

General Purchasing Conditions

1. Application

- 1.1. All supplies, services and quotations from contractual partners of the Lenze – Group (hereinafter referred to as: “Lenze”) shall take place solely on the basis of these General Purchasing Conditions. These shall be an integral part of all the contracts that Lenze concludes with the supplier for the supplies and services offered by it. They shall also apply to all future supplies, services or quotations to Lenze, even if they are not once again separately agreed. An exact service agreement and quality standards shall be agreed separately.
- 1.2. Terms and conditions of the Suppliers or third parties shall not be applicable, even if in the individual case does not separately object to them . Even if Lenze refers to a letter containing the supplier's or a third party's terms and conditions or referring to such, this shall not constitute approval of the application of those terms and conditions. The Supplier shall be obliged to confirm in writing for Lenze the exclusive application of these General Purchasing Conditions.
- 1.3. In the case of framework agreements and continuous obligations changes in the purchasing conditions shall be made known to the supplier in writing. They shall be considered approved if the Supplier does not raise any objection in writing within one month of receipt of the notification. Lenze shall especially draw attention to this consequence in the notification. These purchasing conditions shall only apply if the Supplier is a businessman.

2. Placing of an order

- 2.1. The Supplier shall be obliged to draw Lenze's attention, before the conclusion of the contract to any unsuitability of the goods to be supplied for the purpose intended by Lenze and known by the supplier. Likewise the Supplier must draw Lenze's attention to particular safety, health, environmental or other risks which adversely affect the re-saleability of the goods. Otherwise the goods are non-conforming.
- 2.2. Contract conclusions, purchase orders and call-offs from contracts as well as changes and additions to them shall be required to be in writing. Email and Fax are compliant with this requirement of written form. Acceptance of the purchase order is to be confirmed for Lenze without undue delay and at the latest within five calendar days of the date of the order if this has been noted on the purchase order.
- 2.3. Lenze can at any time demand by a written communication to the Supplier that the time and place of delivery and the type of packaging be changed. The same shall apply to changes to product specifications if these can be implemented within the scope of the supplier's normal production process without considerable additional expenditure. The Supplier shall bindingly inform Lenze without undue delay about the additional costs incurred by this. By means of Lenze's written approval of this without undue delay the contract between the parties shall be amended accordingly.

3. Prices, terms of payment, invoice details

- 3.1. The price shown in the purchase order shall be binding. Unless agreed otherwise the prices shall be fixed prices. Should the Supplier claim material surcharges, these must already be bindingly shown in the quotation. The Supplier cannot demand price increases.
- 3.2. In the absence of any deviating agreement in writing the price shall include delivery and transport to the shipping address stated in the contract including packaging. With the price all of the Supplier's services including all incidental ancillary expenses, in particular customs duty, taxes and import/export levies shall be considered covered.
- 3.3. The Supplier must issue for Lenze a due and proper invoice entitling to deduction of prior turnover tax and showing Lenze's order number.

- 3.4. Unless agreed otherwise in writing, Lenze shall pay from arrival of the goods and receipt of a due and proper invoice the purchase price within 14 calendar days with 3 % discount or within 30 calendar days net. As evidence of the timeliness of the payments owed by Lenze the receipt of the remittance order by Lenze's bank shall suffice. Payments made do not signify any recognition of the faultlessness/ and/or of the supplier's billing.
- 3.5. In the case of third-party deliveries, Lenze is to be informed at the latest on the day of shipment by means of advices of despatch. A delivery note in duplicate stating Lenze's order number is always to be attached to the shipments themselves.
- 3.6. Lenze shall be entitled to offset claims of the supplier also against claims by companies of the Lenze Group in keeping with the value date.

