

General Conditions of Purchase

1. ORDER PLACEMENT

- 1.1 Purchase orders placed by COPERION GmbH (hereafter called "Coperion") become effective only if submitted in writing. Unless otherwise agreed in the individual case, orders placed verbally or via telephone require written confirmation by Coperion to become binding.
- 1.2 Unless the written purchase order specifies otherwise, Coperion's Conditions of Purchase shall govern exclusively. Coperion explicitly rejects any conditions of the supplier, regardless of the manner in which they are notified to Coperion, in particular, even if Coperion accepts any performance of the supplier without once again rejecting the conditions of the supplier.

2. DELIVERY DEADLINES

- 2.1 Meeting delivery deadlines is of the essence for satisfying the terms of the purchase order. Any agreed delivery deadline commences as of the date the order is placed. The supplier guarantees that he will observe the agreed delivery periods and delivery deadlines. Delivery deadlines or delivery periods shall be deemed to be observed upon receipt of the goods at the place of use designated by Coperion.
- 2.2 As soon as the supplier becomes aware that he cannot successfully meet a delivery time, either wholly or partially, he shall give notice of such fact immediately, setting forth the grounds and the presumed duration of the delay, whereby his contractual obligations remain unchanged.
- 2.3 In the event the agreed deadline cannot be met due to circumstances for which the supplier is responsible, Coperion may elect, after the unsuccessful expiration of a reasonable extension of the original deadline to be determined by Coperion, to cancel the contract, to procure substitute delivery from a third party and/or to demand damages for non-performance, all of the foregoing without prejudice to any other statutory claims.
- 2.4 If delivery is delayed due to natural events, state of war, seizure by government authorities or by other cases of force majeure. Coperion shall have - without prejudice to any statutory rights of rescission - the right to cancel the contract if the event which impedes delivery continues to a point in time which makes delivery no longer interesting to Coperion, in particular, as a result of the cancellation by the Coperion customer due to the supplier's delayed delivery.
- 2.5 If the payment of a contract penalty has been agreed, the claiming of such penalty shall neither preclude the right to demand performance of the contract nor to claim damages, provided, however, that any such penalty shall be off-set against the amount of damages due. Coperion's assertion of any penalty incurred by the supplier shall in any case be reserved until the payment of the final invoice.

3. PROCESSING OF PURCHASE ORDERS

- 3.1 Instructions, if any, for the processing of orders shall be complied with precisely. The supplier shall compensate all costs and damages which result from the non-observance of such instructions for which he is responsible.
- 3.2 Excess deliveries or short deliveries are only permissible upon prior instruction or prior consent of Coperion.
- 3.3 If the delivery item is intended to be used by Coperion for filling a customer order, Coperion may elect to cancel the delivery order, if the customer's order cannot be filled on grounds for which Coperion cannot be held responsible. In this event Coperion will refund any costs which have provably arisen until receipt of the cancellation notice by the supplier with the exception, however, of any profit mark-up.
- 3.4 In order to respond to the requirements of Coperion's customer, Coperion is entitled to request changes to the type, scope and cost of the purchase order to the extent such changes may be reasonably expected of the supplier. Additional costs caused by such changes shall be borne by Coperion, provided these additional costs have been notified in advance, have been proved to Coperion and are reasonable in their amount. Changes to delivery deadlines shall be taken into reasonable consideration to the advantage of the supplier.

4. SHIPPING

- 4.1 Shipping takes place for the account of Coperion to the shipping destination which has been notified by Coperion. The supplier shall bear any and all costs of delivery, including without limitation, any costs of transport and packaging.
- 4.2 Risk passes only when Coperion has accepted and inspected the goods.
- 4.3 Notice of shipment is to be sent to Coperion in duplicate on the loading date. On the basis of these documents, the content of the delivery must be discernable. Correspondingly, an exact description of the delivery item, volume (unit quantities), measurements, weight, etc. as well as statement of the shipment dates and the Coperion order number are required. An invoice does not constitute notice of shipment. Deliveries received without a proper notice of shipment shall not be deemed to constitute fulfillment of the order until receipt of a proper notice has occurred.

