

**General Terms and Conditions of Purchase of KONVEKTA AG
February 2017**

1. General Provisions

The purchase conditions of KONVEKTA AG (hereinafter also referred to as Purchaser, Customer, or KONVEKTA) shall apply exclusively to all orders. These terms are deemed to have been accepted at the latest when the Supplier accepts/confirming the order. The Terms and Conditions shall thus also apply to all future business relations without a need for further acknowledgment/agreement. KONVEKTA hereby expressly rejects any counter-confirmation of the Supplier (supplier/contractor) under reference to its own terms of business.

Orders shall be placed in writing. Verbal agreements shall become components of the contract if they have been confirmed in writing in each case.

2. Delivery and Time of Delivery; Delivery Costs; Packaging

Only the delivery date stated on the purchase order by KONVEKTA AG shall be binding. Compliance with the delivery date or time limits shall be determined by the day of arrival of the goods at KONVEKTA AG, Schwalmstadt, or at the agreed place of delivery. The Supplier shall notify KONVEKTA AG in advance in writing if the delivery date cannot be complied with.

KONVEKTA AG expects an order confirmation via fax or email within 2 days from the date it has submitted the order. If the Supplier does not express a disagreement or send a rejection notice within 3 working days after KONVEKTA AG has submitted the order, the entire order shall be deemed to be bindingly accepted. This applies in particular to the delivery date specified in the order.

If the quality of the ordered product is not specified, the Supplier shall comply with the quality of the previous deliveries, where applicable, or at least with the statutory provisions and engineering standards that exist at the time of delivery.

Partial deliveries that deviate from the order only require the explicit consent of KONVEKTA AG if they increase its burden or costs, and cannot be deemed reasonably acceptable.

Orders with successive delivery agreements, in particular on the basis of framework supply agreements (referred to as framework contracts), shall require no separate confirmation of the Supplier. The binding acceptance periods set out in the framework agreement shall be deemed agreed, unless the Supplier objects in writing within the deadlines specified in the framework agreement. If no deadlines are set out in the framework agreement in this regard, the deadline for filing a written objection shall be the end of the business day following the delivery release.

KONVEKTA AG shall only bear the costs of any insurance if this has been previously agreed in writing.

In case of a prepaid return delivery, the Supplier shall take back boxes and other transport containers and accessories at its own expense. The Supplier shall bear all delivery costs, along with any costs of inner packaging. Carriage at the point of receipt shall be refunded (upon presentation of evidence) only if the freight forwarding was ordered by KONVEKTA AG.

The Supplier shall submit to KONVEKTA any separate legal, regulatory, or delivery-specific requirements and/or conditions in their current version along with the proposal (submitting a reference to any sources and/or other applicable documents is not sufficient). Failing this, KONVEKTA AG shall assume the goods can be used

without restrictions, and shall indemnify the Supplier from any relevant claims of third parties under public or civil law. The Supplier shall be committed to compensate KONVEKTA AG for any damages, except if it can prove that it was not at fault.

For all deliveries, the delivery note must state the KONVEKTA order number (for delivery releases, the DS no.), the KONVEKTA item number, and the delivery note number in the form of a barcode (code39, code128, or DataMatrix code). If information cannot be stated for technical reasons, the deliveries shall be marked with material tag(s) (acc. to the VDA Recommendation 4902). Samples of valid goods tags are available at www.KONVEKTA.com.

If a barcode or material tags are missing from the delivery note, KONVEKTA AG shall be entitled to refuse the goods. Notwithstanding the evidence of further damage, the Supplier shall pay KONVEKTA AG a lump sum of € 50 net per each incorrect delivery for administrative overhead.

The order or the receivables from a delivery cannot be transferred or assigned to third parties without the prior written consent of KONVEKTA.

Deviations are permitted only after prior written consent of KONVEKTA AG.

3. Warranty and Notice of Defects

The warranty period for deliveries and services shall begin with the delivery at the destination, or with the acceptance (depending on type of contract). The warranty period shall be 36 months unless otherwise agreed.

The supplier shall guarantee that the delivered goods conform to the engineering standards, regulations and guidelines of the authorities, professional associations and trade associations, as well as legal regulations that are applicable at the time of delivery. The Supplier shall use exclusively recognized brand name products, which shall be agreed in advance with KONVEKTA AG in case of doubt.

The Supplier shall guarantee that all delivered goods are pre-registered or registered under REACH. The Supplier shall be liable in particular for any health disorders that may result from the use of the goods, as well as for any consequential damages resulting from product defects.

The Supplier shall be liable for all consequences of a violation of copyright, patents, utility models, and other rights, in particular their protective regulations. The Supplier shall be responsible for the correct designation of quality and origin on the invoice. Moreover, the Supplier shall fit the required product descriptions directly on the goods, and on the packaging using supplementary sheets.

