

1. Definitions

1.1. "Stoll" means the company, Wilhelm Stoll Maschinenfabrik GmbH acting as a purchaser or ordering party.

1.2. "Supplier" is the party supplying one or more components to Stoll and acting as a seller or manufacturer.

1.3. Stoll and the Supplier are collectively referred to as the "Parties".

1.4. A "Component" is any object or any intangible goods (immaterielles Wirtschaftsgut) according to Specifications of Stoll or the Supplier.

1.5. "Specifications" are the description of a Component in the form of a drawing, a DIN or ISO norm drawing or any other description of a Component.

1.6. "Identity Number" (ID no.) is the unique Stoll identification for Specifications.

1.7. "Drawing Number" is a unique Stoll identification of a drawing.

1.8. A "Volume Contract" means an ongoing contractual agreement regulating the relationship of the Parties.

1.9. A "call-off" is an order arising under a Volume Contract determining the quantity and time of delivery of the Components to be delivered.

1.10. An "order" is an order to deliver a Component not on the basis of a Volume Contract, whereby such an order determines the quantity and time of delivery of the Components to be delivered.

1.11. A "type bound tooling" means a device which

- a. is produced on the basis of the requirements of Stoll and which is required to manufacture a Component (production tool);
- b. is required to determine the quality of a Component produced from a Stoll drawing (tool for quality control); or
- c. is specified by way of a Stoll tool drawing.

1.12. The term "type bound material" means material required for the production of Components defined by Stoll Specifications and for which there is no other application or for which any other use is limited.

1.13. "End Customer" is a customer of Stoll.

1.14. An "Inspection Report/Non-Conformity Report" means a written notice of defect from Stoll with a demand to

rectify a defect or supply a new Component.

2. General Provisions and Scope

2.1. These Supply and Business Conditions shall apply to all commercial contacts with our Suppliers insofar as the Supplier constitutes a selling/producing enterprise (§14 Civil Code (BGB)), a legal person under public law or a special asset under public law. In this regard, these conditions shall apply to all contracts, (individual contracts, orders, volume contracts, framework agreements, call-offs) dealing with the supply of Components to be installed directly in Stoll's products. All other goods and services shall be subject to the "General Business Conditions for the Provision to Stoll of Goods & Services".

2.2. These Supply and Business Conditions shall apply regardless of whether or not the Supplier has manufactured the goods itself or purchased such from its suppliers. The version of these Supply and Business Conditions in force at the respective time shall also apply to all future contracts for the sale and supply of Components with the same Supplier without any need for Stoll to have to expressly refer to such applicability in each case.

2.3. These Supply and Business Conditions shall apply exclusively. Any variations herefrom or any conditions conflicting herewith, as well as any general business conditions of the Supplier shall not constitute part of any contract even if such variations, conflicting conditions or general business conditions have not been expressly rejected by Stoll. This shall apply in all cases, even if, for example Stoll accepts any delivery unconditionally with full knowledge of the general business conditions of the Supplier or if particular reference is made to such conditions in any correspondence. Stoll's acceptance of any goods shall always be subject to the application of the Supply and Business Conditions of Stoll.

2.4. In other respects, the general provisions of law shall apply insofar as such are not directly modified or expressly excluded by these Supply and Business Conditions.

3. Contract Formation

3.1. Contract formation for an "order" shall be in accordance with the provisions of law.

3.2. A "call-off" made by Stoll under a Volume Contract shall be accepted and a contract formed when the call-off is

received by the Supplier insofar as the Supplier does not reject such without undue delay within a period of 2 (two) work days of receipt.

A rejection of a call-off is possible only:

- a. if delivery is requested by Stoll earlier than the agreed delivery or replacement time set out in the list of components.
- b. in relation to quantities exceeding the expected monthly quantity of the target figures by more than 120%.

3.3. In both of the above cases (3.1 and 3.2) the Supplier shall notify Stoll without undue delay as to its ability to provide further deliveries.

3.4. "Call-offs" and "orders" must be confirmed in written form (Textform) within two (2) work days.

3.5. Orders, call-offs, amendments, supplements, rejections of call-offs as well as preliminary information concerning difficulties in delivery must be made in written form.

4. Type Bound Tooling

4.1. The costs for typebound tooling or tool for quality control are to be borne by the Supplier. Insofar as it is agreed that Stoll shall manufacture the tool of the above named type, the resulting costs are also to be borne by the Supplier.

