

General Terms and Conditions of Purchase of SICK (AEB SICK)

as at November 01, 2016

1. General Provisions

These General Terms and Conditions of Purchase shall govern and apply to all orders placed by companies of the SICK group within the Federal Republic of Germany, Austria and Hungary (hereinafter referred to as "Purchaser"). Any deviating or additional General Terms and Conditions of Supplier shall only apply insofar as they have been expressly approved in writing by Purchaser. These General Terms and Conditions of Purchase shall also apply to all future business transactions with Supplier.

2. Orders

All orders shall be placed in writing in order to be deemed binding. The same shall apply to any future modifications and amendments.

3. Date of Delivery and Delay

Delivery dates specified in orders shall be deemed binding. Supplier is obliged to notify Purchaser in writing without delay in case circumstances occur, or become evident, from which it results that the stipulated delivery date may not be observed.

In the event of a delay in delivery, Purchaser is entitled to claim a contractual penalty in the amount of 0.2 % of the delivery value for each working day of delayed delivery, up to a maximum, however, of 5 % of the delivery value. In such case, Purchaser is further entitled to assert its claim for a contractual penalty in addition to fulfilment. Purchaser undertakes to declare to Supplier reservations of contractual penalties within a period of ten (10) working days following the receipt of a delayed delivery.

4. Prices, Invoicing and Payment

Prices quoted in the order shall be deemed binding. All quoted prices shall comprise delivery according to Incoterms 2010 agreed upon in section 6 hereof.

The order reference number must be stated on the invoice as quoted in the according order. Supplier shall be liable for all consequences arising in connection with the failure to comply with this obligation.

Unless otherwise agreed in writing, payments shall be made within a period of fifteen (15) days with a cash discount of 3 %, or within a period of thirty (30) days net. The payment period shall commence upon receipt of the invoice, and at the earliest, however, upon receipt of the goods.

5. Packaging

Supplier is obliged to use environmentally friendly packaging in conformity with valid packaging regulations. Purchaser reserves the right to return packaging at Supplier's cost.

6. Delivery

Unless otherwise agreed in writing, deliveries within the EU shall take place according to DAP (Incoterms 2010) place of destination as specified in the order; all other deliveries shall take place FCA (Incoterms 2010) point of departure as specified in the order. Each delivery shall be accompanied by a delivery note listing all order details and in particular the correct order reference number. If Supplier fails to do so, Purchaser shall not be held liable for any delays in order processing. The specified place of destination/point of departure shall be adhered to under any circumstances.

7. Execution, Documentation

Orders shall be carried out according to the instructions, drawings, standards, delivery and test specifications, drawings, etc. of Purchaser.

Goods and services ordered shall conform to the rules of technology as well as any statutory provisions regarding DIN/VDE regulations and any other technical standards, in particular in view of those related to safety and environmental protection. CE conformity shall be guaranteed. In respect of copies, diagrams, drawings, calculations and any other material and data provided by Purchaser, Purchaser reserves its proprietary rights and copyrights; such documents may not be made available to any third party without express written approval. They may exclusively be used for production purposes based on the order. Upon completion of order processing, Supplier shall return them to Purchaser at its own initiative. They shall be kept confidential and may not be disclosed to any third parties. The duty to observe secrecy shall remain in effect after execution of this contract; it shall expire if and to the extent that the production know-how contained in the copies, diagrams, drawings, calculations and other documents provided has become common knowledge.

8. Models and Tools

Models and tools produced by Supplier at Purchaser's cost shall become the sole and exclusive property of Purchaser upon payment and shall be permanently marked as property of Purchaser by Supplier. Supplier undertakes to use all models and tools solely and exclusively for the purpose of producing the goods ordered by Purchaser. Supplier further undertakes to insure Purchaser's models and tools against damages caused by fire, water, and theft at its own cost and at reinstatement value.

9. Preference, Supplier's Declaration, Export Control

Supplier shall, upon request, provide to Purchaser certificates of origin, supplier's declarations, commodity codes and/or preference certificates as well as any other documents/data according to the pertaining export requirements. On the date of invoicing, at the latest, Supplier shall communicate the export list number (according to German export law) and in case of materials with USA as place of origin, the ECCN number (according to US re-export law) to Purchaser without request.

10. Compliance with Restriction of Hazardous Substances

Supplier undertakes to adhere to all delivery requirements and observe all prohibitions of substances in conformity with the statutory provisions which are in force in the European Union (in particular: Regulation (EC) No. 1005/2009 on substances that deplete the ozone layer, Regulation (EU) No. 517/2014 on fluorinated greenhouse gases, Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), the Regulation (EC) No. 850/2004 on persistent organic pollutants (POP Regulation) and Directive No. 2006/66/EC on batteries and accumulators).

Supplier also undertakes to comply with the current limit values of the RoHS Directive (2011/65/EU). This obligation shall also apply to products which do not fall within the scope of the Directive. Excepted from this rule are only products which, due to their nature or composition, cannot be components of electronic products from the Purchaser portfolio, e.g. stationery, office furniture, packaging, production equipment, etc.

A list of the most important prohibited substances for Purchaser may be requested from Purchaser; however, such list does not claim to be exhaustive.

11. Return of Waste Equipment

Purchaser is fully and unrestrictedly entitled to all statutory claims regarding the return of waste equipment according to the German Electrical and Electronic Equipment Act (*ElektroG*), in particular the right to return waste equipment pursuant to § 10 para. 2 of the *ElektroG*.