Notice of defects shall be deemed timely if made immediately after the defect has been discovered. KONVEKTA AG shall only be obliged to make a visual inspection of delivered goods. In case of bulk deliveries, this can be done by random sampling. The obligation to investigate according to Section 377 German Commercial Code shall be further ruled out, unless there are obvious or easily identifiable defects that can be detected when applying customary attention. The requirement to give notice of defects starts for KONVEKTA AG when the goods have been removed, used, or processed. If goods are transferred to an end customer, it shall start with the transfer; for functional components, when the system is assembled at the end customer. This also applies if the purchase price has already been paid, and/or an authorized representative of KONVEKTA AG has accepted the goods at the Supplier.

Payment of an invoice cannot be considered a waiver of a notice of defects or compensation claims.

4. Quality: Change to the Object of the Contract

The supplier shall provide its services applying and considering the provisions of the quality assurance agreement of KONVEKTA AG (in its current version). The valid version can be accessed under www.KONVEKTA.de.

The Supplier shall notify KONVEKTA AG in writing of any planned technical change of approved delivery items (planning, design, material selection, manufacturing, etc.) as soon as possible, but not later than 12 months before the planned change is due to be implemented.

Any technical change of delivered goods requires prior written initial sample approval and delivery consent by KONVEKTA AG.

The cost of each initial sample approval shall be borne by the Supplier. The above shall also apply to any change of sources for raw material and/or components, a change of the manufacturing site, and/or significant changes to the manufacturing process.

KONVEKTA AG may require changes to the design and implementation of contractual items, which are necessary for technical or legal reasons, within the scope of what is economically reasonable. The implications, in particular with regard to additional costs, price reduction, or delivery dates shall be agreed between the Parties by mutual agreement.

5. Industrial Property Rights

The Supplier shall guarantee that the delivery item does not violate domestic or foreign industrial property rights, either directly or indirectly. The Supplier shall commit to indemnify KONVEKTA AG from any claims by third parties for infringement of such rights. The Supplier shall be liable towards KONVEKTA AG for faults of subcontractors, manufacturers, and component suppliers in accordance with Section 278 German Civil Code (BGB).

6. Prices and Terms of Payment

The price stated in the order shall be binding.

Cash on delivery shall be ruled out. The following terms of payment shall apply, unless otherwise agreed in writing in individual cases:

Invoices can only be processed if they list the purchasing data and the information specified by the tax authorities, in accordance with the specifications in the order. The Supplier shall be liable for all consequences arising from failure to comply with this obligation. In particular, the discount periods set out below shall apply only from the time an adequate invoice is received.

KONVEKTA AG is entitled to 3% net cash discount within 14 days of receipt of the invoice. If the invoice does not meet the above requirements, the discount is valid for a period of 14 days of receipt of the correct invoice.

7. Substances in Products

The Supplier shall guarantee that it meets the requirements of the EU chemicals regulation REACH (Regulation (EC) No. 1907/2006 of 30.12.2006), hereinafter referred to as REACH, in its current version. In particular, it shall guarantee that the substances have been

registered. KONVEKTA AG has no obligation to obtain an authorization under REACH for goods delivered by the Supplier, following the delivery and/or at its own expense.

The Supplier further guarantees that it will not supply products containing materials specified in:

- Annexes 1 to 9 of the REACH Regulation in their current version;
- Council Decision 2006/507/EG (Stockholm Convention on Persistent Organic Pollutants in its current version);
- EC Regulation 1005/2009 on substances that deplete the ozone layer in its current version;
- the Global Automotive Declarable Substance List (GADSL) in its current version (under www.gadsl.org)
- RoHS Directive (2002/95/EC) for products according to its application scope

The Supplier is obliged to inform KONVEKTA AG immediately, should the delivered goods contain substances listed on the so-called "Candidate List of Substances of very High Concern" ("SVHC list") acc. to REACH. This also applies when this list is updated. The list in its current version is available at http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp.

Moreover, the products shall not contain asbestos, biocides, or radioactive material.

Should such materials be included in the delivered products, this shall be notified as soon as possible in writing before each delivery, stating the substance and the identification number (e.g. CAS) and a current safety data sheet of the product to be delivered. The delivery of these products requires a separate written approval by KONVEKTA AG.

The Supplier shall indemnify KONVEKTA AG from any liability related to non-compliance with the above regulations on the part of the Supplier, and shall compensate KONVEKTA AG - unless it can prove that it is not responsible - for any direct or indirect damage arising from failure to comply with the regulations. The Supplier shall be liable towards KONVEKTA AG for faults of subcontractors, manufacturers, and component suppliers in accordance with Section 278 German Civil Code (BGB).