4.2. No later than 3 years after the commencement of operations of the type bound tooling, such shall be regarded as being amortised. The Supplier expressly grants Stoll the option of taking over the device after amortisation at no charge and hereby undertakes to provide a declaration of agreement as to property (dingliche Einigungserklärung) and to transfer the tool. In case of such transfer to Stoll, the Supplier shall not be entitled to make any further claims in relation to Stoll connected with such tool.

4.3. In case of any insolvency of the Supplier before amortisation where the Supplier has not continued to deliver to Stoll, Stoll has the right to purchase any type bound tooling at a price which is no more than the remaining amortisation costs.

4.4. If the contract is terminated by Stoll before amortisation, Stoll shall pay the balance owing on the amortisation to the Supplier and the Supplier shall provide Stoll with the tool. This shall not apply if Stoll gives notice of extraordinary termination for an important reason (außerordentliche Kündigung aus einem wichtigen Grund) as

well as in case of any termination by the Supplier.

5. Change Notice

5.1. The Parties shall be notified by way of a Change Notice in each case of any change including any change to the design of Specifications. The Specifications last approved by Stoll shall apply. The lead time for introduction is to be agreed between the Parties whereby in particular the urgency of the introduction, production security, quality as well as the costs for Stoll are to be taken into account.

5.2. If any change relates to a Component according to a Stoll drawing or a Component produced exclusively for Stoll which could otherwise not be sold, the Supplier shall notify Stoll without undue delay after receipt of the Change Notice as to the current stock. Stoll shall take into account the stock levels to be normally expected from the business relationship in determining the date upon which any change in Specifications should become effective.

6. Delivery Time and Delay

6.1. Any delivery time provided by Stoll in the "call-off" or in the "order" shall be binding. Unless agreed otherwise, any "called-off" or "ordered" Component is to be delivered in the contractually agreed quantities and quality on work days between 7.00 am and 1.00 pm – from Mondays to Fridays – in the calendar week specified in the call-off or the order. If the delivery time is not detailed in the call-off or in the order and is not otherwise agreed, the goods are to be delivered without undue delay.

6.2. The Supplier shall notify Stoll without undue delay if it is unable to meet the agreed delivery time or if a delivery time is not provided by Stoll.

6.3. The Supplier shall inform Stoll as to any interruption of operations, company holidays or any other events which could prevent delivery whereby such information is to be given at least 12 (twelve) weeks in advance.

6.4. If the Supplier delivers any "called-off/ordered" Component or any part of any delivery of such before the delivery time, Stoll may return the Components at the expense and at the risk of the Supplier insofar as such does not endanger any re-delivery on time. Such returning of a Component prematurely delivered shall not relieve the Supplier from its obligation

to deliver the Component on time. If the Component is not returned, the payment time shall commence from the Friday of the calendar week detailed in the "call-off". Any storage of a prematurely delivered Component shall be at the risk and expense of the Supplier until the agreed delivery date.

6.5. In the event that the delivery of the "called-off/ordered" Component does not take place by 1.00 pm on the Friday of the calendar week detailed in the "call-off/order", the Supplier shall be in default for delay (in Verzug). The provisions of the following section shall not be affected thereby.

6.6. If the Supplier is in default for delay, Stoll may – in addition to any further rights at law – claim liquidated damages for the delay to the amount of 10% of the net price of the non-delivered Component yet to be delivered for each complete calendar week. Stoll reserves the right to establish that the actual loss or damage is greater. The Supplier reserves the right to establish that Stoll has not suffered any damage or loss at all or that only minimal damage or loss has resulted.

6.7. Stoll hereby expressly gives notice that any waiting times in production can lead to considerable damage or loss and in particular to claims by third parties.

6.8. Any claim for damage or loss resulting from delay shall not release the Supplier from its obligation to deliver the "called-off/ordered" Component.

7. Production Location

7.1. The Supplier shall notify Stoll as to the production location. Any changes in the production location shall be notified to Stoll.

8. Performance, Delivery, Delivery Conditions, Transfer of Risk, Delay in Acceptance

8.1. Only with a written initial sample approval by Stoll shall Components be allowed for series delivery, unless otherwise agreed in writing.

8.2. The Components are to be packed correctly and according to the means of transport or in accordance with the directions of Stoll.

