

# CONDITIONS OF PURCHASE



## 1. Conditions of delivery:

- 1.1 In the absence of individual agreements to the contrary, solely the following Conditions of Purchase, and the supplementary CCL Design Supplier Agreements, as stated in the respective valid and published versions, which also apply if they are not expressly stated in subsequent contracts, apply to our orders. We shall not acknowledge the Supplier's conditions to the contrary unless we had expressly approved their validity in writing. Our Conditions of Purchase also apply if we unconditionally accept the Supplier's delivery although we are aware of the Supplier's conditions of purchase that are contrary to or vary from our Conditions of Purchase. We are entitled, to render the supplier manual, CCL Design GmbH, the subject matter of the contract in conjunction with a secrecy agreement and in addition to our Conditions of Purchase.
- 1.2 All agreements entered into by us and the Supplier in respect of executing this contract are to be set out in writing in this contract.
- 1.3 Our Conditions of Purchase only apply to companies within the meaning of Section 310, sub-section 4, BGB.
- 1.4 Our Conditions of Purchase also apply to all future business transactions entered into with the Supplier.

## 2. Orders:

- 2.1 Our orders are only binding if they are set out in writing and have been signed. We are entitled to cancel our orders if they have not been accepted in writing within 2 weeks after they have been placed. Receipt of the declaration of acceptance at our premises is authoritative.
- 2.2 In individual cases the drawings we specify, including tolerance details, shall be binding. Upon accepting the order the Supplier acknowledges that it is aware of the type of designs and scope of performance by way of inspecting the existing plans. In the case of obvious errors, typographical errors in the documents and plans submitted by us, there shall be no liability on our part. The Supplier undertakes to inform us of such errors such that our order can be corrected and replaced. This also applies to lacking documents or drawings.
- 2.3 Amendments to and supplementary information about the order and assignment, in particular the subject matter of delivery, including variations in terms of quantity and quality, compared with the text and content of our order shall only be deemed agreed if we have expressly confirmed them in writing.
- 2.4.1. We reserve ownership rights and copyrights to drawings, tools, samples, models, brands, material and building requirements and designs or the like as well as finished products and semi-finished products that we surrender or which are manufactured on our behalf. They may not be made available to third parties without our express, written, approval. Likewise, any kind of copies may only be made, and/or forwarded to third parties, following our written approval.
- 2.4.2. Subject to individual agreements to the contrary, the items, documents and products stated above in 2.4.1 are to be returned to us, without request, immediately once the order is processed. Products manufactured using these may only be delivered or surrendered to third parties or used on behalf of such parties following our express, written, approval. The Supplier does not have a right of retention.
- 2.4.3. If the Supplier violates the above-mentioned agreements in Item 2.4.1. to 2.4.2. it shall in any each individual case incur a conventional penalty of € 10,000.00. We reserve the right to assert claims for further-reaching damage. The Supplier is entitled to furnish proof that no or considerably less damage occurred as result of the contractual violation.

## 3. Delivery dates/default in delivery:

- 3.1 Delivery dates are binding and in the absence of agreements to the contrary apply to receipt at the incoming goods department/offloading point. The Supplier undertakes to inform us in writing without delay if circumstances occur or it identifies circumstances that give rise to the fact that the stipulated delivery time cannot be met.
- 3.2 In the event of default in delivery, we shall be entitled, following expiry in vain of a period of reasonable length, to request claims for damages instead of the performance, and withdraw from the contract. Following expiry of the period we shall be entitled to demand that the Supplier pay a conventional penalty of 0.5 % of the net order value for each week that commences in which the default in delivery applies, at most 0.5 % of the net value or the delivery. The paid conventional penalty shall be counted towards a further-reaching claim for damages. In the event that a conventional penalty is incurred, and a claim for damages is asserted, the Supplier shall be entitled to furnish proof that it is not responsible for the violation of an obligation.
- 3.3 We are not under obligation to accept prior to expiry of the delivery date.

## 4. Delivery/packaging /passing of risk:

- 4.1 Each consignment is to contain a delivery note stating the
- Order number
  - Product description
  - Batch number/lot number
  - Manufacturing date/use by date (where applicable)
  - Labelling specified by law
- Sample deliveries are to be labelled clearly and such that they can be easily read in addition to the above details.
- If the delivery note is incomplete, processing delays shall not be our responsibility.***
- 4.2 In the absence of agreements to the contrary, deliveries shall be freight-free using appropriate packaging and forwarded to the receiving point stated by us. Insofar as we bear the transport costs, our shipping instruction are to be followed.
- 4.3 Risk shall pass to us following delivery of the goods to the agreed goods receiving department/offloading point. This also applied if we are to carry the freight costs on the basis of a separate agreement.