12. Code of Conduct, Supplier Code, Sustainability

Supplier undertakes to adhere to the principles laid down in Purchaser's Code of Conduct (available at sick.com/de/en/our-philosophy/code-of-conduct) and in the Supplier Code (available at www.sick.com/supplier-code).

Supplier further undertakes to provide Purchaser with data for determining resource efficiency or drawing up an ecological balance sheet (e.g. CO₂ emissions, total water consumption, etc.), to the extent that such data are collected on a statutory basis or are available to Supplier without any significant additional effort.

13. Warranty

Purchaser is obliged to examine the goods as to any possible deviations in quality and quantity within a reasonable period of time, § 377 of the German Commercial Code (*HGB*) is waived in this respect.

Purchaser is fully and unrestrictedly entitled to statutory claims for warranty and damages in case of material defects and defects of title.

Purchaser shall, in principle, be entitled to choose the type of remedy – removal of defects or delivery of a new product. Supplier is entitled to refuse the chosen type of remedy in compliance with the provisions stipulated under § 439 para. 3 of the German Civil Code (*BGB*).

In cases where Supplier may not remedy a defect in due time in order to counter acute risks or prevent major damage as well as in cases where Supplier culpably fails to begin to remedy a defect within a reasonable period of time despite being asked to do so and an additional period of time being granted to Supplier, Purchaser will be entitled to remedy the defect itself or have it remedied by a third party at Supplier's expense. The same shall apply in cases where, given the particular urgency, it is no longer possible to notify Supplier of the defect and the imminent damage in advance.

The limitation period for material defects and defects of title shall be thirty-six (36) months from the date of transfer of risk, unless § 438, para. 1, no. 1 lit. a, § 438, para. 1, no. 2 or § 438, para. 3 *BGB* apply. In such cases, the statutory limitation period shall apply.

In case Purchaser incurs any costs as a result of the defective delivery of the object of the contract, in particular transportation, transport infrastructure, work and material costs or costs for an incoming inspection exceeding the usual extent, Supplier shall bear such costs.

14. Liability, Insurance

In addition to warranty, Supplier shall be liable for all damages caused by defects in the object of the contract, to the extent

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Supplier is responsible for such defects. If damage is caused to a third party, Supplier shall indemnify Purchaser from any claims of such third party.

Furthermore, Supplier shall warrant that the delivery or use of the goods does not infringe any patent rights, copyrights, trademark rights or utility model rights of third parties, provided that Supplier is liable for such infringements. In case third parties assert claims against Purchaser, Supplier shall indemnify Purchaser from such claims.

Supplier undertakes to maintain a product liability insurance with a lump sum coverage of EUR 5 million for each personal injury/property damage; any further claims for damages of Purchaser shall remain unaffected thereby.

15. Force Majeure

Force majeure events, in particular natural disasters or other disruptions (e.g. major health threats, for example, due to epidemics or nuclear radiation), war, terrorist attacks, riots and similar occurring threats as well as industrial disputes or official interventions (e.g. import and export restrictions) or operational breakdowns through no fault of Purchaser entitle the Purchaser, without prejudice to the Purchaser's other rights, to extend the deadline for the contractual performance by the duration of the force majeure event. If the force majeure event continues for more than three months, the Purchaser may withdraw from the contract, in whole or in part.

16. Data Protection

Purchaser is entitled to process any data on Supplier which was received as a result of the business relationship or in connection therewith within the scope of the provisions of the German Data Protection Act.

17. Termination

Purchaser is entitled to terminate the contract without notice period if Supplier discontinues its business operations or an application for commencing insolvency proceedings exists. Purchaser shall pay an amount equal to the respective part of performed works and shall reimburse any possible expenses not covered by such payment. If Supplier is responsible for the termination, Purchaser reserves the right to offset such payment against any claims for damages.

18. Assignment of Rights

The contract for delivery or individual rights and/or duties resulting therefrom may not be transferred, in whole or in part, to any third party without express written approval of Purchaser.

19. Minimum Wage / Release from Liability

Supplier warrants that all its employees are paid in accordance with the requirements of the German Minimum Wage Law (MiLoG).

Where Supplier uses sub-suppliers to perform work or provide services under a contract for work and services, Supplier shall ensure that the sub-suppliers' employees are also paid in accordance with the requirements of the MiLoG and other legal regulations and collective agreements the breach of which would make Purchaser liable under § 13 MiLoG or § 14 of the German Law on the Posting of Workers, respectively. Supplier therefore indemnifies Purchaser from any claims under § 13 MiLoG and § 14 of the German Law on the Posting of Workers that might arise from an infringement of the MiLoG or the legal regulations and collective agreements referring thereto by a) Supplier and/or b) a sub-supplier contracted by Supplier.

20. Severability, Place of Performance, Applicable Law

If any of the provisions stipulated herein or in any further agreements based thereon is or becomes invalid, the validity of the remaining provisions shall remain unaffected thereby. The contracting parties are obliged to replace the invalid provision by a provision which comes as close as possible to the intended economic purpose of the invalid provision.

Place of performance shall be the location defined as the place of destination/point of departure in the order. In case such location is not defined in the order, the place of business of Purchaser shall be the place of performance.

Place of jurisdiction for all disputes arising directly or indirectly in connection with this contractual relationship shall be the place of business of Purchaser. Purchaser is further entitled to sue Supplier either at the court of its registered office or branch or at the court of the place of performance at Purchaser's option.

All contractual relations shall be governed exclusively by the laws of the Federal Republic of Germany. The same shall apply in cases where the contracting party's registered office is abroad. The application of the UN Convention on the International Sale of Goods of April 11, 1980 (CISG) shall be excluded.