4. Delivery time and delivery, passing of risk

- 4.1. The delivery time given in the purchase order by Lenze as firmly defined or otherwise relevant according to these General Purchasing Conditions (delivery date or period) shall be binding. Decisive shall be the day on which the goods arrive at the destination. Adherence to these delivery dates and/or periods is one of the supplier's fundamental contractual obligations. Premature deliveries and partial services shall not be admissible unless agreed in writing. In the case of agreed part deliveries the remaining amount is to be shown on the delivery note.
- 4.2. Unless agreed otherwise in writing by the parties, delivery of the goods shall be made for account and risk of the supplier, delivery duty paid (DDP according to Incoterms 2010) to the delivery address given by Lenze. The parties have agreed that a deviating agreement concerning the place of delivery in the individual case shall not have any influence on the choice of law and place of jurisdiction made in accordance with Item 19 of these purchasing conditions. Lenze is a self-insurer for deliveries and an SVS/RVS (Forwarder's Risk and Cartage Insurance Policy) prohibition customer. Waybills for shipments by rail and by forwarding agents are to be provided with the notation "Prohibition customer".
- 4.3. The other party to the contract shall be obliged to take back packaging material left with Lenze upon delivery. Packaging costs and rental charges are to be charged to Lenze at cost if invoicing was exceptionally agreed. Upon returning, at least 2/3 of the packaging costs are to be credited to Lenze.
- 4.4. If the Supplier realises that the agreed dates and/or the agreed quality standard cannot be met, it must inform Lenze of this in writing without undue delay. The Supplier must oblige its sub-contractors accordingly. The warranty obligation of the supplier shall remain unaffected. In the case of a delay in supply or service by the sub-contractor the Supplier shall, in order to keep to the delivery dates and periods agreed with Lenze, procure the required goods and services elsewhere without undue delay. If, in the Supplier's opinion, Lenze or third parties are responsible for the circumstances that can lead to the exceeding of the delivery and service dates and periods the Supplier shall announce this in writing without undue delay. Should Lenze not object to the announcement, this shall not be deemed to be recognition of the Supplier's opinion.

Lenze shall be entitled in the case of delays in delivery to demand from the Supplier for every week or part week of the delay in delivery a contractual penalty in the amount of 1 % but not more than 10 % of the respective order value. Lenze shall reserve the right to make a higher claim for delay and to declare the cancellation of the contract. The contractual penalty is to be credited to the claim for delay to be compensated for by the Supplier. The Supplier shall remain free to provide evidence of the fact that absolutely no loss or a considerably lower loss has been incurred. If the delay in delivery persists for more than 10 weeks, interest on any (advance) payments possibly made by Lenze is be charged at eight percentage points above the base rate of interest. The unconditional acceptance of the delayed delivery or service shall not imply any waiver of the claims for compensation to which Lenze is entitled because of delayed delivery.

The Supplier is aware of the fact that in the event of delays in delivery loss of production can occur at Lenze. It is also aware that Lenze delivers just in time to its customers so that delays in delivery can lead to considerable claims for damages and for contractual penalties by Lenze's customers.

- 4.5 The Supplier must observe the regulations applicable at the place of use of the shipment, in particular those regarding accident prevention, environmental protection, machinery safety etc. It states whether for the goods to be supplied by it a manufacturer's or conformity declaration in accordance with the EU Machinery Directives is necessary and if necessary encloses these with the consignment. It is obliged to hand over and to transfer to Lenze free of charge and gratis upon delivery of the goods all of the documents concerning the goods (completed guarantee cards, test certificates, instructions for use, installation manuals and similar).
- 4.6. The risk of accidental loss and of accidental deterioration of the goods delivered to Lenze – also in the event of force majeure – shall pass, irrespective of the legal qualification of the Supplier's delivery and shipment obligations, to Lenze only when the goods arrive at the agreed place of delivery. In the case of delivery with installation or erection or in the case of services the risk shall pass upon acceptance.
- 4.7. The Supplier has to inform Lenze in good time about changes of materials, production processes and bought-in parts as well as of declarations of conformity. Moreover, the Supplier must also supply to Lenze, in the case of deliveries of plants and equipment which are to be assembled or erected by a third party or by Lenze, all of the documents required to the usual extent and necessary for Lenze such as installation plans, datasheets, installation manuals, processing notes, storage, operating and maintenance instructions, spare and wearing part lists etc. Labelling and markings are to be applied in German and at Lenze's request also in other languages. The operating instructions and manuals are in each case to be produced in duplicate in German and at Lenze's request also in other languages.

5. Quality assurance

- 5.1. Lenze shall be relieved of the burden of incoming goods inspection in addition to the obligation to give notice of defects of the goods supplied if the parties have separately concluded an appropriate quality assurance agreement. If a quality assurance agreement has been concluded, Lenze shall merely be obliged to make a visual check.
- 5.2. In any case, the obligation to inspect the goods shall begin only upon the processing or use of the goods by Lenze.
- 5.3. Lenze assumes that its suppliers practise a quality management system according to DIN EN ISO 9001 and DIN EN ISO 14001. The Supplier shall have the duty to provide evidence of its quality assurance measures, certificates and any possible audits, particularly in the case of defective performance and in the event of product liability claims. If the Supplier purchases upstream supplies from sub-contractors, it has to incorporate them into its quality management system.

