

GENERAL PURCHASING CONDITIONS
of
CL Machinery GmbH

1. Scope of Application of these Purchase Terms

The following General Purchasing Conditions ("Purchase Terms") shall exclusively govern the entire legal relationship of Closure Systems International Machinery (Germany) GmbH ("CLM") and Supplier. Upon the acceptance of CLM's purchase order or, at the latest, upon delivery of the goods ordered, Supplier accepts these Purchase Terms as binding. The applicability of conflicting, deviating or supplementary terms and conditions of Supplier shall be excluded, even if CLM does not expressly object to them or if Supplier indicates that he is only willing to make deliveries under his own terms and conditions.

These Purchase Terms shall also apply to all future business transactions with Supplier.

2. Conclusion of Contract

2.1 Purchase orders of CLM are not binding unless made in writing. Verbal purchase orders or orders placed by telephone are not binding and require a written confirmation in order to become binding. Amendments to and changes of the purchase orders or any supplements hereto shall not be binding until made in writing.

2.2 Supplier must accept purchase orders in writing within ten (10) days from the date of the purchase order. In the case of discrepancies between the order confirmation and the purchase order, the order confirmation shall be deemed as a new order, which has to be accepted by CLM in writing. In no event shall CLM's silence be deemed as acceptance of an order confirmation that deviates from the original purchase order.

3. Delivery, Shipping Documents

3.1 Agreed delivery dates are binding and are met, if the goods to be delivered ("Goods") have arrived at the agreed delivery address at the agreed time.

3.2 Supplier shall notify CLM without undue delay in writing of all circumstances, including their cause and anticipated duration, which could affect timely delivery once these circumstances become apparent. In the event that delivery dates are exceeded, CLM reserves the right to rescind the contract by means of a written declaration and/or to claim damages in lieu of performance, if Supplier is responsible for exceeding the delivery date.

3.3 In the event of delay or disruption of delivery due to unforeseeable events such as acts of God, war or natural disasters or due to other unavoidable and severe events beyond Supplier's control and sphere of influence and for which he is not responsible, the parties shall be released from their contractual obligations for the duration and scope of such disturbance. The parties shall be obliged to adjust their mutual contractual obligations to the changed circumstances in good faith. The statutory right of rescission remains unaffected.

3.4 Supplier shall bear the risk of accidental lost or deterioration of the Goods until their arrival at the agreed destination. The destination shall be the place of performance.

3.5 Supplier shall attach to each delivery a bill of delivery in duplicate indicating date of the order, order number, other identifiers requested in the order, quantity of Goods. Supplier shall send a duplicate of this bill of delivery to CLM under separate cover. Any additional costs incurred by CLM due to Supplier's non-compliance with the shipping instructions, for which he bears responsibility, shall be charged to the Supplier. This shall not apply to the extent Supplier can prove that he is not responsible for the non-compliance.

3.6 Partial deliveries shall not be permitted unless CLM has given its express consent.

3.7 If CLM and Supplier do not stipulate the type of packaging and shipping, Supplier shall be obliged to provide for the customary type of packaging and shipping.

4. Terms of Payment

4.1 The price indicated in the purchase order for the delivery of the Goods is fixed and includes free shipping to the delivery address. It includes packaging, freight, insurance and other ancillary costs, however it does not include VAT. The price includes collection of the cover parts free of charge.

4.2 Unless otherwise agreed, payment of the invoiced amounts shall be made at CLM's discretion within 14 days with a 3 % discount or within 30 days net. These time limits shall begin on the date on which CLM receives the invoice, but not before CLM has received complete delivery.

4.3 Supplier's invoices shall be submitted in triplicate, separately from the delivery and shall indicate the order number. They must contain the exact wording of the purchase order as well as the number, date and other identifiers of the purchase order.

4.4 Supplier must not set-off if with any claims that CLM is contesting, that have been finally adjudicated or that are not ripe for judgement.

5. Transfer of Title

Supplier's retention of title will only be accepted by CLM if and to the extent Supplier retains title until he receives the purchase price to the delivered Goods. Supplier shall not be entitled to an extended or expanded retention of title.

6. CLM's Rights in case of Defects

6.1 The quality of the Goods and Supplier's responsibility for their quality shall be governed by the respective individual agreements of the parties. Supplier shall deliver the Goods free from defects in quality or title. Besides, the Goods shall correspond to the latest state of the art and shall comply with all applicable safety regulations.

6.2 CLM shall inspect the Goods received without undue delay upon receipt to the extent this is reasonable within the scope of the ordinary course of business, and shall notify Supplier without undue delay about any defects discovered. If a defect is discovered at a later time (hidden defect), notice thereof must be given place immediately upon discovery of the defect.

6.3 If Supplier is in breach of his obligations according to section 6.1 (in particular with respect to the obligation to deliver Goods without any defects in quality or title) CLM's rights (in particular to subsequent performance, rescission, reduction, damages or reimbursement) and the applicable statute of limitations shall be determined by the statutory provisions.

6.4 In addition to the statutory provisions (cf. Section 6.3), CLM shall be entitled to remedy the defect of the Goods itself at Supplier's expense or to exchange the defective Goods for a replacement procured otherwise, if, for particular reasons of urgency (e.g. if CLM might suffer damages that are particularly high compared to the costs remedying the defects), CLM is not in the position (i) to notify Supplier of the defect and the imminent damages and (ii) to grant him a time limit for subsequent performance without occurrence of the damage.

