

ARAYMOND FLUID CONNECTION GERMANY GmbH
Standard Terms of Purchase
Rev. March 2010

Unless otherwise agreed in writing, the following standard terms of purchase (hereinafter referred to as the "**Standard Terms**") apply exclusively to any present or future order (hereinafter referred to as the "**Order**") for materials, equipment or services of any kind (hereinafter referred to as the "**Deliverables**"). The standard terms of business of the supplier or service provider (hereinafter uniformly referred to as the "**Supplier**") shall only apply insofar as we have consented to them in writing. The Supplier acknowledges that its acceptance of an Order entails: (1) an express waiver by the Supplier of its standard terms of business, and (2) express acceptance of these Standard Terms.

1. Order:

- 1.1 Only written Orders placed with the Supplier are binding. Orders shall be binding upon receipt thereof.
- 1.2 The quantities specified in an open Order shall not be binding on A. RAYMOND.
- 1.3 A. RAYMOND shall be entitled to adapt the quantities given in blanket purchase orders by +/- 20%.

2. Price and payment:

- 2.1 Prices stated in Orders are fixed prices including packaging costs and are DDP named destination (Incoterms 2000). Prices may not be altered without A. RAYMOND's prior written consent.
- 2.2 A. RAYMOND shall effect payment after the goods have been received in full and/or the performance has been accepted in full and after receipt of an appropriate verifiable invoice, at A. RAYMOND's discretion either within a period of ten (10) days at a 3% discount or net cash within sixty (60) days. Under no circumstances shall the payment term start to run prior to the agreed delivery date.
- 2.3 The Supplier's right of set off or right of retention shall be limited to counterclaims that are undisputed or have been declared res judicata.
- 2.4 The Supplier may not assign or pledge any rights arising from the contract without A. RAYMOND's prior written consent. Such provision shall not apply to monetary claims. However, any payment made by A. RAYMOND to the Supplier is in full discharge.

3. Packaging:

A. RAYMOND may, at its own discretion, return the packaging to the Supplier or dispose of it itself. The Supplier shall bear all costs thus incurred. The Supplier undertakes to use an environmentally-friendly form of packaging (with no PVC or polystyrene etc.) or recyclable packaging.

4. Delivery and delivery times:

- 4.1 The Supplier undertakes to comply with the delivery dates and times stated in the Order. Delivery dates and times are binding and may not be modified without A. RAYMOND's prior written consent.
- 4.2 Delivery times shall run from receipt of the relevant Order. The date of receipt of the Deliverables at the named destination shall be decisive for determining whether the delivery time has been met.
- 4.3 As soon as the Supplier realises that it is unable to comply with a delivery time, whether in full or in part, the Supplier shall inform A. RAYMOND forthwith of the reasons for such delay and the expected length of such delay.
- 4.4 Part-deliveries are only permitted subject to A. RAYMOND's written agreement.
- 4.5 Even if it is not responsible for any obstacle occurring, the Supplier shall remain under obligation to effect delivery as long as the type of goods exists.
- 4.6 In the event of a delay in delivery, A. RAYMOND shall be entitled to apply a contractual penalty amounting to 0.5% of the overall agreed price per week of delay, up to a maximum amount of 10% of the overall agreed price, without prejudice to any other statutory rights. A. RAYMOND reserves the right to claim such contractual penalty at any time until final payment is effected.
- 4.7 In the event of a delay in delivery, A. RAYMOND shall also be entitled to cancel the Order; without prejudice to any other claims it may have.
- 4.8 The Supplier undertakes to insure the Deliverables until they are delivered at the agreed place and to provide proof of such insurance forthwith upon request by A. RAYMOND.
- 4.9 With each delivery, a delivery slip shall be enclosed stating the A. RAYMOND Order number and Order reference.

5. Passing of title and risk:

- 5.1 Unless otherwise provided by the parties, title shall pass to A. RAYMOND upon the delivery of the Deliverables at the agreed place. Any reservation of title clause specified by the Supplier shall be deemed unenforceable.
- 5.2 Upon their creation, A. RAYMOND shall automatically acquire title to the models, materials, sketches, drawings, documents, prototypes and tools, etc. designed by the Supplier for the purposes of the performance of the contract, in particular in the run-up to serial production.
- 5.3 Risk shall pass to A. RAYMOND when the Deliverables are duly handed over to A. RAYMOND at the agreed place or when A. RAYMOND has formally accepted the Deliverables.