If the Supplier/Contractor is located in a country outside the European Union, it must submit a declaration of conformity with the REACH directive as soon as possible prior to each delivery. If the Supplier does not submit the declaration, it shall indemnify KONVEKTA AG from all direct and indirect damages and consequential cost resulting therefrom, unless it can prove that it is not responsible. The Supplier shall be liable towards KONVEKTA AG for faults of subcontractors, manufacturers, and component suppliers in accordance with Section 278 German Civil Code (BGB).

8. Statement on Origin

If the Supplier's place of business and/or manufacturing site is within the European Union, the Supplier shall submit a declaration acc. to Articles 61-66 of the Implementing Regulation (EU) No. 2015/2447 in its current version (one-time or long-term declaration) based on the current regulations on preferential origin of goods. Furthermore, the Supplier shall state the non-preferential (commercial) origin in accordance with Art. 59 et seq. Regulation (EU) No.952 in its current version. The information shall be submitted together with the supplier declaration on preferential origin.

As a rule, KONVEKTA shall provide the Supplier with the following, along with the order or annually in case of ongoing business relations:

- a) a request to submit the supplier declaration, specifying the mandatory procedure; or
- b) a corresponding letter with the supplier declaration form.

The Supplier shall provide KONVEKTA with the signed supplier declaration within 4 weeks of receipt of the request/letter, but no later than upon delivery.

As a rule, any (long-term) supplier declaration shall be signed by hand. The persons responsible shall be named and their position in the company stated. Handwritten signature is not necessary in case of electronic documents. In this case, KONVEKTA must have received a written declaration of commitment, at the latest when the first declaration is submitted (see. Art. 63 Par. 3 DVO (EU) 2015/2447). The declaration of commitment shall be sent to KONVEKTA AG, current post code H513, 76725 Germersheim, Germany. The Supplier shall coordinate with KONVEKTA beforehand if it wants to use its own business documentation to create the supplier's declaration, or to submit the preferential/origin information electronically.

In this case, the Supplier undertakes to ensure that the wording of the submitted supplier declaration meets the legal requirements in the Implementing Regulation (EU) no. 2015/2447 in its current version. The supplier declaration must describe the delivered goods in detail, and it must state at least the KONVEKTA item number and name.

The Supplier shall notify KONVEKTA immediately if the information provided in a long-term supplier declaration is no longer valid.

The Supplier shall also notify KONVEKTA immediately, if it finds that declarations on the preferential and non-preferential origin of goods issued in the past (supplier declaration/long-term supplier declaration/movement certificate/invoice declaration) were wrong.

If the Supplier's place of business and/or manufacturing site is located in a country with which EU has concluded a free-trade agreement, it shall issue a preference certificate (movement certificate/declaration of origin on the invoice) for each delivery. The provisions of the free trade agreement must be observed.

9. Notification Requirements for Goods Subject to Export Controls

The Supplier shall commit to notify KONVEKTA if the goods provided (including software and technology) are listed on export control lists acc. to the German, EU, or US export control law, and the national export control law of the country of origin of goods (e.g. the United States Munitions List (USML), Annex I of EC Dual-use Regulation 428/2009, US Commerce Control list). The Supplier shall notify KONVEKTA if the goods provided are identified as "US goods" 1 for the purposes of US export control law (= items subject to the EAR, or subject to the ITAR). If the goods provided include US components, the Supplier is also obliged to notify the total value (customary purchase price or current market price) of the US components, as well as the applicable export control classification (ECCN XXXXX or EAR99), provided such information is available to the Supplier. In order to meet the above-mentioned notification requirements, the Supplier shall submit to KONVEKTA the relevant export list numbers (e.g. position on the German export list or in Annex I of the EC Dual Use Regulation 428/2009, Export Control Classification Number [ECCN], US, Munitions List [USML], etc.), and the value of the relevant US shares in the corresponding goods positions, stating the KONVEKTA part number (where available). Moreover, the Supplier

commits to notify KONVEKTA immediately of any changes of export control-related data of delivered goods.

10. General Customs Regulations

For cross-border sales of goods subject to customs duty, the delivery note or the invoice must list all customs-related information and payments according to the applicable Incoterm edition (e.g. place of delivery, freight and insurance costs).

Costs that are not directly related to the goods to be delivered shall be listed separately on the invoice (e.g. costs of installation and training in case of machine and system deliveries). In case of deliveries that are not based on sales (e.g. free deliveries, leasing, rentals, etc.), it is necessary to generate a pro forma invoice/customs invoice, indicating the customs value of goods. In case of free deliveries, the accompanying pro forma invoice/customs invoice shall state the reason (e.g. samples, prototypes, etc.)