6. Safeguarding of Property

- 6.1. Lenze shall reserve ownership or copyright to purchase orders and orders placed by Lenze as well as drawings, illustrations, calculations, descriptions and other documents made available to the supplier. The Supplier may, without Lenze's express consent, neither make them available to third parties nor use or duplicate them itself or through third parties. It must, at Lenze's request, return these documents to Lenze completely. Copies of these made by the supplier are in this case to be destroyed.
- 6.2. Tools, jigs and fixtures and models which Lenze places at the supplier's disposal or which are produced for contract purposes and are separately billed to Lenze by the supplier, shall remain Lenze's property or shall become Lenze's property. They are to be marked by the Supplier as being Lenze's property, to be carefully stored, safeguarded against damage of any kind and to be used only for the purposes of the contract. The cost of their maintenance and repair shall be borne by the parties to the contract – in the absence of any other agreement – on a 50/50 basis. It is on request obliged to hand over the items in a proper state to Lenze if they are no longer required by it for the performance of the contracts concluded with Lenze.
- 6.3. The Supplier's reservations of title shall apply only if they relate to Lenze's payment obligation for the respective products, title to which is reserved by the Supplier. In particular widened or extended reservations of title shall be inadmissible.

7. Claims on the grounds of lack of conformity with the contract or of limitation

- 7.1 If, within six months of the passing of risk a material defect is shown, it shall be assumed that the item was already at the time of the passing of risk defective, unless this assumption is not reconcilable with the type of item or material defect.
- 7.2. In the case of rectification of defects or delivery of substitute goods the Supplier shall also owe transport as well as the installation and the removal of the item at the place at which it is located according to its use for the intended purpose.
- 7.3. The limitation period of Lenze's claims and legal remedies if the goods delivered were defective, shall start upon handover of the goods to Lenze. If the Supplier owes, besides delivery, also installation of the goods, the limitation period shall start upon acceptance. The limitation period shall be 36 months in the case of defective goods and 60 months in the case of defects of title. Time-barring shall in no way occur before the expiry of six months after the notice of lack of conformity with the contract if this notice was given before the expiry of the limitation period.
- 7.4. In the case of delivery of a substitute and rectification of defects, the limitation period for replaced and subsequently improved parts shall begin anew.

8. Buying in of supplies from sub-contractors etc.; statutory requirements; REACH requirements

- 8.1. The Supplier shall vouch unrestrictedly, also regardless of fault, for the procurement of the bought-in supplies and services necessary for the deliveries (full assumption of the procurement risk). The Supplier has to vouch for the bought-in supplies and services procured by it as for its own supplies/services; this shall apply in particular regarding the conformity of the goods with the contract. The suppliers/providers of the bought-in supplies / services are the Supplier's vicarious agents.
- 8.2. Products supplied by the Supplier must be fitted with the prescribed safety devices and must be in accordance with the applicable safety regulations (in the case of plants or parts of plants, in particular those applicable at the place of use). The respective current state of the art and the rules of technology are also to be observed. Plants, systems and products supplied by the supplier are, in accordance with the EU guidelines and German laws to be provided with CE-marking. Upon delivery appropriate declarations of conformity with brief descriptions as well as, if necessary, assembly instructions and installation manuals are to be furnished.
- 8.3. The Supplier alone shall be responsible for ensuring that supplies (in particular products, parts of products or substances/preparations) fully meet all applicable statutory requirements, in particular the environmental laws and the requirements of Regulation (EC) No. 1907/2006 (REACH) of 18 December 2006 – in the respective applicable version together with amendments – and all national provisions which were decreed in adoption of the regulation stated, (hereinafter referred to collectively as: "*REACH requirements*"). The Supplier shall ensure that all REACH requirements, in particular all requirements regarding information to Lenze as the buyer, concerning the deliveries in the whole supply chain, have been and are met. In particular the Supplier guarantees that without undue delay and in each case in German (i) safety datasheets corresponding to the REACH requirements and covering use by Lenze and/or that the information according to Art. 32 of the REACH Regulation necessary for use by Lenze is made available and that (ii) notice of amendments to this is given. The Supplier shall provide information without undue delay if in the shipments substances are included which are listed in the "List of candidates" of the European Chemicals Agency (see Annex XIV to the REACH Regulation) or in Annex XVII to the REACH Regulation. Should the Supplier or a sub-contractor in the chain intend to make changes to the shipments already delivered to Lenze at least twice or yet to be delivered on the basis of a purchase order or should a change in the "List of candidates" (Annex XIV) or of Annex XVII take place with any possible effects on the shipments or their use, the Supplier shall without undue delay inform Lenze about this as well as about any possible effects on the REACH requirements and the meeting of them.

