

**General Terms and Conditions of Purchase  
by ASSYSTEM Germany GmbH  
(hereinafter referred to as "ASSYSTEM")  
Effective 1 March 2017**

**1. General**

All ASSYSTEM orders for deliveries and services shall be governed exclusively by the special conditions set forth therein, with these General Terms and Conditions of Purchase playing a subordinate role. The Contractor's general terms and conditions of business shall not be or become part of the contract even if ASSYSTEM has not expressly objected to such terms and conditions or the Contractor has declared that he is willing to deliver only subject to his own terms and conditions.

**2. Orders/amendments**

2.1 Supply contracts (order and acceptance of order) as well as changes in or addenda to supply contracts shall be made in writing. Verbal declarations or agreements shall require ASSYSTEM's written confirmation in order to be valid.

2.2 If the Contractor fails to accept an order within two (2) weeks of the date of the order, ASSYSTEM shall no longer be bound by the order.

2.3 Within the limits of what can reasonably be expected of the Contractor, ASSYSTEM may request modifications to the design and/or execution of the services/deliverables. In such case the parties shall reach mutual agreement concerning the consequences of such modifications, particularly with regard to increases or reductions in costs as well as in respect of delivery dates.

2.4 The Contractor must notify ASSYSTEM without delay and in writing of any planned changes in the type of composition of the material being processed, in design and/or execution/manufacture compared with deliveries or services of the same kind previously made to ASSYSTEM. Any such changes shall be subject to ASSYSTEM's written consent.

2.5 The Contractor shall ensure that the deliveries and services provided comply with environmental, accident prevention and other health and safety regulations, as well as safety engineering regulations and all legal requirements applicable in the Federal Republic of Germany and/or the European Union and the place of performance; the Contractor shall also notify ASSYSTEM of any special, not generally known handling and disposal arrangements that may be required in connection with any delivery or service.

**3. Furnished materials/ research and development results**

3.1 If the object of performance has been developed solely by ASSYSTEM or developed, adapted, tested or assessed jointly by the Contractor and ASSYSTEM, the object of performance and component parts thereof may not be supplied to third parties without ASSYSTEM's prior consent. The same shall apply where an object of performance has been developed solely by the Contractor but has been paid for by ASSYSTEM.

3.2 Where the order relates to research or development work, ASSYSTEM shall be granted an exclusive, irrevocable and transferable right to use all results of such work – including drawings, documents in electronic form, computer programs and other technical documents – produced by the Contractor; this right shall be free of charge, unrestricted in space and time and applicable to all types of uses, including the sole right to grant sublicences and to register property rights.

#### **4. Secrecy**

4.1 The Contractor and ASSYSTEM undertake to treat as trade secrets all non-overt commercial and technical details that become known to them in the course of their business relations.

4.2 Technical documents, drawings, models, templates, samples and similar objects shall not be placed at the disposal of or otherwise made accessible to unauthorised third parties. The duplication/reproduction of such objects shall be permissible only within the limits of internal requirements and copyright provisions.

#### **5. Subcontracting**

The placement of subcontracts shall require ASSYSTEM's prior written consent; the subcontracts must be placed under an express obligation to comply with the requirement to maintain secrecy as set out in Section 4.

#### **6. Delivery dates/acceptance**

6.1 Agreed dates of delivery shall be binding. The date the delivery is received at the receiving point specified by ASSYSTEM shall be decisive in determining whether deliveries not involving development, production or assembly work have been delivered on time. The date the delivery or service is made available in a condition for acceptance shall be decisive in determining whether deliveries involving development, production or assembly work or services have been delivered on time. Such deliveries or services shall be fulfilled upon successful acceptance by ASSYSTEM. If ASSYSTEM delays acceptance, the Contractor shall be free to set a reasonable deadline for the acceptance procedure.

6.2 The dates and deadlines specified in the order for the provision of the Contractor's deliveries and services may be postponed by ASSYSTEM by up to four (4) weeks maximum if ASSYSTEM's envisaged requirement for such deliveries/services is delayed. ASSYSTEM must inform the Contractor in good time of the circumstances compelling the change in delivery and completion dates. The Contractor shall be obliged to provide the delivery/service on the new delivery or performance dates as amended within the aforementioned time frame.

