

## § I. General - Scope

1. Our Conditions of Purchase apply exclusively; conditions of the Seller which are inconsistent with our Conditions of Purchase or which deviate from our Conditions of Purchase shall be void and of no effect, unless we have specifically agreed to their validity in writing. Our Conditions of Purchase shall also apply, if we, with knowledge of the Seller's conditions which are inconsistent with or deviate from our Conditions of Purchase, unreservedly accept the delivery by the Seller.
2. All agreements reached between us and the Seller for the purpose of the performance of this Agreement are laid down in writing in this Agreement. Modifications or additions to this Agreement must be made in writing in order to be valid.
3. Our Conditions of Purchase shall only apply to commercial undertakings as defined in article 14 of the German Civil Code (Bürgerliches Gesetzbuch; hereinafter referred to as: BGB), legal persons under public law or special funds under public law.
4. Our Conditions of Purchase apply to all current and future business relationships with the Seller.

## § II. Offer Documents

1. The Supplier shall be under a duty to accept our order within a time limit of 2 weeks.
2. We retain the rights of ownership and copyright to diagrams, drawings, calculations and other documents; they must not be made accessible to third parties without our express consent in writing. They are to be used exclusively for manufacture on the basis of our order; they are to be returned to us without being requested after completion of the order. They are to be kept confidential from third parties; in this regard the provision of section 9 para. (4) shall also apply.

## § III. Prices – Payment terms

1. The price shown in the order is binding. In the absence of a written agreement to the contrary, the price shall include delivery, carriage free, including packaging. The return of packaging material needs to be agreed separately.
2. The statutory value-added tax is not included in the price.
3. In accordance with the stipulations in our order we can only process invoices if they quote the order number shown there; the Supplier shall be liable for all consequences arising from non-compliance with this obligation, to the extent that he fails to prove that he does not bear responsibility for such consequences.
4. Unless otherwise agreed in writing, we shall pay the purchase price either within 14 days, calculated from the date the goods and invoice are received, with 3% discount, or, net within 30 days of receipt of the invoice.
5. The insurance for transport is affected by m-tec.
6. We shall have the rights of set-off and retention as laid down by law.
7. The Supplier shall not, without consent, have the right to assign any claims against us to third parties.

## § IV. Delivery Period

1. The delivery period stated in the order shall be binding.
2. The Supplier shall be under a duty to notify us in writing without delay if circumstances occur, or become apparent to him, and, as a result of which, the specified delivery period deadline cannot be met.
3. We shall have the right to any claims laid down by law in the event there is a delay in delivery. In particular, we shall have the right, following the expiry of an appropriate time limit to no avail, to demand damages in lieu of performance together with repudiation. If we demand damages, the Supplier shall have the right to prove to us that the breach of duty is not due to any fault on his part.
4. Early deliveries or partial deliveries are only accepted with our prior written consent. Otherwise, we have the right to return the delivery on suppliers cost and risk. Even if we accept a delivery, we are not obliged to premature payment.

## § V. Passing of risk - Documents

1. Unless otherwise agreed in writing, delivery shall take place, carriage free, at our business address or at the delivery location stated by us.
2. The Supplier shall be under a duty to quote our exact PO number on all shipping papers and delivery

notes; if he fails to do so, we shall not be liable for any delays in processing.

3. The risk of accidental loss or deterioration shall pass to us on arrival of the delivery at our place in Neuenburg or from acceptance, where acceptance has been agreed or is legally required.

## **§ VI. Investigation of defects – Liability for defects**

1. We shall be under a duty to check the goods for any possible defects in quality or quantity within an appropriate time limit. The defect notice shall be deemed to be timely if it is reported to the Supplier within a period of 5 working days calculated from when the goods are received, or, in the case of hidden defects, when they are discovered.
2. We shall have the right in full to any claims laid down by law with regard to the defects; in any event we have the right to demand, at our discretion, either that the Supplier makes good the defects or that he delivers a new item. The right to damages, particularly to damages in lieu of performance, is expressly reserved.
3. We ourselves shall have the right to make good any defects at the expense of the Supplier if there is imminent danger or urgent necessity.
4. The period of limitation shall be 36 months calculated from the passing of risk.