8.3. Without the prior written agreement of Stoll, the Supplier is not entitled to have any performance be done by a third party (e.g. subcontractor). The Supplier shall bear the procurement risk in relation to its performance.

8.4. Delivery shall be DAP (Incoterms 2010) to the place (address and place of unloading) detailed in the call-off/order, unless otherwise agreed in writing.

8.5. If the destination is not provided and not otherwise agreed, delivery shall be to our seat of business at Bahnhofstrasse 21, 38268 Lengede. The respective destination is also the place of performance (obligation to deliver (Bringschuld)). Insofar as "acceptance procedures" are agreed, such shall determine the transfer of risk.

8.6. Every delivery shall be accompanied by a delivery note with details of the date (of issuing and dispatch), contents of the delivery with the ID. no. of Stoll and the quantity as well as the order number (date and number). If a place of delivery or a delivery location/storage place and/or location for warehousing is detailed in the call-off/order, such is also to be detailed in the delivery note. The Supplier shall continue to be responsible for ensuring that the place of delivery, the place of unloading and the place of warehousing is detailed in the shipping documentation. The packed goods shall be labelled with the place of delivery and unloading and/or the place of warehousing in a conspicuous manner.

9. Delivery Quantities

9.1. The Supplier shall deliver the quantities "called-off/ordered". Excess deliveries shall not be accepted.

9.2. All the named forecast figures are determined by Stoll in good faith. However, there shall be no obligation on the part of Stoll to "call-off" the quantities in the named target figures. Stoll shall provide the forecast figures for the next quarter at least once in each calendar quarter by no later than the last week of the second month. If no new forecast figures are provided, the last set of forecast figures provided shall continue to apply.

9.3. In case of any framework agreement, the Supplier is obliged to and is entitled to sell to Stoll that quantity of the Component actually emerge as a need at Stoll. If Stoll has several Suppliers for any Component to be delivered, the respective Supplier is entitled to cover the need of Stoll only in proportion to that share defined in the list of components.

9.4. Stoll reserves the right to procure any Component supplied by a Supplier also from other sources if there is an important reason for doing so, in particular, if an ongoing supply of the respective Component

in the defined quality cannot be ensured by the Supplier.

9.5. If the Supplier has to plan ahead for type bound materials exclusively for the manufacture of a Component for Stoll, such must be notified to Stoll in writing with details of the quantity before any such order is placed for the type bound materials. For this purpose the written form shall be sufficient.

9.6. If the contractual relationship is ended and the Supplier still has quantities of type bound materials for "call-offs" or any stock, which the Supplier has obtained having regard to section 9.5, Stoll shall have the right to either extend the term of the contract until such quantities are used up or to purchase such quantities at cost price upon presentation of the purchase invoice. This provision shall not apply in case of any extra ordinary termination (außerordentliche Kündigung) by Stoll as well as in case of termination by the Supplier.

10. Payment Conditions

10.1. Deliveries shall be invoiced collectively at the end of the month in which the delivery takes place.

10.2. The agreed price shall be due for payment on the first Thursday after the expiry of a period of 90 calendar days. The above payment period shall be calculated from the time of the full and complete provision of goods and services (including any agreed acceptance procedures) and the receipt of a duly completed invoice.

10.3. Stoll shall be entitled to set off or retain any amount of money or to claim for any non-performance to the extent permitted by the law. In particular, Stoll is entitled to retain any payment due insofar as there is any outstanding claim against the Supplier for incomplete or defective performance.

10.4. The Supplier shall have a right of set off or retention only in relation to counter claims which are undisputed or have been confirmed by a final court judgment.

10.5. The Supplier is not entitled to transfer any claims against Stoll to any third party without the written approval of Stoll.

11. Price Developments

11.1. The price consists of an added value and a material component.

11.2. The prices shall be reduced by 3 % in relation to the added value component for productivity improvements due on 1

October of each year for the first three years.

11.3. If in the term of the contract prices in general for individual or all Components or the necessary input materials substantially change (>5% quarterly average in relation to the previous quarterly average), prices shall be corrected correspondingly from the commencement for the following quarter unless a special agreement is entered into in this regard. In case of any doubt the index under www.meps.co.uk shall apply.

11.4. The Supplier must be competitive and remain so for the term of the contract by way of cost reduction measures.

11.5. In case of any insolvency of the Supplier, Stoll may withdraw (zurücktreten) from the contract in relation to those parts thereof not performed or may terminate such by way of extraordinary notice (außerordentliche Kündigung) in relation to the future.

