# Terms and Conditions of Purchase of Basler AG

## I. General

The Terms and Conditions of Purchase of Basler AG apply exclusively; any terms and conditions of the Supplier that conflict with or differ from these Terms and Conditions of Purchase are not recognized, unless Basler AG has expressly agreed in writing to their application. The Terms and Conditions of Basler AG are applicable even if the Supplier's delivery is accepted unconditionally in the knowledge that the terms and conditions of the Supplier conflict with or differ from the Terms and Conditions of Purchase of Basler AG. All correspondence must contain a reference number (e.g. order number) of Basler AG.

## II. Offer

Offers are free of charge and do not constitute any obligations for Basler AG.
The Supplier must keep to the enquiry in the offer. If the Supplier has a technically or economically more favorable solution with respect to the technical enquiry, it shall offer this to Basler AG in addition.

## III. Order

Only written orders placed by and order alterations submitted by the purchasing department of Basler AG are binding; verbally placed orders are subject to mutual written confirmation.

Each order placed by Basler AG must be confirmed immediately, stating the order number, the material numbers of Basler AG, the price and the delivery time and any deviations from the order placed by Basler AG must be expressly pointed out.
If no prices are stated in the order, the current list prices with the Supplier's customary deductions shall apply.

## IV. Period of Delivery

The agreed delivery dates/delivery periods are binding and must therefore be adhered to by the Supplier. The delivery periods start from the order date. Compliance with the delivery date or the delivery period shall be determined on the basis of the date on which the receiving/utilizing location specified by Basler AG receives the goods or the punctuality of successful acceptance.
As soon as the Supplier recognizes that it is unable to meet its contractual obligations at all, in part or on time, it must inform Basler AG thereof in writing without delay - irrespective of the cause of the delay - stating the reasons and the expected duration of the delay.
In the case of default, Basler AG reserves the right to demand a default penalty of 1% of the order value per commenced working day, but a maximum of 10% of the order value, irrespective of any further claims for damages.
Basler AG shall be entitled to assert the contractual penalty pursuant to § 341 of the German Civil Code (BGB) until the final payment on the underlying contractual relationship, and in the case of skeleton or continuing agreements until the end of the delivery year.

## V. Transfer of Risk

Until the delivered item is handed over to Basler AG or the recipient specified by Basler AG the Supplier shall bear the risk of deterioration or accidental loss.

## VI. Quality Assurance

The Supplier shall guarantee that the items and services to be delivered conform to the samples approved by Basler AG, the relevant standards (DIN standards, EC standards, etc.) as well as all safety regulations. The same applies to the performance data and other properties contained in the Supplier's order acknowledgement. The Supplier shall also

guarantee that dimensions, weights and fabrications based on drawings match the content of the orders. The Supplier shall therefore undertake to supply the delivered item free of material defects and defects in title.
The Supplier must continuously adjust the quality of its products to the latest state of technology and notify the Client of improvements and technical optimizations.

The Supplier must install and maintain a quality assurance system that meets the current state of technology. It shall in particular prepare documentation for quality inspections and make these available to the Client upon request. The Supplier herewith agrees to the execution of quality capability assessments by the Client and/or its customers.

### VII. Inspections

Basler AG reserves the right to carry out a quality capability assessment at regular intervals. In the case of agreed inspections the Supplier shall indicate its inspection readiness at least one week beforehand and fix a binding inspection date with Basler AG. The Supplier shall bear the material and personnel costs of the inspection which it incurs and Basler AG shall bear its material and personnel costs.
If the test item is not ready for inspection on this date, all costs shall be borne by the Supplier. Should defects require further or repeated inspections, the Supplier shall bear all costs incurred.
The costs for material certification for input materials shall be borne solely by the Supplier. Material and testing certification are supplied as standard and must be available on delivery. The Supplier's contractual obligations to carry out perfect delivery are not affected by the inspection.

### VIII. Guarantee/Claims in Respect of Defects

The Supplier shall guarantee that the delivered item will be free of material defects and defects in title and will meet the conditions stated in the order, the generally recognized engineering standards, the latest official and statutory requirements, the effective safety requirements and the health and safety and accident prevention regulations.
The guarantee will begin upon the transfer of risk and will be valid for 24 months. The obligation of the Supplier to supply a perfect delivered item also extends to the parts and services purchased from subcontractors. If the deliveries are defective, Basler AG shall be entitled to all contractual and statutory claims in respect of defects and all claims for compensation, which may on no account be limited by the Supplier.
Each notice of defect interrupts the warranty period. In the case of replacement deliveries or other remedies of defects the warranty period shall start anew in this respect.
Defects, in particular material defects which only come to light during processing or after the delivered item is put into use, may also be asserted after the warranty periods have expired or after further processing, assembly or installation within 5 calendar days after their discovery; the Supplier shall in this respect waive the plea of the statute of limitations.
In the case of justified claims in respect of defects the Supplier shall bear all the costs incurred (dismantlement, assembly, transport, workshop costs, etc.) for Basler AG.