## 5. Payment:

- 5.1 The price stated in the order is binding. The price includes the statutory value added tax. In the absence of a written agreement to the contrary, the price includes delivery "free domicile", and includes packaging. The return of the packaging shall be subject to a separate agreement.
- 5.2 In the absence of agreements to the contrary, payment is to be effected following receipt at our receiving point on the 20th day by way of deduction of a 2% trade discount, or on the 60th day without deductions. Merely the weight specified at the goods receiving department/offloading point or the specified quantity are authoritative in respect of the calculation and payment. In the case of a faulty delivery we shall be entitled to retain payment proportionate to the value until payment has been properly honoured.
- 5.3 The day of receipt of the invoice, and not the invoice, date, is authoritative for the payment date. Sending the funds is authoritative for making payment in good time.
- 5.4 We can only process invoices if - in accordance with the requirements set out in our order - state the order number stated therein. The supplier is responsible for all consequences as a result of failing to honour this obligation insofar as the supplier does not furnish proof that it is not responsible in that respect.
- 5.5 The supplier is not entitled without our prior, written, approval, which we may not unfairly refuse, to assign to third parties its claims against us or arrange for such claims to be collected by third parties.
- 5.6 We are entitled to exercise setting off and retention rights as specified by law.

## 6. Quality:

- 6.1 The supplier is to ensure that its deliveries comply with the acknowledged engineering standards, security and other requirements, the agreed technical data (including DIN NORM) and the warranted characteristics.
- 6.2 If the type and scope of the tests and testing equipment and methods have not been firmly agreed by the suppliers and us, we shall, at the supplier's request, be willing to discuss the testing with the supplier as part of our know-how, experience and options to determine the respective required status of the testing system. Furthermore, on request we shall inform the supplier of the pertinent safety requirements.

## 7. Notification of defects:

- 7.1 We undertake to check the goods following receipt within a reasonable period in respect of variations in terms of quality and quantity. We are not under obligation to make checks that require removing packaging, separating individual parts of containers, using chemical or physical testing methods or process a sample. Insofar identified defects are deemed hidden defects.
- 7.2 We are to inform the supplier in writing within one week of defects as soon as they are identified in accordance with situation involving ordinary business activities. Insofar the supplier waives objecting to delayed notification of defects.

# CONDITIONS OF PURCHASE



7.3 We are entitled to conduct product audits to convince ourselves that the products earmarked for delivery - where applicable including the supplier's bought in parts - meet our requirements.

## 8. Warranty:

- 8.1 The period of limitation is 24 months calculated from the passing of risk.
- 8.2 We are entitled to assert statutory claims for defects without restrictions. In any case we are entitled to request, at our discretion, that the supplier rectify the defect or supply a new item. In such a case we shall be entitled to return the faulty goods at the supplier's cost and risk or waive replacement by way of the return debit of the invoice value of the goods. We expressly reserve the right to claim for damages, in particular, we are entitled to claim for damages in the place of performance.
- 8.3 We are entitled, at the supplier's cost, to rectify the defect or procure replacement, or arrange for a third party to carry out such tasks, if this is acceptable for the supplier, or in the event of imminent danger or in cases that are particularly urgent.
- 8.4 In the event of the delivery of machines, the supplier guarantees, in particular, that the delivered items comply with the law on technical equipment, that they correspond with the engineering standards (e.g. accident prevention requirements) and meet all additional pertinent requirements. The supplier is also responsible for ensuring that the statutory provisions are adhered to in the case of delivery and assembly. The seller is to arrange for the items that are to be delivered to be accepted by a recognised testing station, and submit the test certificate.
- 8.5 If the supplier has submitted samples upon entering into the contract, and we have tested and accepted such samples, the supplier undertakes to provide all deliveries and partial deliveries in the same quality and composition. The supplier expressly assures that all partial deliveries have the characteristics of the samples.

## 9. Product liability:

- 9.1 Insofar as the supplier is responsible for product damage, the supplier undertakes to render us exempt at the first request from third-party claims for damages insofar as the cause is within its area of control and organisation and it is liable in respect of dealings with outside parties.
- 9.2 The supplier undertakes to carefully document the materials and production processes it uses, to store these for 15 years and in the event of a claim resulting from product liability to make these available to us.
- 9.3 As part of its liability for cases of damage within the meaning of the above sub-section 9.1., the supplier also undertakes to reimburse expenses in accordance with Sections 683 and 670, BGB that may apply in accordance with Sections 830, 840 and 426 BGB, in particular insofar as these result from or in conjunction with a call-back campaign implemented by us. We shall inform the supplier - where possible and acceptable - of the content and scope of the call-back campaigns that are to be carried out, and give the supplier the opportunity to comment. This does not affect other statutory claims.
- 9.4 The supplier undertakes to maintain a product liability insurance policy with an amount covered of € 10,000,000.00 for each case of personal damage/material damage - on a flat-rate basis. This does not affect further-reaching claims to which we may be entitled.

