



MS Ultrasonic Technology Group

Locations:

- MS Ultraschall Technologie GmbH, Spaichingen, Germany
- MS Plastic Welders LLC, Webberville USA
- WTP/MS Ultrasonics, Belo Horizonte, Brazil
- Shanghai MS soniTEC Co.Ltd., Jiangyin, China

Last revised 07/2017

Table of Contents

Table of Contents 2

1 Details of Document 3

2 Conclusion of Contract..... 4

3 Prices, Shipping, Packaging 4

4 Invoicing and Payment 5

5 Delivery Dates, Delivery Delays 5

6 Guarantee, Liability for Defects and Defective Delivery..... 6

7 Product Liability 7

8 Third-Party Property Rights..... 7

9 Assignment of Claims 7

10 Data Protection..... 7

11 Confidentiality and Ownership Protection..... 7

12 Supplier's Reservation of Title and Other Security Rights..... 8

13 Contractual Penalty..... 8

14 Other Provisions..... 9

1 Details of Document

Title: General Terms of Purchase
Version: 1
Update/valid from: 07/2017
Author: MS Ultraschall Technologie GmbH

Document history:

Version	Date	Pages	Number of appendixes
1	07/2017	9	0

2 Conclusion of Contract

- 2.1. We place orders exclusively on the basis of our General Terms of Purchase. Other terms shall not become part of the contract, even if we do not expressly object to them. If we accept the delivery or service without express objection, under no circumstances may it be inferred that we have accepted the supplier's terms of delivery.
- 2.2. We expect the order to be confirmed within 3 calendar days of receipt, otherwise we shall be entitled to cancel the order.
- 2.3. Orders, delivery call-offs and changes and additions to these may also be made by remote data transmission or by machine-readable media. Emails encrypted in accordance with the German Electronic Signature Act correspond to the written form.
- 2.4. No remuneration shall be granted for visits or for the preparation of offers, projects etc.
- 2.5. Within the bounds of what is reasonable for the supplier, we are entitled to request changes to the delivery item. The impacts of such requests, in particular with regard to additional or reduced costs and delivery deadlines, shall be adequately taken into account by both parties.
- 2.6. In all correspondence with us, the supplier shall state the order number, MS material number and, if applicable, project number that correspond to the item ordered.
- 2.7. The supplier shall treat the contractual negotiations with us and the conclusion of the contract as confidential. In advertising materials, the supplier may only refer to business relations with us after receiving our written consent.
- 2.8. The latest version of our General Terms of Purchase shall also apply to all future contractual relations, even if not separately and expressly agreed upon. The latest version of the General Terms of Purchase is available at www.ms-ultraschall.de.
- 2.9. These General Terms of Purchase only apply to merchants in the sense of the German Commercial Code ("Handelsgesetzbuch").

3 Prices, Shipping, Packaging

- 3.1. The agreed prices are fixed prices and exclude additional claims of any kind. Prices are DDP (ICC Incoterms® 2010) including packaging, unless otherwise agreed. If no prices are specified in the order, the supplier's current list prices with the customary deductions shall apply.
- 3.2. We shall only accept delivery of the quantity or number of units ordered. Over- or under-deliveries are acceptable only with our prior agreement.
- 3.3. The supplier's obligation to take back packaging is governed by statutory provisions. Only environmentally friendly packaging materials shall be used. If packaging is invoiced to us separately as an exception, we shall be entitled to return packages that are in good condition to the supplier, carriage paid, against reimbursement of 2/3 of the value stipulated for this on the invoice.
- 3.4. For deliveries made to Ultraschall Technologie GmbH, a 15-year obligation to supply spare parts shall apply. This period shall begin from the date that series production is discontinued.

4 Invoicing and Payment

- 4.1. Invoices are to be forwarded to us in duplicate upon shipping of the goods, but separately from the goods. The order number and order date shall be indicated on every invoice. Incorrectly submitted invoices shall only be deemed to have been received by us when they have been corrected.
- 4.2. Payment shall be made either within
 - 15 days with a 3% discount or within
 - 30 days net from the receipt of goods,unless other payment terms have been agreed with the supplier.
- 4.3. The settlement of an invoice shall not be treated as a waiver of any claim for invoiced goods that are defective. The settlement of an invoice shall not be treated as a waiver of a notice of defect.

