

General Conditions of Purchase of the Company Paul Leibinger GmbH & Co. KG Numbering and Marking Systems, 78532 Tuttlingen

I.) General

In addition to the individual agreements, these Conditions of Purchase exclusively apply to the entire business dealings with suppliers or other contractors (hereinafter collectively referred to as "Supplier"), they apply in case of constant business relations or framework agreements and also to any future supplier relations until the validity of our new conditions of purchase. Other general standard terms and conditions neither become the subject matter of the contract due to an order confirmation by the Supplier nor by the unreserved acceptance of deliveries and services or their payment by our company. All agreements relating to the contract conclusion shall be in writing. Changes or amendments of contractual agreements are subject to the written form and our approval. If the creditworthiness or delivery power of the Supplier deteriorates to such an extent that the fulfilment of the contract is at risk or if the Supplier stops his payments or insolvency proceedings are opened with regard to his assets, we are entitled to a right of withdrawal that can also be exercised only in part. An order transfer to third parties without our approval is forbidden and entitles us to withdrawal or assertion of claims for the compensation of damages. The assignment of claims against us is excluded.

II.) Offer

The offer shall expressly point out deviations from the request. The Supplier is bound by his offer for a minimum of three months. The prices shall be quoted in euro excluding the value-added tax, free domicile, including packaging, insurance and additional costs of any type. We reserve any ownership and copy rights for documents that we provide to the Supplier for the submission of an offer. They shall be immediately returned to our company free of charge in case of non-submission of an offer or after order processing.

III.) Order

1. Our order(s) shall be accepted within 3 working days after receipt and by means of a written order confirmation stating a binding delivery date and prices. Framework orders only entitle to the procurement of pre-material in the required extent. The manufacturing of parts for call-off orders is only permissible after receipt of the call-off. In case of drawing or format changes by the Supplier, he bears the risk of a non-acceptance of the goods as well as all damages and defects caused as a result.
2. Deviations in terms of quantity and quality compared with the text and contents of our order and later contract modifications are only deemed agreed if we expressly confirm them in writing.
We are entitled to request changes of the construction, delivery quantity and delivery time before the order execution having consulted the Supplier. The effects of the changes shall be arranged adequately and jointly. If no agreement can be reached, we are entitled to a right of termination. In this case, the Supplier receives an adequate reimbursement of expenses. The Supplier is not entitled to implement changes of the construction or design compared to earlier deliveries and services of the same kind without consultation of our company.
3. Drawings, tools, samples, models, brands and layouts or similar as well as finished products and semi-finished products provided by our company or developed by our order remain or become our property and may only be supplied to third parties having obtained our express written approval. Subject to contrary agreements in individual cases, they shall immediately be returned to us having completed the order. Products manufactured or marked with such means of production, brands and layouts may only be supplied to third parties having obtained our express written approval.

IV.) Delivery dates and periods, delay

1. Delivery dates and periods for orders and call-offs are binding. The receipt of the delivery in our plant is decisive for the observation of periods and times. Partial deliveries are only permissible by arrangement with our company. The Supplier shall immediately notify us about difficulties preventing him from the delivery of the stipulated quality according to schedule and obtain our decision as to the continuation of the order. He is liable for a non-notification or late notification. We are entitled to the statutory claims in case of a delay in delivery. The fixing of a time limit by our company is not necessary if our own deadline requires this as the refusal of the contract fulfilment by our customers has to be expected. The exclusion or limitation of liability by the Supplier is excluded. We may keep partial deliveries against a credit note in case of withdrawal. We are entitled to a right of termination in case of repeated or permanent non-observation of the deadline. We are entitled to an extraordinary right of termination in case of a non-observation of the deadline without the Supplier's fault if the non-observation of the deadline is considerable and the urgency of the delivery requires so due to an own deadline. If we are not in a position to accept the goods in time due to force majeure as well as other unforeseen obstacles or obstacles beyond our control having an effect on the acceptance of the goods, the acceptance period is adequately prolonged and this does not constitute a default of acceptance. In other cases, the compensation claims for damages due to delayed acceptance without fault of one's own are limited to 50 per cent of the delivery value, whose acceptance was delayed.
2. If the Supplier falls behind, we are entitled to demand a contractual penalty of 0.5 per cent of the net order value per started week and a maximum of 5 per cent of the net order value and/or delivery and/or to withdraw from the contract having sent a reminder. The contractual penalty paid shall be set off against the compensation for damages.
3. We are not obliged to acceptance before the expiration of the delivery date.

