

## General Purchasing Conditions

1. These purchasing conditions apply exclusively to all deliveries and services, along with the respective order. Deviations, differing or conflicting conditions of the supplier apply only if they are expressly indicated and Schmid has accepted them in writing; they do not become part of the contract either implicitly or by taking action – in particular not by accepting the goods. All contrary terms and conditions, including any counter-confirmations by the supplier that make reference to its own terms of business/sale, are herewith rejected.
2. Orders and agreements are binding only if they are issued or confirmed in writing by Schmid.
3. All delivery dates are binding. In case of nonperformance of agreed delivery dates, the legal consequences of default will accrue without a further reminder being issued or without a time limit being set. This also applies to call-off orders. The supplier must inform Schmid without delay of any circumstances which may be detrimental to orderly contract fulfillment. If the supplier is in default with its delivery obligation, the supplier shall pay to Schmid – without prejudice to further claims - a contractual penalty of 0.5% of the net value of the goods of the consignment per commenced working day. The aggregate amount of the contractual penalty shall not exceed 5% consignment value. The supplier is entitled to prove that no loss or substantially lower loss was incurred as a consequence of the delay.
4. Every consignment must be accompanied by a detailed dispatch note or delivery note. Any part deliveries, which are admissible only on the basis of special agreement, must be identified as such. Order confirmations and invoices must be presented in duplicate. Shipping documents, delivery notes, packing slips and invoices must always bear Schmid's order number, article/part number and supplier's number. Non-observance of the above-stated requirements may result in a delay in taking delivery of the goods and payment. In such cases Schmid can refuse acceptance of the delivery.
5. The agreed prices are fixed prices. Value added tax must be shown separately. Unless otherwise agreed, consignments must be delivered insured for transport, free of packaging, freight and postage. The risk of accidental loss or accidental deterioration is borne by the supplier through to handover (unloading).
6. Altered or additional goods and services, which in individual cases may result in an extra charge exceeding an amount of Euro 500.00, have to be ordered in writing by the Schmid Purchasing Department. Schmid's technical personnel/assembly personnel do not have any authorization in this respect.
7. Payment is effected on the 1st and 15th of every month, at Schmid's option. Terms of payment: Within two weeks after receipt of the goods less 3% discount or within 60 days net. The period of payment commences upon receipt of the invoice, but not before acceptance. The period of payment shall be extended respectively if article 4, sentence 4, is not fulfilled by the supplier. If there are defects in material or title, the period of payment commences upon their correction by the supplier.
8. Claims may be assigned or transferred for collection only with the prior written consent of Schmid.
9. The delivery item has to be consistent with the specifications and part descriptions stipulated by Schmid, to state-of-the-art technology, the relevant safety recommendations (VDE, VDI, DIN, CE etc.) and to the statutory provisions. The supplier has to inform Schmid without delay if it notes any deviations or incompleteness of the documentation.

The supplier is obliged to notify Schmid in advance about any (i) modifications in production processes, production flows and materials (all above-mentioned also concerns supplier's subcontractors), (ii) changes of subcontractors, (iii) modifications of testing methods and testing devices, (iv) transfer of production sites or (v) transfer of production systems within a production site so that Schmid has time enough to prove, if the planned changes may entail a disadvantage and enforce Schmid to a reaction.
10. All materials and services required for orderly operation or for an orderly manufacturing and assembly process in keeping with the purpose of the contract are in the supplier's scope of supply, even if they are not expressly stipulated in the contract.
11. A claim for payment of altered or additional goods and services, on however it should be legally caused, is barred if the supplier does not announce its claim for payment before performance. In individual cases the announcement may be dispensable in good faith, for instance if the claim for payment is perfectly clear or in case of urgency. In the event of altered goods and services, the additions and deletions only are to be considered for any claim for payment. For the rest, any claim for payment shall be calculated on the price bases of the contract concerned.
12. In case of defects in material or defects in title, Schmid is entitled – without granting a respite and at its own discretion - to require a new delivery or rework or to claim damages or to cancel the contract.
13. In urgent cases Schmid is entitled, even without fixing a deadline, to replace or correct defective parts or to eliminate damage sustained, at the supplier's expense. These rights are not waived by Schmid, even by accepting or approving drawings submitted.
14. The warranty period shall be the statutory period. The period begins when the delivery item or the system in which it is incorporated is put into operation. The warranty period for replaced parts begins anew with the replacement.
15. Schmid is entitled to terminate a framework purchase agreement without notice if repeatedly defective goods are supplied, defective services are rendered or delivery dates are not kept. If a defect of a supplied part emerges during the warranty period, at the end customer's site – or if it is not identified at an earlier stage – the supplier is obligated to replace, repair or rectify the defected part, including travel expenses. Schmid will offer the supplier the opportunity beforehand to repair the damage itself at supplier's cost.
16. Schmid is entitled to notify the supplier of obvious defects within one month from receipt of the delivery. A notice in respect of latent defects must be given within 14 days from the time they are discovered. The notice must be given in writing. It is sufficient for the notice to be communicated by e-mail.
17. Schmid retains the title to and copyright in all drawings, documentation, apparatus, tools, devices and materials provided for the execution of orders. Any passing on to third parties is allowed only with Schmid's prior written consent.
18. Material provided by Schmid remains the property of Schmid. It must be stored separately and marked by the supplier, and used exclusively for Schmid's order. The processing or transformation of the material takes place exclusively for Schmid and leads to property of Schmid, as does the result of the processing. Schmid is entitled at any time to require a list of the material provided and to check the completeness and condition of the material at the supplier's premises.
19. The supplier is responsible for safety to the following extent:
  - a) The accident prevention regulations of the professional associations, industry authority, technical inspection association and our own safety regulations for safety on the Schmid factory premises must be observed. Supplied electrical equipment and assembly work at the factory must conform to VDE/CE guidelines. The supplier is liable for damage or loss sustained by the supplier due to failure to observe the safety regulations. Any violation of the safety regulations entitles Schmid to cancel the contract without further ado. Furthermore, Schmid is entitled to require proof of adequate liability insurance/product liability insurance coverage and, in the absence of this proof, to cancel the contract. For construction services, the supplier is obligated to present a certificate of exemption ("Freistellungsbescheinigung") without being asked.
  - b) For installation and assembly work on the customer's site, the supplier is responsible for compliance with all accident prevention regulations and any customer's factory regulations or other regulations brought to the supplier's notice. The supplier has to inform itself about the content of regulations brought to its notice.
20. The supplier must take back the packaging. If the supplier does not take back the packaging despite a respective request, Schmid can dispose of the packaging at the supplier's expense. The request to the supplier to take back the packaging material can also be made by e-mail.
21. Schmid is entitled to inspect the supplier's production line after prior notice (also accompanied by the customer).
22. Each contract is governed by the laws of the Federal Republic of Germany. The place of jurisdiction for any disputes is the registered office of Schmid.
23. Schmid will save its business partners' personal data related to the business dealings in accordance with the German Data Protection Act.