### IX. Documents/Secrecy

The Supplier shall regard an enquiry, order, delivery or performance as a business secret and therefore treat them confidentially.
All details and documents which are made available to the Supplier for preparing an order, design, manufacture, etc. as well as the documents produced by the Supplier according to special instructions of Basler AG shall remain the property of Basler AG and may not be used by the Supplier for other purposes, reproduced or made accessible to third parties. At the request of Basler AG such documents shall be returned with all the copies or duplications. Should an order not come about, the Supplier shall hand over all the surrendered documents to Basler AG without delay and of its own accord.

### X. Provided Materials

Provided materials shall remain the property of Basler AG and shall be stored separately by the Supplier and only be used for orders of Basler AG. The Supplier shall be liable for damage or loss. The provided parts shall all be insured by the Supplier with sufficiently high third party liability insurance.

The processing or transformation of the material shall take place by order of Basler AG. Basler AG will in each case become the owner of the newly produced items. If foreign materials are included in the processing, Basler AG shall acquire co-ownership.

### XI. Tools

Forms, tools, reproductions, plans, samples, formulations and the like which are produced at the expense of Basler AG and have been paid for or are handed over to the Supplier by Basler AG shall become the property of Basler at the time of manufacture or remain its property or in its possession. They must be stored, maintained, serviced and protected by

the Supplier. Upon request they shall be returned to Basler AG without asserting any rights of retention.

### XII. Forwarding Regulations

A delivery note must always be enclosed upon delivery of the delivered item. The order number must be stated in full in all forwarding documents.

The Supplier shall take care of forwarding, unless otherwise agreed, and choose the most favorable and most appropriate means of transport therefor. In the case of the delivery clause EXW (ex works) transport insurance does not have to be taken out by the Supplier.
The Supplier shall package, label and forward dangerous products according to the relevant national and international regulations.

### XIII. Incoterms

The clauses which are customary in the trade shall be interpreted according to the current incoterms (International Commercial Terms).

### XIV. Invoice and Payment

Invoices must correspond to the order as regards the order of the items and prices, stating the item numbers, and can only be issued after the entire delivery has taken place.

Invoices may not be enclosed with the consignment. Payment periods run from receipt of the invoice. Should receipt of the goods only take place after receipt of the invoice, the payment period will run from the time when the goods have been received. Invoices which are not submitted in a proper manner, i.e. which are not flawless, not complete and not capable of being checked, are only deemed to have been received by Basler AG once correct.
If certificates concerning material inspections have been agreed, they shall form an integral part of the delivery/performance and shall be sent to Basler AG together with the invoice.
However, they must be received by Basler AG at the latest 14 days after receipt of the invoice.
Payment shall be effected subject to the quality and confirmation of correctness of the delivery or performance. In the case of notice of defects Basler AG shall be entitled to defer payment of the invoice by a suitable amount until the problem has been resolved in full and still deduct discount after this period.
Payment does not constitute recognition of terms and conditions and prices and does not affect the Supplier's guarantee.
Payment shall take place, unless otherwise agreed, subject to the accuracy of the invoice within 14 days with 3% discount or within 30 days net.

### XV. Advertising

The Supplier may only refer to the existing business relationship with the written approval of Basler AG.

### XVI. Assignment

The Supplier may only assign its contractual obligations to third parties with the written approval of Basler AG.

### XVII. Applicable Law and Place of Jurisdiction

The contractual relationship shall be subject to the law of the Federal Republic of Germany. The applicability of the UN Sales Convention (CISG) is excluded. The place of jurisdiction is Ahrensburg.

### XVIII. Validity

These Terms and Conditions of Purchase shall be valid until replaced by new terms and conditions of purchase.

### XIX. Severability Clause

Should individual provisions in the terms and conditions of business of Basler AG or a provision in supplementary agreements be or become invalid, the validity of the remaining provisions shall not be affected. The invalid provision will be replaced with a provision that comes closes to what the Parties would have intended.

Ahrensburg, 12.10.2006

Basler AG

**With my signature I recognize these Terms and Conditions of Purchase.**

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Date/signature

# Unsere Niederlassungen

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