6.3 The place of performance for deliveries and services provided by the Contractor shall be the receiving point stated in the order. If no such receiving point is stated in the order nor is self-evident from the nature of the respective delivery/service, the place of performance shall be taken to be ASSYSTEM's company headquarters.

#### **7. Delay in delivery/force majeure**

7.1 In the event of delay on the part of the Contractor, then without prejudice to its statutory entitlements, ASSYSTEM may demand a contractual penalty equivalent to 0.5 percent of the value of the order for the parts delayed, or of the value of the

order for the services delayed, and may demand such penalty for each week commenced up to a maximum of eight (8) percent of the order value. ASSYSTEM shall also be entitled to claim the contractual penalty if ASSYSTEM reserves the right to claim penalties up to the end of one month after acceptance of the last delivery/service due under the order.

7.2 Cases of force majeure shall exempt the contracting partners from their contractual duties for the duration of the disruption and in the extent of its effects. This shall likewise apply if such circumstances occur at a time when the contracting partner concerned is in default. The contracting partners undertake that within the limits of what can be reasonably expected of them, they shall provide the necessary information without delay and adjust their obligations to the changed circumstances in good faith. If force majeure prevents the Contractor from providing his service for more than one month, either party shall be entitled to withdraw from the contract in full or in part.

## **8. Invoice and payment/prohibition on assignment**

8.1 The invoice shall be made out in duplicate; for each delivery and service it shall state ASSYSTEM's order number as well as the date of dispatch, designation of the goods, quantity and weight of the consignment as well as the VAT identification number for intra-community transactions within the European Union. It shall be sent separately through the postal services.

8.2 Unless otherwise specified in the order, payment shall be effected by remittance or cheque, but in no event by cash on delivery. The date on which a cheque is sent shall be deemed decisive in determining whether payment has been effected within the period allowed for payment. Value-added tax treatment and all other tax obligations shall be governed by the applicable tax laws.

8.3 Unless otherwise specified in the order, payment shall be due within 60 days of the delivery being effected and/or the service being performed in accordance with the terms of the contract and of the invoice being received. ASSYSTEM shall be entitled to deduct a 3% discount if payment is made within 14 days of the delivery being effected and/or the service being performed in accordance with the terms of the contract and of the invoice being received and shall be entitled to deduct a 2% discount if payment is made within 30 days of the delivery being effected and/or the service being performed in accordance with the terms of the contract and of the invoice being received. ASSYSTEM shall also be entitled to deduct this discount if ASSYSTEM offsets payments or withholds payment of a reasonable amount on account of defects; the period allowed for payment shall commence after all defects have been remedied. Payment on the part of ASSYSTEM shall not be deemed to constitute acceptance of the deliveries and/or services as conforming to the contract. In accordance with the terms of payment, any invoices covering partial quantities and/or partial services delivered in advance shall not be payable before the last item delivered as per the delivery schedule becomes due for payment, subject to complete, defect-free performance of all deliveries and/or services. Even in the case of partial services, any agreed discounts shall be deducted from the total amount invoiced.

8.4 Without prior written consent, which may not be unreasonably withheld, the Contractor shall not be entitled to assign to third parties any claims he has vis-à-vis ASSYSTEM or to have such claims collected by third parties.

If, notwithstanding clause 1, the Contractor assigns his claims vis-à-vis ASSYSTEM to a third party without having obtained ASSYSTEM's consent, such assignment shall nevertheless be valid. However, ASSYSTEM may at its discretion effect payment either to the Contractor or to the third party and such payment shall have discharging effect.

## **9. Quality management**

9.1 The Contractor shall ensure a suitable quality assurance and control system and shall comply with any individual quality specifications stated in the order. The fact that ASSYSTEM operates a quality assurance and receiving inspection system of its own shall not exempt the Contractor from his contractual obligations.

9.2 The Contractor grants to ASSYSTEM, to the customer of ASSYSTEM as well as to the relevant authorities access to all institutions and notes connected with the order upon request for the purpose of inspection. Insofar as the Contractor himself has assigned a subcontractor, the right of inspection shall be extended to such; the Contractor shall oblige the subcontractor respectively.