V.) Spare parts and readiness for delivery

1. The Supplier is obliged to offer spare parts for the period of the usual technical use to the buyer, however, at least for 10 years after the last delivery at adequate conditions.
2. If the Supplier stops the supply of spare parts, the buyer shall be given the opportunity of a last order.

VI.) Transport and passing of risk

1. The delivery is generally effected "free domicile" (DDP, Incoterms 2010). The Supplier shall indicate our order information on all shipping papers and delivery notes. If he fails to do so, we are not responsible for resulting processing delays. Delays, additional costs as well as damage caused due to the non-compliance with our shipping instructions shall be borne by the Supplier. The goods shall be packaged in accordance with standard commercial practice unless we provide packaging instructions. The Supplier is liable for losses and damage during transport, including the unloading, until acceptance in our plant. Therefore, the Supplier shall take out adequate transport insurance for his deliveries. If

transport costs are borne by our company in exceptional cases, the cheapest shipping type shall generally be chosen taking into consideration the transport security.

2. The risk is only passed upon delivery to the shipping address or installation and acceptance in our plant. The goods shall be managed for us free of charge and at the Supplier's risk until shipping.

VII.) Prices, payment conditions

1. The price indicated in the order is considered the maximum price. It may be undercut but not exceeded. Due to the lack of a written agreement, the price includes delivery "free domicile" including the packaging. If there is a different agreement in exceptional cases, the packaging shall be charged at cost price. The legal value-added tax is included in the price.
2. The Supplier shall not grant our company more favourable prices and conditions than to other customers, if they offer him the same or similar preconditions in any specific case.
3. Payment is only effected following complete receipt of the defect-free goods or complete defect-free services and receipt of invoice. This accordingly applies to permissible partial deliveries. Time delays due to incorrect or incomplete invoices do not affect cash discount periods. In case of a cash discount, payment is effected subject to the cash discount agreement, however, at least within 10 days less 3 per cent cash discount and within 30 days net.
The date of delivery or the later invoicing are decisive for this period. A delay of payment by our company is excluded in case of ordinary negligence. Moreover, rights to recover damages are limited to the damage typically caused in this respect.
4. We are entitled to set-off rights and rights of retention within the limits of statutory regulations.

VIII.) Restraint of assignment

The Supplier is not entitled to assign his claims against the buyer without his written approval.
However, the buyer may perform with exempting effect to the Supplier in accordance with Sect. 354a Sent. 2 German Commercial Code (HGB) in case of an effective assignment.

IX.) Documentation

1. One copy of invoices, delivery notes and packing slips shall be enclosed to every consignment. These documents shall contain: your and our order numbers, quantity and quantity unit, gross; net and (if required) calculated weight, your and our article description stating the article numbers, remaining quantity in case of permissible partial deliveries.
2. Every delivery shall be enclosed an examination document for the assurance of constant quality and design (examination rate and frequency shall be indicated) about the goods by the Supplier.

X.) Quality, quality assurance

The Supplier shall comply with the recognised technological rules and the agreed (technical) data, particularly quality regulations as well as relevant protective acts and other safety regulations for the deliveries. He is encouraged to maintain a quality management system on the basis of the international standard DIN EN ISO 9001:2008 with the obligation to zero-fault objectives and the constant improvement of his performance. The Supplier shall oblige his subcontractors to maintain a similar quality management system, which assures the defect-free quality of his purchased parts and/or externally refined parts. Details shall be stipulated in the individual agreements on quality in writing by the parties.

XI.) Rights arising from products defects, defect examination, limitation, recourse

