulations. Eventual back-up supplies shall be also returned to us.

This also applies to our material, processing and production rules.
- 4. Confidentiality:** The contractual parties commit to treat all commercial and technical details which are not evident and that become known to them through this business relationship as business secrets. Sub-contractors and subsuppliers shall be committed accordingly.

The contractual parties may only use the business relationship for advertising purposes subject to a respective prior written consent.  
If the supplier breaches one of these obligations, he
- 5. The prices** are firm prices and apply free our factory and/or the respective stated delivery address including all extra charges as customs duties, packing and insurance. Any conditions differing from this shall be stipulated on the front side of our purchase order.

If no price is included in our order, this order shall be non-binding until an agreement on the amount of the price is reached. The prices do include the applicable value-added tax (VAT).
- 6. Invoices** shall be sent immediately upon delivery stating our order designation and our order number. The invoice shall meet the requirements stated in sec. 14 Value Added Tax Act and particularly indicate the date of shipment or performance.
- 7. Payment** will be made by us within 14 days subject to deduction of a 3% discount, within 30 days subject to deduction of a 2% discount or within 60 days without deduction. The discount period is calculated from delivery and invoice receipt on the one hand and from the submitting of the remittance order on the other hand. Any other terms of payment shall be expressly stated on the front of our order. In principle, cash on delivery shipments are not accepted.
- 8. Rights of offsetting and retention:** We are entitled to offset payments as well as to exercise a right of retention in accordance with the statutory provisions.
- 9. Risk assumption:** In opposition to sec. 447 BGB (German Civil Code) the risk of dispatch shall be borne by the supplier. The risk shall pass to us upon delivery at destination at the earliest.
- 10. Delivery dates and deadlines:** Agreed delivery dates and deadlines shall be binding even if they are not designated as „fix“. Decisive for an on time delivery is the receipt of the goods in our warehouse. Delay in performance shall be subject to the relevant

legal stipulations. If the supplier becomes aware of circumstances which may result in delayed performance he shall inform us immediately in writing.

**11. Data protection:** We are entitled to save and process all data on the supplier with respect to the business relationship or in connection with it, regardless where the data came from, in accordance with the German Data Protection Act.

**12. Notice of defect:** The purchaser shall check within 5 working days after receipt of products whether they match the quantity and type ordered, and whether there are externally visible transport damages or any externally visible faults. As far as the partners consider that further tests by the purchaser are advisable, these have to be agreed separately. The supplier waives the objection to delayed notification of defects.

Should the purchaser discover any defect or deficiency during the aforementioned tests, he shall notify the supplier thereof without further delay.

Should the purchaser discover any defect or deficiency later, he shall notify the supplier thereof also without further delay.

In case of complaints we are entitled to charge the inspection and replacement costs in addition to our legal and contractual claims to the supplier.

The purchaser shall not be obligated to further inspections or concerns towards the supplier other than those specified above. §377 HGB (German Commercial Code) is contracted out.

**13. Material defects:** The supplier guarantees that the delivered goods are made of the agreed material corresponding to the agreed specification of the order, that they are free of material, production or construction defects according to the technological state of the art at the time the order is placed, and that are free of defects that nullify or reduce the suitability for the usual or contractually agreed use.

In case of material defects we are entitled - in addition to the rights from the guarantee promise according to para. 1 - to the statutory rights according to sec. 434 ff BGB (German Civil Code). If DIN regulations are available or have been agreed for the subject matter of the contract, the supplier shall be liable for the respect of the DIN regulations. This also applies to technical specifications specified by the supplier as well as to notes and/or values mentioned in the certificate of compliance and namely for

the entire batch to which the certificate of compliance refers.

Our claims for material defects shall lapse 3 years after the complete delivery of the subject matter of the contract, but not before the expiry of the limitation period of our customer relating to warranty claims regarding the contractual object.

If, in case of deficiencies, we demand for subsequent performance by removal of the defect, in urgent cases this may be carried out by us or by third parties contracted by us at the expense of the supplier.

**14. Claims by third parties:** The supplier shall indemnify and hold us harmless from all claims of third parties which are due to a material defect or to another contract violation by the supplier.

The limitation period of our claims should expire six months after the date on which we have fulfilled the claims of our customer at the earliest.

**15. Liability:** The supplier shall indemnify and hold us harmless from all claims of third parties if any product liability claim is asserted against us due to defects for which the supplier is responsible. Within the scope of product liability the supplier is also committed to compensate us for all expenses arising from a possible product recall campaign. We shall inform the supplier about necessary recall campaigns without further delay.

The supplier commits himself to sign and maintain an appropriate operating and product liability insurance (including extended product and recall campaign coverage) and to provide us a proof of it on request.

Further claims for compensation shall remain unaffected.

**16. General Provisions:** The supplier is obliged to respect laws and provisions, including EC directives no. 2580/2001 and 881/2002. Should any provision of these conditions be or become invalid in part or in whole, the validity of the remainder of the contract is not affected.

The laws of the Federal Republic of Germany shall apply exclusively with the exception of the UN Sales Convention (CISG).

Place of jurisdiction is Memmingen. Each party can also be sued before the court of his town.