## **10. Defects in quality and defects in title/damages**

10.1 The Contractor shall warrant that his deliveries and services shall remain free from defects in quality and in title for a period of two years from the date on which risk is transferred. In the event of a resale, the period of limitation for claims due to defects in quality shall be two years from the date on which risk is transferred to the customer of ASSYSTEM, but it shall in any event end no later than 36 months from the date on which risk is transferred from the Contractor to ASSYSTEM. Where statutory provisions stipulate longer limitation periods (e.g. for buildings or objects that go into buildings) such periods shall apply.

10.2 The deliveries and services must in particular conform to any applicable statutory/official provisions and to the state-of-the-art current at the time of contract performance, even if this standard has not yet been incorporated in the engineering standards and specifications applicable to the services/deliveries of the Contractor at the place of performance.

10.3 ASSYSTEM shall inspect deliveries for defects in quality within a reasonable period of time. Defects shall be deemed to have been notified in good time if they are submitted to the Contractor within two weeks of the date on which the defect in quality is detected. The date the notification is sent to the Contractor shall be decisive in determining whether the complaint has been filed within the period of time allowed.

10.4 In the event of defects in quality or defects in title, ASSYSTEM shall be entitled to full statutory claims and rights. In particular, the Contractor shall bear all expenses associated with the discovery and rectification of the defect(s), including those incurred by ASSYSTEM, especially the costs of investigations, costs incurred up to the time the defect was discovered at ASSYSTEM, and transportation and other costs connected with the return of the defective items and the supply of non-defective items. This shall also apply where such expenses increase as a result of the consignment being taken to a place other than the place of performance.

10.5 In the event of delay, failure or refusal by the Contractor to provide subsequent performance (rectification or supply of replacement) then without prejudice to its statutory entitlements, ASSYSTEM shall also be entitled to obtain

substitute performance and charge the costs on to the Contractor. ASSYSTEM shall be entitled to consider that rectification has failed if the first attempt to rectify the matter is unsuccessful. Irrespective thereof, after having notified the Contractor, ASSYSTEM shall in urgent cases be entitled to obtain substitute performance and the Contractor shall reimburse ASSYSTEM with any costs saved by him as a result.

10.6 The period of warranty for deliverables or services rectified or replaced by the Contractor shall be 12 months from the time of rectification/replacement; however, the period shall in no event end prior to expiry of the period of limitation agreed for the original delivery/service.

10.7 The Contractor shall be liable for damages pursuant to the respective provisions of statutory law.

## **11. Infringement of third-party property rights/insurance**

11.1 Irrespective of any knowledge that he or ASSYSTEM may have, the Contractor shall indemnify and hold ASSYSTEM harmless in respect of any claims and agrees that on first request he will pay for all damages, costs or expenses incurred by ASSYSTEM as a result of any infringement of third-party property rights relating to the deliverables/services. This shall not apply if property rights are violated by ASSYSTEM sample drawings or other specifications. With regard to the infringement of foreign property rights and applications for property rights, the Contractor shall only be liable if at least one of the family of property rights has been published either in the home country of the Contractor, by the European Patent Office or in the U.S.A.

11.2 The Contractor shall be obliged to take out appropriate employer's liability insurance and product liability insurance cover and to provide ASSYSTEM with proof of such insurance cover on request. On request, the Contractor shall assign his claims vis-à-vis the insurance company to ASSYSTEM.

## **12. Right of withdrawal from the Contract/termination**

If there is a deterioration in the assets or credit situation of either contractual partner strong enough to jeopardise considerably the proper performance of the contractual obligations, especially if insolvency proceedings over the assets of the said contracting partner have been initiated, then the other party shall be entitled to withdraw from that part of the contract that has not been performed or to terminate the contract.

## **13. General provisions**

13.1 The contract shall be governed by the laws of the Federal Republic of Germany to the exclusion of German conflict of law rules. The United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods shall be excluded. Munich shall be the sole place of jurisdiction for all disputes arising from the business relationship.

13.2 The place of performance for deliveries and services shall be ASSYSTEM's company headquarters in Munich.