

General Terms and Conditions of Purchase and Work Performance
PRIRO CNC-Fertigungstechnologie GmbH
-Version: 08/2013-

1. General

1.1 No contract may be deemed to have been concluded with us excepting on the basis of these General Terms and Conditions of Purchase and Work Performance (General Terms) to the exclusion of any other terms or conditions. This applies also in cases where purchases and work performances are made or ordered by us without any separate provision on our part.

1.2 These General Terms apply also to future contracts with the Supplier, even where no specific reference is made by us to the applicability of our General Terms.

1.3 These General Terms only apply to business people in corresponding to Art. 14 BGB (German Civil Code).

2. Orders, Delivery Schedules

2.1 All orders, order confirmations and delivery schedules shall be placed exclusively by telefax, email or in written form.

2.2 We reserve the right to withdraw any orders that have not been confirmed within 14 days. Delivery schedules on our part shall become binding, if the Supplier will not disagree by telefax, email or in written form (text form) within 14 days since receipt of the delivery schedules.

3. Delivery, Place of fulfilment, Delay

3.1 We do not accept partial deliveries unless we agree to them by text form.

3.2 The Supplier is obliged to give us notice in text form if a delay in delivery is to be expected, indicating the reason thereof and the expected duration of delay. We reserve all rights of delay.

3.3 The goods delivered must be carefully packaged at the Suppliers own account. If the Supplier wants to take back packaging material, this is an obligation to be performed at the place of our business.

3.4 Place of delivery is Salzwedel or on our choice all deliveries shall be made to a location indicated by us and subject to the Incoterm DDP "delivery duty paid" Salzwedel (Incoterms 2010).

3.5 If the Supplier fails for any reason whatsoever to effect delivery on due date, we are entitled to recover from the Supplier any loss suffered by reason of such failure (e.g. additional costs for transportation, insurance, storage etc.) to the amount of 0,5% of the net volume of order but not exceeding an amount of 10 % of the net volume of order. We reserve the right to claim higher losses and the Supplier may reserve its right to prove less damages.

4. Payment

4.1 Incorrect invoices (e.g. absent number of order, date of order) are only accepted by us upon correction.

4.2 Unless otherwise agreed upon, at our option, payment terms are 14 days deducting 3% discount after delivery or receipt of invoice or within 30 days after receipt of invoice and delivery.

In case of deliveries and/or services are before reaching maturity, the date of payment shall not be earlier than delivery and/or service has been agreed upon and in accordance with Section 4.1.

5. Providing

5.1 Materials, models, templates, matrices, patterns, tools, other tooling, drafts, design, know-how (in general: providing) provided by us to the Supplier will remain our property. Without our prior consent in writing the Supplier is not entitled to use these provisions for own purpose or for the purpose of any third party. The Supplier has to protect the provisions against access of and use by any third party.

5.2 In case we provide workpieces, they remain our property. The workmanship, processing or mixture shall occur exclusively on our behalf. In these cases we are obliged to compensate the processor on the basis of unjustified enrichment. We are authorized to back out of compensations in case we assign property under the reserve of our own claims.

5.3 Our property shall be marked and stored separately.

6. Quality and Documentation

6.1 The Supplier has to comply with generally accepted codes of practice, safety regulations and the agreed technical specifications. The product of sale/work performance shall be delivered according to the engineering detail drawing (including all guidelines for predefined measurements) and tolerance values. Modifications of the agreed product require our prior consent in writing. The Supplier is obliged of constant quality checks of the products. The contract parties have to inform each other about quality improvements.

6.2 On our request, the Supplier is obliged to keep delivery records and to document quality tests. The Supplier is obliged to keep for us these documents for a period of ten years. On our request the Supplier is obliged to submit those documents to us and to ensure that presuppliers are obliged to adhere to the same regulations as the supplier.

6.3 Deliveries take place in pure batches and must be retraceable.

6.4 In case of a current business relationship the Supplier is obliged to get audited by us to ensure quality management.

7. Warranty of Material Defects and Legal Defect, Liability, Statue of Limitation

7.1 In case of defective products we are entitled to demand either replacement or repair. The Supplier shall be entitled to replace delivery or repair up to two times. Additional costs caused by replacement or repair are to be borne by the Supplier, e.g. if the products are delivered to another place than to the place of fulfilment, unless this is undue for the Supplier, furthermore transport costs, travel expenses, labour costs, material costs, assembly and disassembly costs. If claims are made by third parties against us on the bases of material or legal or any other defects of the products and/or service of the Supplier, the Supplier is obliged to indemnify us against all such claims on first request.

7.2 Our obligation to control incoming products does not start before receipt of delivery notes at our headquarter or at a place of delivery defined by us. We are only obliged to carry out the incoming products control in respect of external visible defects, identity and completeness. In case of such defects, we shall be entitled to give notice of these defects for a period of five working days, from the date of delivery. Saturday is not a working day. In addition we are entitled to give notice of hidden defects for a term of five working days from the date of knowledge. These terms will start one working day after assessment respectively detection of damage.

7.3 Our warranty claims shall lapse within three years. In case the delivered products normally are incorporated into a building and will cause a building defect the claims shall lapse within five years. These terms will start from the date of delivery to our headquarter or delivery to a place of delivery chosen by us.

In case of giving notice of defect, the period of limitation shall be suspended unless the Supplier denies negotiation to the claim.

7.4 In case of force majeure and other similar incidents including operational disruption, labour dispute or stagnation of sales that are not caused through us, decreased performance can be extended up to six months. In this case the Supplier shall not be entitled to claim damages and we are not obligated to bear any storage costs. In this case, the Supplier and we are entitled to withdraw from the contract, if it is unacceptable to keep committed to the contract.

7.5 Employees or vicarious agents of the Supplier, who stay at our plant accomplishing obligations to perform, have to follow the task-specific safety regulations of each work area. If requested, the safety regulations can be viewed.

8. Insurance

8.1 The Supplier shall be obliged to secure all consignments against unauthorized inspection and usage. The Supplier shall be obliged to insure the consignments against usual risks like fire, vandalism and theft on his own account.

8.2 The Supplier shall maintain product liability insurance in the minimum amounts of 5 million Euros per case of damage and/or injury to property.

9. Contractual Penalty

9.1 In case of default of acceptance and/or in rendering the service caused by the Supplier, we shall be entitled to claim a contractual penalty in the amount of 0.1% of the net order value, but not exceeding 5% of the net order value. The contractual penalty shall be offset against claim of damages. This shall not affect the right to claim further damages.

9.2 In case of authorized extension of time for performance or consensual new arranged terms, the provisions of contractual penalty pursuant to 9.1 shall apply to the new period of time.

9.3 Without having given prior notice of obstruction the Supplier is not entitled to appeal to missing default.

10. Compensation, Right of Retention

10.1 The Supplier only shall be entitled to offset against admitted, uncontested or claims declared by final judgment.

10.2 The Supplier shall have a right to retention only to admitted, uncontested or claims declared by final judgment. The same applies accordingly to the defence of not fulfilled contract.

11. Forum, Governing Law

11.1 The legal venue for all direct or indirect disputes arising from the contractual relationship shall be Salzwedel.

11.2 The contractual relationship is subject to substantive and procedural German Laws. Application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) including conflicts of laws is excluded.