6. Warranty:

- 6.1 The Supplier warrants that when they are handed over to A. RAYMOND or - if supplied directly - to A. RAYMOND's customer, the Deliverables are free from any defects, conform to the state of the art, and comply with relevant statutes (e.g. Appliance Safety Act), ordinances and EC Directives (such as Directive 89/392/EEC), accident prevention instructions, safety regulations and the normal technical quality standards (such as DIN, VDE, VDI, TÜV, IEC, EN). In the event of different versions of these standards existing, the version applying in Germany shall be decisive. The Supplier undertakes in particular to comply with the specifications of A. RAYMOND and its customer, to meet the implied and express expectations of A. RAYMOND and to conform to the agreed technical characteristics (hereinafter referred to as the "Specifications"). In this context, the Supplier shall have a duty to advise A. RAYMOND in relation to the definition of the Specifications and the quality characteristics of the Deliverables, depending on their intended purpose. Each and every deviation from the contractually agreed quality characteristics of the Deliverables, in particular the accepted defect rate expressed in parts per million (ppm) must be approved by A. RAYMOND in advance and in writing.
- 6.2 The Supplier undertakes to maintain in place an effective Quality Management system in accordance with the following standards: DIN EN ISO 9000 ff, QS 9000, VDA 6.1, and the ISO 14001 standard and Regulation EC 1836/93 in the field of environmental protection.
- 6.3 The Supplier undertakes, where necessary, to draw up an EC declaration of conformity at its own expense and to provide proof thereof upon request, to affix a CE mark, and to carry out a type approval test.
- 6.4 At the time of the first order of hazardous materials or in the event of modifications, the Supplier shall enclose with the delivery, at no extra cost, an EU material safety datasheet.
- 6.5 The Supplier warrants that the Deliverables comply with the statutory obligations relating to restricted, hazardous and toxic materials. The Supplier undertakes to comply with the requirements applicable in the country of origin and country of use relating to the environment, electricity and electromagnetic fields.
- 6.6 The Supplier undertakes to conduct appropriate testing during production and on the final product. The results of such testing must be recorded in writing and archived for a period of fifteen (15) years. The Supplier undertakes to present the results of such tests to A. RAYMOND within one (1) business day. A. RAYMOND shall be entitled to terminate the contract in the event that the Supplier fails to comply with its obligations arising from the quality management system within a period of two (2) weeks of A. RAYMOND lodging a formal complaint about non-compliance with such system.
- 6.7 On receipt, A. RAYMOND shall inspect the Deliverables for obvious defects, identity, wrong quantities and transport damage; no further inspection duties exist beyond this. A. RAYMOND shall report any defects to the Supplier within a reasonable period of their discovery. In this respect, the Supplier waives pleading that a defect has been reported late.
- 6.8 The limitation period for defects is 36 months as from the date of delivery or - if so agreed or laid down by law - as from the date of formal acceptance.
- 6.9 In the event of defects A. RAYMOND may also demand re-delivery of the defective products in lieu of subsequent improvement. If postperformance fails, then A. RAYMOND shall be entitled:
 - (i) to remedy the defect itself, have this done by a third party, or procure a replacement elsewhere, all at the Supplier's cost; or
 - (ii) to withdraw from the contract or reduce the purchase price. If it is no longer possible to allow a period for post-performance due to particularly urgent circumstances, A. RAYMOND shall be entitled to the rights specified in (i) above as soon as it has notified the Supplier.
- 6.10 The Supplier has to pay all the costs incurred for postperformance at the products' respective place of use. A. RAYMOND shall notify the Supplier about the place of use on request.

6.11. The Supplier shall reimburse A. RAYMOND for all and any losses incurred in connection with the delivery of a defective product, in particular all the costs and outlay claimed from A. RAYMOND by the latter's customers or the end users of the product, and all the costs for any recall campaign, for dismantling and reassembly, or for sorting operations.

7. Right to conduct audits and inspections:

Once a date has been agreed on, A. RAYMOND, its workers and the workers of its customers shall be entitled to inspect the production facilities of the Supplier and any of its subcontractors and to verify any criteria relating to the assignment. Moreover, by prior appointment, A. RAYMOND shall be entitled to conduct its own audit (system audit, process audit, product audit etc.) and a trial production run at the Supplier's production plant during normal working hours. The Supplier shall be informed of any planned audit in good time. In the event of any non-compliance being ascertained, the Supplier undertakes to submit and implement an action plan.

8. Third-party rights:

8.1 The Supplier warrants that the supplied Deliverables do not infringe any protective rights, such as patents, utility models, trademarks, or other rights or business or trade secrets belonging to third parties, also in the country of use. In this respect, the Supplier shall hold A. RAYMOND harmless from any third-party claims and also compensate A. RAYMOND and assume all costs and expenditure incurred. The Supplier represents that it holds all the rights in the Deliverables and that A. RAYMOND shall have the right to use, apply and re-sell the Deliverables.