## **§ VII. Product liability – Indemnity – Liability insurance cover**

1. If the supplier is responsible for a product damage he is obligated to exempt us from any third-party claims on first demand if the cause for this lies in the supplier's domain and he is liable himself in the outside affair.
2. Within the scope of his liability for cases of damage in the sense of paragraph (1) the supplier is also obligated to reimburse to us all expenses according to §§ 683, 670 German Civil Code as well as according to §§ 830, 840, 426 German Civil Code that are incurred by or in connection with the repair actions at the final customer initiated by us. We will inform the supplier – as far as possible and reasonable – about content and extent of the recall action to be carried out and will give him the opportunity to express his opinion. Other legal claims remain untouched.
3. The supplier shall undertake to carry extended product liability insurance with blanket coverage of EUR 10,000,000.00 (ten million Euros) per personal/property damage claim – as a lump sum. However, our claims shall not be limited to the amount insured.

## **§ VIII. Protection Rights**

1. The supplier warrants that his consignment and its utilization do not violate any rights of third parties.
2. The supplier shall be obligated to indemnify us on our first written demand against all claims that third parties assert against us. We are not entitled to make any agreements with the third parties, especially a settlement, without approval of the supplier.
3. The duty of exemption of the supplier refers to all expenses necessarily incurred by or in connection with the use by a third party.
4. The limitation period is ten years after the completion of contract.

## **§ IX. Retention of ownership – Providing – Tools – Secrecy**

1. Parts provided by m-tec to the supplier remain our property. The parts are processed and treated by the supplier for us. If in connection with goods of third parties rights of ownership continuing to exist for the latter, then we shall acquire co-ownership in proportion to the objective values of these goods (purchase price plus value added tax) at the time of processing.
2. If the item made available by m-tec is inseparably commingled with other items not belonging to us, we acquire joint ownership in the new corporeal thing in the proportion of the value of the item subject to reservation of ownership to the other commingled items at the time of commingling. If the commingling takes place in such a manner that the supplier's corporeal thing is considered to be the principal thing, it is deemed to be agreed that the supplier transfers proportionate joint ownership to us. The supplier holds the sole ownership or joint ownership in safe custody for us.
3. We reserve the ownership of tools provided by m-tec. The supplier shall be obligated to use the tools solely for producing the parts ordered by us. The supplier is obligated to insure the tools made available by us for

the original value on his own expenses against fire, water and theft damages. At the same time the supplier already now transfers us all compensation claims from this insurance. We herewith accept the transfer. The supplier must at his own expenses carry out care and maintenance for the tools provided. He has to inform us immediately about possible faults. If he omits this culpably claims for damages remain untouched.

4. We consider also films produced for the production of etching parts as tools.
5. Any photos, drawings, calculations and other documents and information made available by us shall be maintained in secrecy by the supplier. They may only be revealed to third parties with our explicit approval. This provision also extends beyond the duration of contractual relations. It ceases if the production knowledge contained in the photos, drawings, calculations and other documents made available has been made public.
6. To the extent our collateral rights as defined in sec. 1 and/or sec. 2 exceed the purchase price of all our conditional commodities not yet paid by more than 10%, we are, upon request by the supplier, obligated to release the collateral rights at our discretion.

### **§ X. Place of jurisdiction – Place of fulfillment**

1. In case the supplier is a registered merchant, the registered office of our firm is the place of jurisdiction. However, we are entitled to also sue the supplier at his place of residence.
2. Unless otherwise agreed in the order the registered office of our firm is the place of fulfillment.
3. The laws of the Federal Republic of Germany shall apply with the exception of the private international law and the UN Law on International Sales.