9. Product liability

- 9.1. The Supplier shall be responsible for all claims made by third parties for personal injury or damage to property which is attributable to a defective product supplied by it and shall be

obliged on first demand to indemnify Lenze from and against the liability resulting from this. If Lenze is obliged because of a defect of a product supplied by the Supplier to carry out a product recall or product warning in relation to third parties, the Supplier shall bear all of the costs associated with the product recall or product warning, in particular also the legal expenses involved and the cost of appropriate inquiry into the facts (in particular cost of installation and removal).

- 9.2. For the duration of 11 years from the last shipment the supplier shall undertake, regarding the products supplied by it, at Lenze's request to name the respective manufacturer, importer or upstream supplier without undue delay but at the latest within 2 weeks, and to make available to Lenze without undue delay for defence against product liability claims by third parties appropriate evidence such as, in particular, manufacturing documents and documents from which production and delivery batches and/or the time of production and delivery can be seen.
- 9.3. The Supplier shall be obliged at its own expense to maintain a product liability insurance usual in the sector with coverage of at least EUR 1 m. The Supplier shall at any time send Lenze on request a copy of the liability insurance policy. The Supplier shall be obliged for its part to make appropriate agreements with subcontractors and to provide evidence of the meeting of these obligations for Lenze in writing on request.

10. Property rights and rights of use

- 10.1. The Supplier shall guarantee in accordance with paragraph 2 that no third-party property rights will be infringed by products supplied by it.
- 10.2. The Supplier shall be obliged to indemnify Lenze from and against all and any claims that third parties make against Lenze because of the infringement of industrial property rights mentioned in paragraph 1, and to reimburse Lenze for all necessary expenses in connection with this claim. The Supplier shall be obliged to keep this risk adequately insured and on request to provide Lenze with evidence of such.
- 10.3. The Supplier shall undertake to transfer to Lenze all transferable rights to products and/or work results which were produced or developed for Lenze on a customised basis. If the rights to products and/or work results are not transferable and these were produced or developed on a customised basis for Lenze, the Supplier shall grant Lenze a transferable, exclusive, time-wise and geographically unlimited right of use for all types of use. If products and/or work results are not produced or developed on a customised basis for Lenze, the Supplier shall grant Lenze a transferable, non-exclusive, time-wise and geographically unlimited right of use. Unless agreed otherwise, the source code of any software possibly (also) supplied in an up-to-date version, including related documentation (content and structure of the data carrier, program and data flow diagrams, test procedures, test programs, error processing etc.) is also to be handed over to Lenze.

11. Planning services:

If Lenze places an order with the Supplier for planning services, all of the documents such as plans, drawings and models will become Lenze's property, also in the case of premature annulment of the contract, and are to be handed over to Lenze on request. The Supplier shall grant Lenze exclusively, irrevocably and without any additional claim for remuneration the transferable, time-wise, geographically and content-related unrestricted right to use work and such permission to use the work resulting from this order placed.

12. Lenze's liability

Lenze's liability on any legal grounds shall be restricted to intent and gross negligence. This limitation of liability shall not apply in the case of harm to life and limb or impairment of health and in cases of mandatory statutory liability, e.g. product liability. In the case of slightly negligent breach of material contractual obligations Lenze's liability shall be restricted to compensation for the foreseeable damage/loss, unless there is a case of loss/damage according to sentence 2. A material contractual obligation is an obligation which is of essential

Importance for achieving the purpose of the contract, the meeting of which makes the correct and proper performance of the contract possible at all in the first place and on the meeting of which the Supplier relies and may rely.

13. Items provided by Lenze

- 13.1. Parts, substances, tools, moulds, patterns, models, profiles, drawings, standard sheets, printing copy etc. (hereinafter referred to as "*items provided by Lenze*") shall remain Lenze's property and are to be stored separately, marked and administered free of charge. They may be used only for the intended purpose. In the event of value reduction or loss the Supplier must pay damages. This shall also apply to the provision on loan of order-tied material for which a charge is made. The items provided by Lenze are to be surrendered to Lenze on request at any time. No rights of retention of the items provided by Lenze exist.
- 13.2. Tools, moulds and suchlike which were produced at Lenze's expense shall, upon being paid for, become Lenze's property.
- 13.3. The assembly of parts and the processing of substances shall be carried out for Lenze. It has been mutually agreed that Lenze is the co-owner of the new items produced in this way in the ratio of the value of the items provided by Lenze to the value of the overall product. The Supplier shall store the new items for Lenze free of charge with the diligence of a prudent businessman.