## 10. Work at our plant:

Persons who gain access to our plant areas to execute a delivery contract submit to the provisions of our works rules. In the case of accidents of damage, our liability shall be limited to a culpable threat to life and limb.

## 11. Industrial proprietary rights:

- 11.1. The supplier guarantees that the use or resale of the ordered goods does not constitute any violation of third-party industrial proprietary rights (patents, utility models, brands or licensing right, etc.) in the area of the Federal Republic of Germany and the EU.
- 11.2. If a third party brings an action against us because of such a violation, the supplier is to render us exempt from such claims at the first request. In addition, we shall be entitled to withdraw from the contract at any time.

11.3. The supplier's obligation to render us exempt applies to all expenses that we are forced to incur as a result of or in conjunction with the claim brought against us by a third party. This applies, in particular, to all applicable court and out-of-court costs and expenses in conjunction with legal proceedings regarding the infringement of an industrial proprietary right. In such a case the supplier is to provide a security in the sum of the full, proven, pending damage.

11.4. The period of limitation is 10 months calculated from the conclusion of contract.

11.5. The supplier is not liable if and insofar an industrial proprietary right violation is based on details we made for the characteristics or the manufacturing process of the delivery item.

## 12. Reservation of title, provision of materials, tools, secrecy:

- 12.1. Insofar as we provide parts to the supplier, we reserve ownership of such parts. Processing or conversion by the supplier shall occur on our behalf. If our reserved goods are processed using items that are not our property, we shall acquire co-ownership of the new item in the proportion of the value of our item (purchase price plus value added tax) to that of the other processed items at the time of processing.
- 12.2. If the item provided by us is inseparably mixed with items that are not our property, we shall acquire co-ownership of the new item in the proportion of the value of the reserved goods (purchase price plus value added tax) to that of the other processed items at the time of mixing. If the mixing occurs such that the supplier's item is to be regarded as the primary item, it is deemed agreed upon that the supplier assigns proportionate co-ownership to us. The supplier shall store the items that are wholly owned or co-owned on our behalf.
- 12.3. The materials provided by us are to be stored separately, and adequately insured at the supplier's cost against damage by fire or water, theft and other cases of damage. The materials provided by us may only be used in accordance with the regulations.
- 12.4. If tools are manufactured in full or in part on our account, these shall be manufactured by our order such that we shall be the owner of the manufactured tools. The supplier undertakes to use the tools solely to manufacture the goods we order. The supplier is entitled to take possession of the tools on a loan basis for the duration of the business association. The supplier undertakes at its own cost to insure the tools that are our property at replacement value against damage by fire, water, burglary and other cases of damage. At the same time the supplier assigns to us all compensation claims resulting from such an insurance. We hereby accept the assignment. The supplier further undertakes to carry out servicing and inspections on our tools that may be necessary, and to carry out all maintenance work and repairs at its own cost and in good time. The supplier is to inform us without delay of disruption to operations that may occur. If it culpably fails to do this such action shall not affect claims for damages.
- 12.5. The supplier undertakes to treat in strict confidence all diagrams, drawings, calculations and other documents and information received from us. These may only be disclosed to third parties following our express approval. The obligation to maintain secrecy also applies after this contract has been processed. It shall expire if and to the extent that the manufacturing know-how contained in the surrendered diagrams, drawings, calculations and other documents are generally known.

## 13. Quality standards:

Where agreed the principles specified in CCL Design GmbH's supplier manual apply with supplementary force in respect of our quality standards and complaints involving the supplier that may be made.

## 14. Safeguarding clause/written form:

- 14.1 In the event that a clause in these Conditions of Purchase is or becomes legally invalid, this shall not affect the validity of the other provisions.
- 14.2 Amendment, supplementary information or other subsidiary agreements are subject to the written form. This also applies to an agreement that contains an intention, in individual cases, to vary from the written form requirement.

## 15. Place of jurisdiction, place of performance, applicable law:

- 15.1 Solely the law of the Federal Republic of Germany applies to this contractual relationship.
- 15.2 Solingen is deemed the place of performance for our payment obligations too insofar as nothing to the contrary has been agreed upon.
- 15.3 Solingen is deemed the place of jurisdiction for both contracting parties.