12. Defective Delivery, Quality Assurance Agreement, Inward Goods Inspection

12.1. Unless otherwise agreed the general provisions of law shall apply in relation to the rights of Stoll for defects in the goods or any defects of title or for any other breach of obligations by the seller.

12.2. The Component to be delivered shall have an Identity Number with related Specifications. The Supplier shall deliver according to the latest version of the Specifications, unless Stoll grants variations therefrom in writing. The Supplier shall ensure that Components are delivered with the agreed qualities. The Supplier shall be liable in accordance with the general provisions of law and in particular for the goods having the agreed qualities at the time of the transfer of risk to Stoll.

12.3. The Parties agree that the Supplier shall ensure the quality of the delivered Component by way of suitable quality controls for outgoing goods and that the Components are examined for any defect. If the Supplier detects any defect in a Component, it shall notify Stoll of such with-out undue delay.

12.4. The quantities, measurements, weights and quality of any delivery shall be deemed to be that determined by Stoll upon receipt.

12.5. The obligations of Stoll to examine and give "notice of defect" (in form of an Inspection Report or Non-Conformity Report) as a merchant are limited as follows: The obligation of Stoll to inspect

for any defects shall be limited to defects apparent at the inward goods inspection by way of external examination including that for any delivery documents as well as the quality controls undertaken by Stoll by way of random inspections (e.g. transport damage, incorrect delivery or incomplete delivery). Insofar as "acceptance procedures" have been agreed, there shall be no obligation to inspect. Otherwise, it shall depend on the extent to which an inspection is possible under normal business conditions having regard to the circumstances of the individual case. The duty of Stoll to provide a "notice of defect" for any defects later discovered shall not be affected hereby. In all cases, the "notice of defect" shall be deemed to be made without undue delay and in good time if it is received by the Supplier within 5 (five) work days.

12.6. In this regard, the Supplier waives any right to object to late notification of any defect.

12.7. The Supplier shall give a written statement as to the "notice of defect" (Inspection Report/Non-Conformity Report) within no later than 2 (two) work days, and in particular in relation to an assurance that no further defective Components are to be sent.

12.8. After no later than 30 calendar days the Supplier shall make available to Stoll a report as to the reasons for the fault and its subsequent rectification.

12.9. Any acceptance, payment or approval of a first sample by Stoll shall not release the Supplier from its obligation to deliver a defect-free Component; in particular this shall apply in cases where the Specifications and/or the design of the Component are from the Supplier.

12.10. In the event of a defect by the supplier and if the Supplier does not fulfill its obligations of subsequent performance (Nacherfüllung) – at the option of Stoll either by rectification of the defect (Nachbesserung) or by supply of defect-free goods (Ersatzlieferung) – within a reasonable deadline set by Stoll, Stoll may rectify the defect itself and claim damages from the Supplier for the necessary expenses or demand an appropriate prepayment.

12.11. In the event of rectification of a defect by the Supplier, any de-installation of a Component by the Supplier from a product of Stoll already produced is hereby excluded.

12.12. If subsequent performance (Nacherfüllung) by the Supplier is unsuccessful or un-reasonable for Stoll (e.g. because of urgency, endangerment of the operations, a pending production interruption, substantial limitations on production or for reasons of pending disproportionate damage) no deadline need to be set; the Supplier shall be notified without undue delay, and if possible beforehand.

12.13. If subsequent performance (Nacherfüllung) is not possible and such shall affect production, the Supplier shall be liable for the subsequent costs, in particular for any production and/or assembly interruptions.

12.14. Defective Components are to be collected or returned at the expense of the Supplier. The risk of destruction / damage to a Component during such return shall be borne by the Supplier.

12.15. In addition, Stoll is entitled in the event of any defect or defect in title to claim in accordance with the general provisions of law for a reduction in the price or to withdraw from the contract (Rücktritt vom Vertrag). In addition, Stoll is entitled to claim damages in accordance with the general provisions of law for any loss or damage.

12.16. Any claims for damages may be set off in relation to the claims of the Supplier arising from the business relationship.

13. Producers and Product Liability

13.1. If the Supplier is responsible for any product damage, it shall indemnify Stoll in this regard against any claims by third parties where the cause is within its area of control and organisation and it is liable itself in relation to third parties.