8.2 The Supplier shall not be liable where the Deliverables have been exclusively manufactured in accordance with drawings and models provided by A. RAYMOND.

9. General liability:

9.1 The Supplier shall indemnify A. RAYMOND on first written request against any claims made by customers or third parties relating to product liability, if and insofar as the loss or damage has been caused or jointly caused by a fault in the product delivered by the Supplier. In cases of liability contingent on fault, this shall not apply if the Supplier is not at fault. If the cause of the loss or damage is within the Supplier's sphere of responsibility, then the causal link between the fault and the loss sustained shall be deemed sufficient evidence; otherwise, the burden of proof is on the Supplier.

9.2 In any event, the Supplier shall bear the costs and expenditure corresponding to its share of liability, including the costs of any legal proceedings and any recall costs. This provision shall also apply to both existing and imminent defects.

9.3 The Supplier undertakes to take out an appropriate insurance policy covering its entire liability risk and to provide proof thereof to A. RAYMOND upon request.

9.4 Claims for damages of whatsoever nature vis-à-vis A. RAYMOND are excluded, if A. RAYMOND or its statutory representatives or vicarious agents have caused the loss or damage by an act of simple negligence. This exclusion of liability shall not apply in the event of physical harm or of a breach of cardinal duty jeopardising fulfilment of the purpose of the contract, whereby A. RAYMOND shall only be liable for foreseeable damage typical for the type of contract.

10. Confidentiality:

10.1 The Supplier undertakes to keep secret from third parties all and any information, including but not limited to, the content of the Order, numbers of units, technical design, etc.) which the Supplier obtains from A. RAYMOND either deliberately or coincidentally, as well as specimens, production tools, models, etc. that are provided or financed by A. RAYMOND (all referred to hereinafter as "Confidential Information").

10.2 Confidential Information disclosed by A. RAYMOND shall remain A. RAYMOND's property. Any provision of Confidential Information to the Supplier by A. RAYMOND shall be treated as a temporary loan for use (prêt à usage).

10.3 The Supplier shall not be entitled to disclose or pass on, whether orally or in writing, the Confidential Information to a third party or to publish it without A. RAYMOND's prior written consent.

10.4 The Supplier undertakes not to use the Confidential Information for its own purposes or for any other purposes. The Supplier shall, at its own expense, return the Confidential Information to A. RAYMOND, as soon as such information is no longer necessary for the performance of the Order.

10.5 In the event that the Supplier is in breach of this non-disclosure obligation, the Supplier shall provide compensation to A. RAYMOND

amounting to 20% of the value of the Order, unless it is not responsible for the breach. Further statutory rights shall remain unaffected.

10.6 In the event of a particularly serious breach of this non-disclosure obligation, A. RAYMOND shall be entitled to terminate the entire contractual relationship without notice and without incurring compensation, and where applicable, to require the repayment of any payments already made. A particularly serious breach of this confidentiality obligation shall be deemed the case, if the Supplier discloses the knowledge it has acquired or the information it has received to any of A. RAYMOND's competitors.

11. Work carried out on the premises of A. RAYMOND or its customers:

11.1 In the event that the Supplier's employees, agents or subcontractors are required to work on the premises of A. RAYMOND or A. RAYMOND's customers, they undertake to comply with the accident prevention rules, any safety instructions and the environmental protection requirements set by A. RAYMOND.

11.2 The Supplier shall be solely liable vis-à-vis A. RAYMOND and the latter's customers for any loss or damage, etc. caused by its employees, agents or subcontractors either deliberately or negligently. The Supplier shall take out adequate insurance to cover the consequences of this liability.

12. Severability

If any of the provisions of these Standard Terms of Purchase are legally ineffective or become invalid or impracticable, this shall not affect the remaining content of the Terms of Purchase. The parties shall endeavour to supplement the invalid provision with a legally effective clause of the same purport insofar as is possible.

13. Applicable law and jurisdiction:

13.1 Place of jurisdiction and place of performance for all deliveries shall be Lörrach. However, A. RAYMOND shall also be entitled to sue at the Supplier's general place of jurisdiction.

13.2 German law shall apply.

13.3 The Supplier represents that it is familiar with and will comply with all the laws, decrees and regulations relating to its business for the purposes of the performance of the Order. The Supplier shall bear all and any financial and administrative consequences resulting from any breach of provisions, laws, decrees and ordinances by the Supplier or its employees or subcontractors or by its own suppliers.