1. The Supplier shall transfer the goods free from material defects. Statutory regulations apply unless otherwise agreed in the following. He is obliged to assume liability for any defects and consequential damage due to missing features. We are entitled to demand supplementary performance from the Supplier, withdraw from the contract or reduce the purchase price and to demand compensation for damages or reimbursement of futile expenses in accordance with the statutory regulations. We are entitled to demand the remedy of defects or delivery of a defect-free object from the supplier within the scope of supplementary performance. The Supplier is obliged to bear any costs, particularly transport, travelling, work and material costs required for the purpose of the remedy of defects, replacement delivery or damage removal. If the Supplier does not carry out the remedy of defects or replacement delivery within an adequate period of time set by our company or it fails, we are entitled to withdraw from the contract and to demand compensation for damages instead of performance. In urgent cases, particularly in case of imminent danger, we are entitled to remedy defects ourselves or to have them remedied by third parties at the Supplier's expense to avert acute dangers or avoid larger damage.
2. If arrangements are missing in quality assurance agreements, the deliveries shall be examined for apparent variations in quality by our company within an adequate period of time. A notice of defects by our company is given in time if it reaches the Supplier within a period of 15 working days from the delivery receipt or, in case of hidden defects, from the time of their detection. The Supplier waives objection due to late notice of defects in this respect. The notice of the customer shall be taken as a basis in case of transit business. We reserve the right to charge costs incurred in case of objection in connection with the notice of defects to the Supplier. The Supplier bears the costs and risk for the return of defective delivery items.
3. Our material defect claims for the product manufactured or delivered or the order executed by the Supplier expire with the end of 36 months after delivery by limitation.
4. The Supplier shall indemnify us from third-party claims in case of defects of title. A limitation period of 10 years applies to defects of title.
5. The limitation period for delivery parts that were reconditioned or repaired within the limitation period of our claims for defects starts anew at the time when the Supplier has entirely satisfied our claims for supplementary performance.
6. If we accept the return of products manufactured and/or sold by our company due to the deficiency of the contractual item delivered by the Supplier or if the purchase price is reduced as a result or there are other claims against our company, we reserve the right to have recourse towards the Supplier; there is no requirement of setting an otherwise necessary deadline for our defect claims.

General Conditions of Purchase of the Company Paul Leibinger GmbH & Co. KG Numbering and Marking Systems, 78532 Tuttlingen

XI) Rights arising from product defects... (continuation)

7. We are entitled to demand the reimbursement of expenses from the Supplier that we had to bear in relation to our customer as he is entitled to claim the reimbursement of expenses for the purpose of supplementary performance against our company, particularly transport, travelling, work and material costs.
8. Irrespective of the provisions in No. 4, limitation arises two months after the time in which we have satisfied our customer's claims against us at the earliest and 5 years after delivery by the Supplier at the latest in the cases stated in No. 6 and 7.
9. If a material defect is identified within 6 months from the passing of risk, it is assumed that this defect already existed during the passing of risk unless this assumption is irreconcilable with the type of defect.

XII.) Product liability, insurance cover

The Supplier shall indemnify us from the liability due to defects of the goods as well as damage resulting to our company or third parties in this respect. The Supplier agrees on a co-insurance of this indemnification as part of business liability insurance with his insurance company. The Supplier indemnifies us from the responsibility for product damage with regard to third-party claims insofar as the reason lies within his domain or organisation area. He is obliged to reimburse expenses for a product re-call to avoid personal injury required due to the product defects caused by the Supplier. The Supplier is obliged to maintain business and product liability insurance with a minimum amount covered of a lump-sum of 2 million euro for personal and material damage. Moreover, the coverage shall also encompass damage abroad in deviation from Sect. 4 Para. 1 No. 3 General Insurance Terms for the Liability Insurance (AHB). The Supplier shall inform us about exclusions of liability for the coverage in USA/Canada. The scope of this insurance shall encompass the coverage type of the so-called expanded Product Liability Insurance (ProdHV) including the insurance of personal and material damage due to the lack of warranted characteristics of the delivery item, No. 4.1 ProdHV; combination, mixture and processing of the delivery products, No. 4.2 ProdHV; further treatment and processing in accordance with Sect. 4.3 ProdHV; assembly and disassembly costs in accordance with No. 4.4 ProdHV; production of sub-standard goods by machines in accordance with No. 4.5 ProdHV; as well as an examination and sorting costs clause in accordance with No. 4.6 ProdHV. The minimum amount covered for damage in accordance with No. 4.1 - 4.6 ProdHV shall also be 2 million euro. The Supplier provides a corresponding confirmation of the insurance company (Certificate of Insurance) to the buyer upon request.

XIII.) Provision of tools, materials

It is agreed that the tools and models are our property if the provision includes an assumption of the tool or model costs. The Supplier is obliged to use these items only for the production of goods ordered by our company. He is obliged to insure items within our property at the replacement value at own expense against fire, water, storm, burglary and vandalism damage. At the same time, the Supplier assigns the compensation claims from this insurance to our company and we hereby accept this assignment. He is obliged to implement possibly required maintenance and inspection work as well as any servicing and repair work at own expense and in due time. If we provide the items on our part, we reserve title of the items. The contractually agreed processing or transformation by the Supplier is implemented for our company. If our goods subject to the retention of title are processed, combined or mixed with items that do not form part of our property, we acquire the co-ownership of the new item in relation to the value of our item compared with the other items at the time of processing, combination or mixture. If processing, combination or mixture are carried out in such a way that the item of the Supplier is to be regarded as the main item, it shall be deemed agreed that he assigns proportionate co-ownership to our company.