5 Delivery Dates, Delivery Delays

- 5.1. The agreed delivery dates are binding. Compliance with the delivery date or delivery deadline shall be determined by the day of arrival of the goods at the place of delivery specified by us or the timeliness of successful acceptance.
- 5.2. If a calendar week has been agreed as the delivery date, the latest delivery date shall be the Friday of the agreed calendar week.
- 5.3. If the supplier recognises that the agreed delivery dates cannot be met for any reason, the supplier must notify us immediately in writing, stating the reasons and the length of the delay.
- 5.4. If delivery by the supplier is delayed, we shall be entitled to statutory claims.
- 5.5. Upon the fruitless expiry of a reasonable extension period set by us, we shall be entitled to claim damage compensation for non-fulfilment, or to procure a substitute from a third party, or to withdraw from the contract.
- 5.6. In case delivery is made earlier than agreed, we reserve the right to return the goods at the supplier's expense. If prematurely delivered goods are not returned, they will be stored at our premises until the date of delivery at the supplier's risk and expense. In case of premature delivery, we reserve the right to withhold payment until the agreed due date.
- 5.7. Force majeure, operational disruptions beyond our control, riots, governmental measures and other unavoidable events shall free the contracted parties from their contractual obligations for the duration of the disruption and the scope of its impacts. The contracting parties are obliged, within reason, to immediately provide all necessary information and to act in good faith to adjust their obligations to the new conditions.
- 5.8. The provisions of Paragraph 5.7 shall also apply in the case of labour disputes.
- 5.9. We shall be exempt from the obligation to accept the delivery/service ordered as a whole or in part and entitled to rescind the contract to the same extent if the delivery/service can no longer be utilised because of the delay caused to us for reasons under Paragraph 5.7 or 5.8 – taking commercial factors into consideration.

6 Guarantee, Liability for Defects and Defective Delivery

- 6.1. The supplier guarantees and assures that all technical data indicated in our drawings and/or delivery specifications will be observed.
- 6.2. Further, the supplier guarantees and assures that all deliveries/services meet the latest standards in technology, knowledge and science, the relevant legal provisions and regulations, and guidelines from authorities, professional associations and trade associations.
- 6.3. The supplier undertakes to use environmentally friendly products and processes in its deliveries/services and in the supplies or additional services of third parties within the scope of the economic and technical capabilities. The supplier is liable for the environmental compatibility of the supplied products and materials and for all subsequent losses caused by the infringement of its statutory disposal obligations. The supplier is obliged to supply all applicable safety data sheets along with the respective delivery. The supplier shall indemnify us against all recourse claims by third parties in case it fails to deliver the safety data sheets or does so belatedly. The same applies to any subsequent modifications.
- 6.4. Defects in the delivery/service reported during the warranty period, including failure to provide guaranteed data and failures in guaranteed properties, must be remedied by the supplier immediately upon request and free of charge, including all additional costs, by repair or replacement delivery at our discretion. Additional claims, in particular to conversion/reduction and/or compensation for damages, remain unaffected.
- 6.5. Should the supplier negligently fail to honour its guarantee or warranty obligations within a reasonable period of time set by us, we shall be entitled to implement the necessary measures ourselves or have these implemented by third parties at the supplier's expense and risk, without prejudice to the supplier's guarantee obligations.
- 6.6. If, due to particular urgency, it is no longer possible to inform the supplier of the defect and the impending resultant damage, we shall be entitled to remedy the defect ourselves or have it remedied by a third party. The expenses can be charged to the supplier, without affecting the supplier's warranty or guarantee obligations.
- 6.7. The guarantee and warranty period is 24 months, unless expressly agreed otherwise. It begins with the handover of the delivery item to us or to a third party designated by us. In the case of appliances, machinery and equipment, the warranty period begins on the date of acceptance.
- 6.8. Notice of defects will be issued within the guarantee or warranty period. The guarantee or warranty claim will expire 6 months after the notice of defects. For each defect reported, a fixed processing fee of €250 may be charged.
- 6.9. We shall report obvious defects in the delivery/service to the supplier in writing immediately upon their discovery in the course of the usual business processes.
- 6.10. Any legitimate notice of defect interrupts the warranty or guarantee period. In case of replacement deliveries or other remedy following a legitimate notice of defect, the guarantee or warranty period shall commence anew.
- 6.11. In case of defective delivery, we shall be entitled, at our discretion, to withhold the payment proportionately to the value until the contract has been duly performed, or to charge the defective goods to the supplier if they are returned. In this case, the supplier must provide a separate invoice for the new delivery. Costs for returning defective goods shall be borne by the supplier.

7 Product Liability

- 7.1. If claims are made against us based on violation of official safety precautions or based on domestic or foreign product liability provisions due to a defect in our product that is attributable to a product of the supplier, we shall be entitled to demand compensation from the supplier for this damage to the extent that the damage was caused by the supplier's products and to the extent that the supplier is itself liable to third parties. In this case, we shall also be entitled to demand from the supplier exemption from third-party claims.
- 7.2. Within the scope of its liability for claims in accordance with articles 683, 670 of the German Civil Code (BGB), the seller shall reimburse any expenses resulting from or in connection with a claim from a third party, including product recalls carried out by us. To the extent that is possible and reasonable, we shall inform the seller about the content and scope of product recalls and give it the opportunity to respond. Further statutory claims shall remain unaffected.
- 7.3. The seller shall take out and maintain product liability insurance granting lump-sum coverage per case of personal injury/property damage of at least €10 million.