5. WARRANTY

- 5.1 The supplier guarantees that delivery and performance evidence the contractually agreed quality specifications, correspond to the currently-governing state of

engineering science, generally-accepted principles of technology, the contractual description, the technical specifications as well as other terms and conditions of the respective order and do not contain defects which deprive or otherwise reduce the value or the suitability of the delivered item for customary use or the use assumed at the time of the placement of the order. All delivered parts must be factory new. The design of the delivered item must be based only upon factory-tested construction and manufacturing methods.

In the event that deviations from these provisions become necessary in the individual case, the supplier shall obtain the prior written consent of Coperion for any such deviation.

In the event the supplier has reservations with regard to the type of design desired by Coperion, he shall inform Coperion without delay in writing.

The agreed specifications shall be deemed to be contractually agreed quality characteristics, respectively, as guaranteed data regarding the delivered item or other performance.

The supplier shall inform Coperion prior to engaging a subcontractor for essential components. Coperion reserves the right to object to the engagement of a subcontractor, if there is justifiable cause in the person of the subcontractor. This guarantee shall apply even if Coperion sets out certain specifications or issues instructions with regard to the delivered item; the supplier shall review such instructions in all cases and notify Coperion of any reservations he may have with respect thereto.

- 5.2 Unless statutory provisions provide for a longer warranty period, the warranty period ends 24 months after the item delivered has been put into operation and has been accepted by Coperion's customer. The foregoing warranty period shall be extended in each case by the period during which the delivered item cannot be placed into operation due to a defect which is subject to this guarantee.

- 5.3 In the event that a defect subject to this guarantee is discovered on the delivered item, the supplier shall eliminate such defect at his expense and, at the option of Coperion, by either replacing or repairing the defective item at the place where it is located.

The supplier undertakes to inspect defects promptly, in no event later than within 3 workdays. If no inspections are made within the said period, the defects shall be deemed to be acknowledged.

The elimination of the defect shall take place without delay upon receipt of the notice of defect with due consideration to be given to the interests of Coperion, if necessary at night or on Sundays or holidays. Coperion shall set a reasonable period within which the supplier must remove the defect.

Coperion shall notify the supplier without delay in writing of any defects as soon as they are determined under the conditions of Coperion's regular course of business. To this extent, the supplier waives the defense of a delayed protest of the defect.

The warranty period for repaired or replaced parts begins upon resumption of operation and shall run for a term of 24 months. For delivered parts which could not remain in operation due to defects covered by this guarantee, the guarantee period, if any, shall be extended by the term of the interruption of operation.

Defective parts which have been exchanged will be returned to the supplier on his request and at his expense.

- 5.4 If the supplier fails to eliminate the defect within the prescribed period, Coperion shall have the right either to cure the defect itself or to have it cured at the expense of the supplier or to raise statutory claims.

The same rights exist without additional prerequisites if the supplier refuses to eliminate the defect or to acknowledge the existence of such defect.

If a defect relating to the functionality of the delivered item or to a facility affected thereby cannot be eliminated, Coperion shall have the right to raise statutory claims.

Any guarantee efforts which cannot be deferred may be performed by Coperion or by third parties with utmost care upon prior agreement with the supplier and at the supplier's expense.

This shall not affect the obligations of the supplier under this guarantee.

- 5.5 If the supplier did not participate in the installation or commissioning of the delivered item, and if the supplier asserts that the defect relates to the installation and/or commissioning, the foregoing guarantee provisions shall apply, unless it can be established that Coperion or the Coperion customer failed to install the item or to commission it in accordance with the written instructions of the supplier.