13.2. In terms of its indemnification obligations, the Supplier shall reimburse any expenses in accordance with §§ 683, 670 Civil Code (BGB) resulting from or in connection with any claims of third parties or resulting from any recall actions undertaken by Stoll. Stoll shall notify the Supplier – insofar as such is possible and reasonable – as to the details and extent of any recall action and shall provide the Supplier with an opportunity to respond. If Stoll must carry out a re-call action in relation to third parties as a result of a defect in a product supplied by the Supplier, the Supplier shall bear all costs related to such a recall action. Any further rights to claim at law shall not be affected thereby.

13.3. The Supplier shall, at its own expense, take out and maintain product liability insurance with a lump sum cover of at least 10 million Euro per incident of personal injury / property damage. The Supplier shall provide Stoll with a copy of the respective insurance policy at any time upon request.

14. Limitation Period

14.1. Any respective rights of the Parties to claim in relation to each other shall expire in accordance with the limitation periods at law unless otherwise agreed below.

14.2. Notwithstanding § 438 section 1 no. 3 Civil Code (BGB) the general limitation period for claims for damages shall be 3 years from the time of the transfer of risk. Insofar as “acceptance procedures” are agreed, the limitation period shall commence upon such acceptance. The 3-year limitation period shall apply accordingly to claims arising for any defect and title whereby the statutory limitation period for restitution (dingliche Herausgabe) by third parties shall not be affected (§ 438 section 1 no. 1 Civil Code (BGB)).

14.3. The limitation periods under Sales Law including the above extensions shall apply – to the extent allowed by law – for all claims for defects based on contract. Insofar as Stoll is entitled to non-contractual damages for any defect, the normal statutory limitation periods (§§ 195, 199 Civil Code (BGB)) shall apply unless the application of the limitation periods for sales law would result in a longer period in any individual case.

15. Spare Parts

15.1. During series production the Supplier shall also keep spare parts available and deliver such under the same conditions in response to individual orders.

15.2. Upon the ending of series production the Supplier shall deliver spare parts to Stoll as required for a period of 10 (ten) years. In this regard the Supplier shall also keep the necessary tooling available and if necessary place such back in operation.

15.3. The Supplier is not permitted to directly sell to any other enterprises or private persons such spare parts in any countries, markets or distribution systems. In case of any breach of this undertaking Stoll is entitled to demand a penalty of € 25,000 (twenty-five-thousand Euro) in each case. The right to claim further damages as well as the rights to seek an injunctive

prohibition (Unterlassungsansprüchen) shall not be affected hereby.

16. Confidentiality and Exclusivity

16.1. The Confidentiality Agreement of Stoll shall apply.

16.2. Components which have been or will be developed in accordance with Stoll's Specifications or in connection with Stoll shall be supplied exclusively to Stoll.

16.3. In case of any breach of this undertaking Stoll is entitled to demand a penalty of € 25,000 (twenty-five-thousand Euro) in each case. The right to claim further damages as well as the rights to seek an injunctive prohibition (Unterlassungsansprüchen) shall not be affected hereby.

17. Retention of Title

17.1. The Components shall remain the property of the Supplier until final payment of the purchase price to the extent that such Components remain in their state at the time of delivery and are not connected with any other components or converted into other components.

18. Jurisdiction and Applicable Law

18.1. If the Supplier is a merchant (Kaufmann) in terms of the Commercial Code (HGB), a legal person under public law or a special asset under public law, the exclusive place of jurisdiction – also in international matters – for all disputes arising out of the contractual relationship shall be the business seat of Stoll. Stoll is, however, entitled to commence legal proceedings at the place of performance of the delivery.

18.2. For this contractual relationship and all legal relations between the Parties the law of the Federal Republic of Germany shall apply to the exclusion of all international and supra-national (contractual systems) legal systems and in particular UN Sales Law. The conditions and consequences of the retention of title shall be subject to the respective law of the location of the object insofar as the choice of German Law is not permissible or is ineffective.

19. Concluding Provision

19.1. In the event that any provision is or becomes ineffective or if there is any omission in these provisions, the validity of the remaining provisions shall not be affected thereby. Instead of the ineffective or invalid provision or in order to compensate for any omission a provision shall apply which most closely reflects the

Supply and Business Conditions



Production Material

intended commercial purpose of this contract.