This regulation also applies if we refuse acceptance due to late or defective delivery or abstain from further orders. The provided items shall be made available to our company free of charge in such cases. Set-off is excluded.

XIV.) Property rights, indemnification

The supplier shall be responsible to make sure that the property rights of third parties are not violated in connection with his delivery. If there are claims from third parties against our company as a result, the Supplier is obliged to indemnify us upon first demand from these claims. In case of using the property rights of third parties on the basis of licence agreements concluded by the Supplier, he shall make sure that the use of the delivered products is permitted in all countries in which the respective property rights exist. We are entitled to a free right of joint use of his property rights to the extent of the products delivered. The Supplier's duty of indemnification refers to all expenses incurred for our company from or in connection with the claims of a third party.

XV.) Compliance with laws, regulations etc.

1. The Supplier, his subcontractors, legal successors and their employees comply with all applicable statutory provisions and regulations, codes and standards at any time, particularly the provisions on health protection, safety and environmental protection such as the applicable statutory provisions on product safety (such as the EU Machine Directives 89/392/EEC, Directives of Electromagnetic Compatibility 89/336/EEC, Low Voltage Directives 73/23/EEC), all provisions existing in the business premises of the company Paul Leibinger GmbH, its customers and possible end consumers and referring to the work (including the safety requirements). The Supplier shall oblige his subcontractors and legal successors as well as their employees in the same extent.
2. The Supplier is and remains solely responsible to make sure that the products or parts of products delivered meet the requirements for contractually agreed deliveries, for business conduct in general and the treatment of employees and partners as well as the treatment of business secrets and personal data.
3. The Supplier recognises that he is solely responsible for the material compliance in this sense. With regard to the legislator, he is above all responsible to make sure that the products, component parts and materials delivered meet all compliance requirements, particularly those from the Regulations of the Directives 2002/95/EC (RoHS), REACH Regulation (EC) No. 1907/2006 and CLP as well as the national implementation provisions enacted in this respect. The Supplier recognises that non-compliance shall always be considered as gross violation of the contract and has the legal consequences stated in this contract.
4. In case of a proven violation of national or international provisions on the observation of the material compliance by the Supplier, the Supplier shall be obliged to indemnify and hold harmless the buyer from any claims, liabilities, losses, damage, judgements and external liability - regardless of the respective legal cause - and to bear any disadvantages, losses and damage caused to the buyer due to such a violation.

XVI.) Force majeure

War, civil war, export restrictions or trade restrictions due to a change of the political circumstances as well as strikes, lock-outs, interruptions of operation, operational restrictions and similar events making the contract fulfilment impossible or unreasonable to our company are considered force majeure and exempt our company from the obligation to acceptance in due time for the period of their presence. The contractual partners are obliged to adapt their obligations to the changed contractual circumstances in good faith after information by our company. If the force majeure event is of substantial duration, i.e. has uninterruptedly continued for at least two weeks, we are entitled to withdraw from the contract provided that it leads to a considerable reduction of our demand. This is particularly the case if our demand is reduced by more than 30%.

XVII.) Business secrets

The Supplier is obliged to treat our orders and all commercial and technical details in this respect as business secrets. The Supplier is also obliged to the non-disclosure of the documents and information after the fulfilment of the contract. Disclosure to third parties is subject to our written approval.

XVIII.) Jurisdiction, place of performance, miscellaneous

1. The place of jurisdiction is our registered office in Tuttlingen. We may also file an action against the Supplier at the competent court for his registered office. Our registered office is the place of performance unless otherwise stated in the order.
2. The law of the Federal Republic of Germany exclusively applies to all legal issues between the Supplier and our company, even if his registered office is located abroad, excluding the law of conflicts and the UN Convention on Contracts for the International Sale of Goods (CISG - "Vienna Sale of Goods Law").
3. If individual provisions of this contract are invalid, this shall not affect the remaining terms and conditions. Invalid provisions shall be reinterpreted in such a way that the economic purpose intended with these provisions is achieved.

Last updated: Tuttlingen, May 2012