6. THIRD PARTY RIGHTS

The supplier guarantees that the delivered item is free from third party rights and that no third party rights are violated by the delivery or the use of the delivered items. If any rights are raised by third parties, Coperion may request the supplier to indemnify and to hold Coperion harmless with respect to all claims and, without regard to the fault of the supplier, may demand compensation for any loss incurred by Coperion or Coperion's customer, including the necessary costs of defense in litigation. Coperion shall also have the right to obtain permission from the authorized party to place the delivered item into operation and use it at the expense of the supplier.

General Conditions of Purchase

7. DRAWINGS, KNOW-HOW AND OTHER DATA

- 7.1 All data provided to the supplier by Coperion, including, but not limited to samples, drawings, models and the like, remain the property of Coperion and shall not be used for other purposes or be made accessible to third parties. Such data shall be returned to Coperion without a specific and separate request if no purchase order is placed and whenever such data are no longer needed for preparing the order. As long as this is not done, delivery/performance shall be deemed not to have been made, with all resultant consequences.
- 7.2 Data provided by Coperion shall be inspected by the supplier for completeness and size conformity prior to making his offer and/or starting manufacture, and shall be corrected, if necessary, upon consultation with Coperion. Missing drawings, if any, shall be requested immediately from Coperion. Any extra work and cost deriving from remaining defects shall be for the account of the supplier.
- 7.3 Any equipment required for production made by the supplier according to specifications or data of Coperion, such as, for example, molds, gages, dies, models, samples, tools, welding templates, CNC programs and the like, may be used by the supplier only for the purpose of filling Coperion orders. They may not be used by the supplier for purposes of his own nor may they be offered or made accessible to third parties.
- 7.4 Any and all data and equipment, to the extent they are held in the possession of the supplier, shall be insured, without cost to Coperion, against damage and loss.
- 7.5 After delivery has been made and/or the service rendered, the supplier shall send to Coperion the requested number of drawings and calculations corresponding to the actual product and any other technical data relating to the delivered item. Such data shall be appropriately updated as soon as the delivered item is modified at a later time.
- The supplier is required to transfer ownership of such data to Coperion free of charge. This will not affect the intellectual property rights to such data.
- 7.6 Coperion and any third parties employed by Coperion may use such data free of charge for making repairs and changes as well as for making spare parts.
- 7.7 Any data furnished by the manufacturer shall suffice for fitted parts procured according to lists and catalogs to the extent they are required by Coperion for repairs and/or new procurement.
- 7.8 Coperion's approval of drawings, calculations and other technical data does not affect the duties of the supplier under his warranties and guaranties regarding the delivered item. This shall apply also to suggestions and recommendations made by Coperion, unless expressly agreed otherwise.
- 7.9 Any invention or improvement made within the course of the purchase order shall belong to Coperion. The supplier agrees to assign all interest in such invention or improvement to Coperion without further payment, and agrees to apply its best efforts to assist Coperion to fully exercise its intellectual property rights. Coperion shall pay the supplier's expenses relating to such assistance.
- 7.10 All documentation that results from engineering services paid for by Coperion shall belong to Coperion. This shall include drawings, bills of materials and the like.
- 7.11 These provisions shall be applicable analogously to any know-how made available to the supplier by Coperion.

8. INVOICING AND PAYMENT

Invoices shall be sent to Coperion in duplicate and shall not be included in the delivery shipment. A separate invoice shall be submitted for each order number. Each invoice must show the Coperion order number. Invoices which do not comply with the foregoing provisions shall not become due for payment.

Unless agreed otherwise, payment shall be made by Coperion in EURO at its option either within 14 days with a deduction of a 2% discount or net within 30 days upon complete receipt of the goods/services and proper invoicing. Payment has no influence on the supplier's warranty. In the event Coperion discovers that a shipment has a defect covered by guarantee, Coperion shall have the right to withhold a portion of the price which corresponds to the importance of the defect until such time as the defect is cured. The payment period begins in this case at that point in time at which the defect is properly eliminated.

An assignment of the supplier's claims for payment shall require the prior written consent of Coperion.