Unless otherwise agreed, the Supplier shall be responsible for the correct export of the goods from its customs territory, including compliance with all related legal obligations as an exporter (exporter/exporter of record). Unless otherwise agreed, KONVEKTA shall be responsible for the correct import of the goods to the country of destination, including compliance with all related legal obligations as an importer (importer/importer of record). If the Supplier assumes customs obligations in connection with the import of goods to the country of destination, without being explicitly authorized by KONVEKTA to do so beforehand in writing, the Supplier shall bear all dues and costs related to the import, which KONVEKTA may incur (e.g. customs procedures with economic impact, customs warehouse, customs free zones, etc.)

The Supplier commits to submit along with the goods, or to provide upon request by KONVEKTA, all documents, certificates etc. that KONVEKTA needs for importing goods (statements/certificates for trade or non-preferential origin, declarations of conformity, etc.) If the Supplier delivers goods from a customs territory that has concluded a free trade agreement/preferential agreement with the country of destination, the Supplier shall provide KONVEKTA with the proof of origin/declaration of preferential origin for these goods as required by the respective FTA, providing its goods meet the corresponding value creation criteria (local content).

Benefits of customs procedures with economic impact, which the Supplier has implemented, shall be invoiced along with the sales price (e.g. benefits from inward processing).

11. Minimum Wage

The Supplier commits to pay its employees the statutory minimum wage. At the request of KONVEKTA AG, the Supplier shall demonstrate within 14 days that it meets this obligation during the entire contract period, and up to six months after the termination of the contractual relationship, by presenting relevant documentation (companies that fall under the scope of the minimum wage law of the Federal Republic of Germany shall submit documentation pursuant to Section 17 para.1 of the German Minimum Wage Law, clearance certificate from the relevant social insurance fund or leave fund, etc.)

The Supplier shall indemnify the Customer on first demand - unless it can prove that it is not responsible - from any third party claims (esp. employees of the contractor, subcontractors commissioned by the contractor and their employees, the Federal Employment Agency) in connection with the violation of the obligation to pay the statutory minimum wage. The Supplier shall be liable - unless it can prove that it is not responsible - towards KONVEKTA AG for any claims of third parties arising from the violation of the obligation to pay the statutory minimum wage by itself or by its subcontractors. The Supplier shall be liable towards KONVEKTA AG for faults of subcontractors,

manufacturers, and component suppliers in accordance with Section 278 German Civil Code (BGB).

KONVEKTA AG shall not acknowledge other conditions, except if it has expressly approved of their application in writing.

12. Delay in Delivery/Cancellation/Compensation for Damages

KONVEKTA AG, Schwalmstadt, February 2017

The Supplier commits to comply with the exact delivery date, as specified in the order of KONVEKTA. If the Supplier delays a delivery despite a reasonable grace period, KONVEKTA AG shall be entitled to cancel the contract, and to request compensation. In particular, KONVEKTA AG shall be entitled to request compensation instead of performance after a reasonable period has passed.

In case of delay in delivery, KONVEKTA AG shall be entitled to request flat-rate damages in the amount of 1% of the delivery value for each completed calendar week, not exceeding 10% of the order value; notwithstanding other claims. The Supplier shall be entitled to prove to KONVEKTA AG that no damage or a significantly smaller damage has been incurred due to the delay.

KONVEKTA AG shall have the right to withdraw in case payments are suspended, or the Supplier opens insolvency proceedings.

Statutory provisions, esp. with relation to the legal consequences of subjective or objective impossibility of performance, shall apply additionally.

13. Force Majeure

Any kind of interruption of operations (such as strikes, lockouts), unrest, official measures, and other unavoidable events that occur through no fault of KONVEKTA AG, release KONVEKTA AG - notwithstanding any other rights - from the obligation to accept ordered goods. In such a case, the Supplier is not entitled to demand compensation and/or make other claims.

Both Parties are required to immediately provide the necessary information, within reasonable limits, and to adjust their commitments in good faith according to the changed circumstances.

14. Applicable Law, Place of Performance, and Court of Jurisdiction

The place of performance and place of jurisdiction shall be Schwalmstadt. KONVEKTA AG further reserves the right to claim against the Supplier directly at its registered office/place of jurisdiction.

The contractual relations shall be exclusively governed by the substantive law of the Federal Republic of Germany, excluding the Hague Sales Convention and the Convention on the International Sale of Goods (CISG).

15. Severability Clause; Conflicting Clauses

If individual provisions of the contract, including any of the aforementioned provisions of these General Terms and Conditions of Purchase, are void, ineffective or unenforceable, the effectiveness of the remaining provisions and the underlying contract shall not be affected. The invalid clauses shall be replaced with the statutory regulations that most closely reflect the intent of the parties documented here.

The headings in these Conditions of Purchase are for convenience only. They do not define or limit the provisions of these Terms and Conditions, in particular with regards to the contents of each section.

An order confirmation with other conditions shall not override these Conditions of Purchase.