14. Passing-on of orders

Without Lenze's prior written consent, the passing-on of orders to third parties shall not be admissible and shall entitle Lenze to declare, wholly or partially, the cancellation of the contract and to demand damages.

15. Spare parts

- 15.1. The Supplier shall be obliged to stock spare parts for the products supplied to Lenze for a period of at least 15 years after delivery.
- 15.2. If the Supplier intends to discontinue production of spare parts for the products supplied to Lenze, it shall inform Lenze about this without undue delay after the decision concerning the discontinuation. This decision must – subject to paragraph 1 – be taken at least 12 months before the discontinuation of production.

16. Secrecy

- 16.1. The Supplier shall undertake to keep strictly secret all of the information brought to its notice verbally, in writing or in any other form in connection with cooperation with Lenze – and even if it was before the conclusion of this contract – (also from Lenze's service providers) (in particular data and documents) concerning Lenze (hereinafter referred to collectively as: "information") during the term of this contract and thereafter and – as far as not compellingly necessary for the performance of this contract – not to keep records of it, nor to pass it on to third parties nor to utilise it itself.

The above secrecy obligation shall not apply to information which

- was demonstrably already known by the Supplier already before the cooperation with Lenze without any secrecy obligation or
- is generally known or becomes generally known without the Supplier being responsible for this, or
- is made known to the Supplier by a third party without any infringement of a confidentiality or non-disclosure obligation or

- Which have to be disclosed on the basis of an enforceable official or court decision or of a law or act. In this case the Supplier must inform Lenze in writing before disclosure so that Lenze has the opportunity to obtain a protective court order.

The onus of evidence for the existence of such an exception shall be borne by the Supplier.

- 16.2. The Supplier shall only after prior approval in writing by Lenze be entitled to disclose the fact of cooperation between the parties to third parties, in particular to name Lenze as a reference. Press releases or other declarations to the public are to be coordinated with Lenze beforehand. The above arrangements shall not apply when and if this is opposed by mandatory statutory provisions, in particular statutory obligations to disclose results.
- 16.3. The secrecy obligation in accordance with this Item and the corresponding contractual penalty provision in paragraph 4 shall end ten (10) years after the complete handling (including claims on the grounds of material defects of the products) of the last individual contract between Lenze and the Supplier.
- 16.4. For every case of culpable breach of the duties in according with this Item by the Supplier or by a person entrusted by the Supplier with the provision of the services it is obliged to perform, the Supplier shall owe a contractual penalty which is in every individual case to be fixed by Lenze at its reasonable discretion and in the event of a dispute is to be reviewed by the competent court with regard to its appropriateness. Before the fixing of the contractual penalty the Supplier is to be heard. The onus of evidence for the absence of blame shall be borne by the Supplier. Claims by Lenze going beyond this shall remain unaffected. The contractual penalty shall, however, be offset against any possible claims for damages.

17. Assignment

The Supplier shall not be entitled to assign its claims under the contractual relationship to third parties. This shall not apply if these are claims for money.

18. Compliance

- 18.1. The Supplier shall give an assurance to the effect that it will neither directly nor indirectly make any payments, gifts or other promises to its customers, to officials or to Lenze's employees / organs or to third parties contrary to applicable law (including the US law against foreign bribery – U.S. Foreign Corrupt Practices Act) and that it also has no knowledge of any other persons who will do so. The Supplier shall observe all of the relevant laws, regulations and provisions concerning bribery and corruption.
- 18.2. Lenze shall in no case be obliged to refund to the Supplier any payments mentioned in paragraph 1 or any other payments or benefits.
- 18.3. The breach of a provision of this Item in connection with this contract or any other material breach of a provision of this Item by the supplier shall entitle Lenze to cancel this contract with immediate effect with any rights and claims of Lenze going further shall remain unaffected. The Supplier shall be obliged to indemnify Lenze from and against all and any obligations, liability and cost/expenses to which Lenze is exposed as a consequence of a breach of an obligation under this Item or due to the cancellation of this contract.

19. Place of performance, place of jurisdiction, applicable law, separability clause

- 19.1. The place of performance for both sides and the exclusive place of jurisdiction for all disputes from and in connection with the contractual relationship shall be the place of the registered office of Lenze.

- 19.2 The contractual relationships between the parties are subject to the laws of the Federal Republic of Germany. The provisions of the Convention of the United Nations for Contracts for the International Sale of Goods (CISG) are excluded.
- 19.3. Should individual provisions of this contract be or become ineffective, the effectiveness of the other provisions shall not be affected. The parties to the contract shall in this case be obliged to replace the ineffective provisions by those which come as close as possible to what was economically desired with reference to good faith.