9. RESERVATION OF OWNERSHIP, TRANSFER OF OWNERSHIP BY WAY OF SECURITY

- 9.1 Any goods furnished to the supplier by Coperion remain the property of Coperion. In the event of connecting, commingling or processing with foreign items, Coperion acquires pro rata joint ownership in the unified, respectively, the new item in the proportion to the value which the items furnished by Coperion bears to the value of the unified or new item.

- 9.2 Coperion becomes co-owner of any ordered item completed or being processed by the supplier pro rata in proportion to any pre-payments paid by Coperion to the entire contractually agreed compensation (net of the costs of transport and other incidental expenses). This shall not affect the co-ownership shares, if any, under 9.1.

- 9.3 Reservation of ownership clauses of the supplier which would restrict Coperion in the customary commercial use of the delivered item, including resale, are ineffective; this shall apply more particularly to clauses which preclude the transfer of the delivered item, if the assignment of the claim under the resale is precluded by contract, or if such clauses provide for a repossession of the delivered item in deviation from statutory provisions.

10. DAMAGES TO PRODUCTS

The Supplier shall indemnify and hold Coperion harmless against all claims asserted against Coperion, regardless of the legal grounds, claiming that a product of Coperion is defective, to the extent that the reason for the defect originates within the sphere of organization and influence of the supplier. In the event of liability dependent upon culpable conduct, however, the aforesaid shall not apply, if the supplier proves that he did not act in a culpable manner with respect to the product defect.

11. LIABILITY

- 11.1 The liability of the supplier for damages shall exclusively be governed by the applicable provisions of statutory law.
- 11.2 Coperion shall be liable without limitation pursuant to the relevant statutory provisions for damages caused by intentional misconduct or gross negligence, as well as for personal injury. In the event of minor negligence resulting in a breach of primary contractual duties which are indispensable for achieving the purpose of the contract and on strict compliance with which the supplier must therefore be able to rely, Coperion shall be liable in accordance with the statutory provisions, limited to such damages as were foreseeable for Coperion in terms of type and scope when entering into the contract. In all other cases, the liability of Coperion for direct and indirect damages, based on whatever legal grounds, shall be excluded, including any damages claims for breach of pre-contractual duties and in tort.

12. GENERAL TERMS

- 12.1 Verbal statements and verbal side agreements shall be binding only when confirmed by Coperion in writing, unless the Parties agree otherwise, as the case may be, such agreement then, however, to be in writing.
- 12.2 Place of performance for deliveries is the shipping address stated by Coperion, or, in the absence of such address, the Coperion plant.
- 12.3 The courts of Stuttgart shall have exclusive jurisdiction for any and all disputes arising under the contract, including legal actions based on bills of exchange and cheques. Coperion, however, shall have the right to file suit at any place of jurisdiction established for the supplier.
- 12.4 If declarations are made within the scope of the contract by the parties in several languages, the German version shall be controlling in each case.
- 12.5 This contract shall be governed by the laws of the Federal Republic of Germany, with exception of its conflict of law provisions and the UN Convention on Contracts for the International Sale of Goods (CISG).
- 12.6 In the event that any of the provisions of these Conditions of Purchase of Coperion or any supplementary agreements should be or become ineffective, this shall not affect the validity of the remaining provisions. Any ineffective provision shall be replaced by a formulation which is best suited in an effective manner to achieve the purpose of such provision.
- 12.7 The supplier is obligated to treat as confidential all non-public commercial and technical information which are made known to him during the course of the contract relationship, even after termination of the relationship, and not to make such information available to third parties.
- 12.8 If the supplier discontinues payments or if insolvency is declared regarding his assets or if an in-court or out-of-court composition proceedings are initiated, Coperion is entitled to cancel any part of the contract which remains unfulfilled. The rights of Coperion pursuant to § 321 of the German Civil Code remain unaffected.
- 12.9 The parties undertake to take all necessary measures to avoid corruption, in particular that no payments, gifts or other advantage will be offered or accepted. Should this integrity clause be disregarded Coperion may terminate the contract for important reasons.