8 Third-Party Property Rights

- 8.1. The supplier is responsible for ensuring that no third-party property rights are breached in the countries where it manufactures its products or has them manufactured and in the countries where we market our products.
- 8.2. The supplier is obliged to release us from all claims that third parties raise against us for breaches of industrial property rights, as referred to in Paragraph 8.1, and to reimburse us for all costs incurred by the assertion of such claims.

9 Assignment of Claims

The assignment of a claim is permitted only with the prior written consent of the customer.

10 Data Protection

The supplier agrees that the customer will store the data needed for the business relation and the contracts concluded with the supplier electronically and will use such data solely for the customer's own purposes within the company and its affiliates.

11 Confidentiality and Ownership Protection

- 11.1. We reserve all property rights and copyrights to illustrations, plans, drawings, calculations, instructions, product descriptions and other documents. Documents of this kind shall be used exclusively for the contractual performance and shall be returned to us after completion of the contract. The documents must not be disclosed to third parties during the contract or after its termination. The obligation to maintain confidentiality shall only expire if and to the extent that the knowledge contained in the provided documents has become generally known.
- 11.2. The above provision applies accordingly to substances and materials (e.g. software, finished and semi-finished products) as well as to tools, templates, samples and other items that we provide to the supplier for production. Such items – so long as they are not processed – must be stored separately and insured to the usual extent against destruction and loss at the supplier's expense.

- 11.3. Any processing, mixing or combining of items provided shall be undertaken by the supplier on our behalf. If during the processing, mixing or combination with items of third parties the property rights of said third parties should persist, we shall thus acquire co-ownership of the new item in proportion to the value of our provided item to those of the other items.

12 Supplier's Reservation of Title and Other Security Rights

We accept simple reservation of title. We do not accept other reservation of title or other security rights, regardless of their form, content, effect and scope, and we hereby expressly contradict any such rights. The supplier guarantees that we can use the delivered goods without any restrictions in the ordinary course of business and/or resell said goods.

13 Contractual Penalty

- 13.1. In case of delayed delivery, we are entitled, after written notification to the supplier, to a contractual penalty in the amount of 0.5% of the order value per working day for the period of the delay. The total amount of the contractual penalty is limited to a maximum of 5% of the respective total order value. Even if we accept late deliveries from the supplier, this shall not constitute a waiver of the penalty. If we accept the delayed contractual performance, we must claim the contractual penalty by the time of the final payment at the latest.
- 13.2. We reserve the right to offset any penalties directly against the supplier's respective payment claims by means of a debit note. In addition, we reserve the right to claim further damages. In this case, the penalties shall be deducted from the damages claimed.

14 Other Provisions

- 14.1. Should individual parts of these General Terms of Purchase be or become ineffective, the remaining provisions shall remain unaffected.
- 14.2. The supplier undertakes to treat any and all commercial and technical details that are not in the public domain which become known to it through business dealings as strictly confidential and to not disclose them to any third parties. The supplier shall impose the same obligation on its subcontractors.
- 14.3. If the supplier suspends payments, a temporary insolvency administrator is appointed, insolvency proceedings against its assets are initiated, or out-of-court composition proceedings are initiated, we shall be entitled to withdraw from the contract in whole or in part.
- 14.4. The place of jurisdiction for all disputes arising from the business relationship between us and the supplier is Tuttlingen District Court, or Rottweil Regional Court in case of claims greater than €5,000. However, we shall also be entitled to bring legal proceedings at the place of performance for the delivery commitment.
- 14.5. The law of the Federal Republic of Germany applies exclusively. The application of the United Nations Convention of April 11, 1980 on Contracts for the International Sale of Goods (CISG) is expressly excluded.

- 14.6. Child labour must not be used at any stage of the production of products or services. The supplier undertakes to follow the recommendations of the ILO conventions on the minimum age for the employment of staff. This minimum age should not be less than the age at which compulsory education ends and in any case not less than 15 years. Countries where economic and educational institutions are less well developed are excluded. Here a minimum age of 15 years applies. For hazardous work, a minimum age of 18 years applies.
- 14.7. Remuneration and social benefits, working hours, minimum wages and overtime must comply with the relevant legal regulations or ILO conventions, depending on which are stricter. Overtime shall only be performed voluntarily, and a rest day must be granted after 6 consecutive working days.
- 14.8. Forced or compulsory labour is prohibited. Employees shall have the freedom to terminate the employment relationship upon reasonable notice and period. Employees shall not be required to hand over an ID card, passport or work permit as a precondition for a working relationship.
- 14.9. Workers must be allowed to communicate openly with the management about working conditions without any expectation of reprisals.
- 14.10. The employer shall ensure occupational safety and health protection, at least to the degree defined by national regulations, and shall support further developments to improve working environments.
- 14.11. The highest degree of integrity is expected in all business activities and relationships. Any form of corruption, bribery, extortion and embezzlement is strictly prohibited. Discrimination of employees is not permitted in any form. For example, this includes discrimination based on gender, race, caste, skin colour, disability, trade-union membership, political conviction, origin, religion, age, pregnancy and sexual orientation.