6.5 If CLM has notified Supplier of the defect in due time, the statute of limitations for claims based on defects is suspended until Supplier has finally rejected responsibility for the defect or has declared that the defect has been remedied. If Supplier recognizes his obligation for subsequent performance, the subsequent performance shall trigger the commencement of a new statute of limitation period. In the event of subsequent performance, the new statute of limitations shall only apply to the remedied defect. If replacement Goods are delivered, the statute of limitations shall apply to the entire replacement.

6.6 Neither the acceptance of the delivery, nor the payment shall be deemed to constitute an acknowledgement of perfect tender.

7. Product Liability, Product Recall

7.1 To the extent Supplier bears responsibility for a product defect whose cause lies within his sphere of control and organization, he shall be obligated to indemnify CLM upon first demand against all damage claims of third parties. Supplier shall reimburse all of CLM's necessary expenses in connection with these claims.

7.2 Supplier is obligated to take out insurance, in a reasonable amount, against the risks of product liability for the Goods delivered by him. Upon written request, Supplier shall provide CLM with proof of the insurance coverage within two weeks from receipt thereof in appropriate form. Should Supplier fail to provide proof of such insurance, CLM shall be entitled to take out such insurance at Supplier's expense.

7.3 If CLM is obliged to recall Goods due to a defect, Supplier shall bear all necessary expenses in connection with the recall to the extent such expenses stem from the Goods being defective.

8. Confidentiality

8.1 CLM shall retain all ownership rights and copyrights to its illustrations, drawings, plans, calculations, materials, samples, models, tools, equipment and other devices, items or documents (jointly "Items"). Supplier shall not be entitled without the express prior written consent of CLM to make the Items available to third parties or to reproduce them, or to use them for purposes other than those determined by CLM. Unless provided otherwise, the Items of CLM shall exclusively be used for executing the purchase orders of CLM. Upon execution of the purchase order and upon request of CLM, the Items shall be returned to CLM without undue delay. Supplier shall treat the Items with care and shall store them separately.

- 8.2 Also after completion of the purchase order, the parties undertake to treat all non-public commercial and technical information of the respective other party that they become aware of due to the business relationship ("Information") confidential and shall refrain from making the Information available to third parties. This shall apply in particular to any Information that is incorporated in an Item according to Section 8.1 and is related thereto.
- 8.3 The prohibition to pass on Items according to Section 8.1 and Information according to Section 8.2 to third parties does not apply if and to the extent the party receiving the Information and Items solely passes them on to those of its employees who need to know the Information and Items to fulfill the purchase order ("Authorized Persons"). The exception from the obligations stipulated in Sections 8.1 and 8.2 shall only apply, however, if, within the scope of the legal possibilities and beyond the termination of their legal relationship with the receiving party, these employees are obliged to comply with Section 8.1 and 8.2.
- 8.4 The obligations under section 8.2 shall not apply to any Information which
- (i) has already been common knowledge at the time of disclosure or becomes common knowledge afterwards without any breach of the obligations set out in section 8.2;
 - (ii) the party obliged to maintain confidentiality legally receives or has legally received from a third party if the third party or the person from whom the third party received the Information is not obliged to maintain confidentiality;
 - (iii) upon disclosure of the respective Information to the party that is obliged to maintain confidentiality is already known to that party independent from the other party and without using the Information received so far; this exception from the confidentiality obligation shall only apply if the obliged party immediately objects to its confidentiality obligation upon receipt of the Information.
- 8.5 Section 8.4 shall apply mutatis mutandis to the obligation according to Section 8.1 if and to the extent the Items represent Information that is not subject to the confidentiality obligation according to Section 8.4.
- 8.6 With regard to safeguarding the confidentiality of the Information, either party undertakes to employ the same degree of diligence and care it would employ in its own matters; in any event, it must at least employ the diligence and care as is usual in the ordinary course of business.
- 8.7 Upon request of CLM, Supplier must insure all Items defined in Section 8.1 against fire and theft at its own expense for as long he has them in possession.
- 8.8 Supplier undertakes to oblige any sub-suppliers used by him to comply with the provision set forth in Sections 8.1 to 8.7.
- 9. Intellectual Property Rights**
- 9.1 Supplier shall ensure that no intellectual property rights of third parties are breached in connection with his delivery.
- 9.2 Supplier shall be obliged to indemnify CLM upon first demand against all claims of third parties due to the breach of such intellectual property rights and to reimburse all necessary expenses in connection with these claims.
- 9.3 The obligation according to Section 9.2 shall not apply if Supplier does not bear any responsibility for the breach of obligation according to Section 9.1.
- 9.4 Any other warranty claims of CLM shall remain unaffected.
- 10. Miscellaneous**
- 10.1 The transfer of a purchase order to third parties, including the assignment of rights and claims arising hereunder, shall require CLM's prior written consent. Section 354 a German Commercial Code (*HGB*) shall remain unaffected hereby.
- 10.2 The invalidity of single provisions of these Purchase Terms shall not affect the validity of the remaining provisions or the contract.
- 10.3 Amendments and supplements to the contract or these Purchase Terms and any side agreements must be in writing in order to be effective. This shall also apply to the amendment of this written form requirement.
- 10.4 The laws of the Federal Republic of Germany shall apply with the exception of the UN Convention on Contracts for the International Sale of Goods (CISG).

- 10.5 Exclusive venue for all disputes arising from or in connection with the contractual relationship shall be Worms. CLM shall be entitled, however, to sue Supplier at any other court having statutory jurisdiction.