

Conditions of Purchase of the RMG Group

1. General

1.1. Any and all purchase activities of RMG GROUP enterprises (RMG) shall be subject to these Conditions of Purchase, unless explicitly stipulated otherwise in the respective contracts, orders and/or other special agreements made.

1.2. Shall be bound to and by the Conditions of Purchase: RMG, the Supplier having received an order from RMG and the various Subcontractors of the Supplier, if any.

1.3. These Conditions of Purchase shall apply – *mutatis mutandis* if and where reasonable and/or necessary – to material goods, software, technology and services.

1.4. Any and all agreements deviating from these Conditions of Purchase shall be made in writing.

1.5. Headers, titles etc. used in these Conditions of Purchase are for the convenience of readers, but shall not have any legal power themselves.

1.6. These Conditions of Purchase cannot be limited in their legal status by deviating provisions in an order acknowledgement or in the general terms of business of the supplier.

2. Duty of information

2.1. It shall be incumbent upon the Supplier (and possibly the Supplier's Subcontractor) to inform RMG if orders are contradictory and/or faulty and/or obviously incomplete and/or - according to common sense - unsuitable to fulfil their purpose with respect to the goods and/or services ordered in the best possible manner and fashion. The duty of information shall also apply to the possible failure of placing orders that are reasonably required.

2.2. The Supplier shall inform the RMG explicitly and immediately of any and all modifications with respect to the type and composition of materials used and/or construction and design and/or any other changes with respect to goods and services bought by the same RMG from the same Supplier before.

2.3. Any and all changes shall require the RMG's written agreement.

2.4. For each and every delivery, the Supplier shall inform RMG of any and all special and unusual requirements concerning processing, treatment, environmental disposal etc. that may not be commonly known.

3. Cancellation / change orders

3.1. RMG may cancel any order placed if the Supplier does not send a confirmation within 2 weeks after order placement.

3.2. RMG shall have the right to make last-minute changes to any and all orders placed. In the event such a last-minute change does indeed generate extra costs for the Supplier, the Supplier shall send proof thereof to RMG, and RMG shall pay for any such effective extra costs so accounted for.

3.3. The Supplier shall not have the right to refuse RMG's last-minute changes to orders already placed unless such a change does, indeed, represent an unacceptable burden to the Supplier.

3.4. In exceptional events supplier has to accept an increase or a reduction of the contract/order amount of up to a change of 25 %.

4. Communication

4.1 RMG and the Supplier shall be obliged to communicate and discuss any open questions and/or existing or looming problems in order to guarantee a smooth and flexible order transaction in case of last-minute changes or deviations concerning type and condition etc. of goods and services, place and date of delivery etc.

4.2. Legally binding agreements with respect to any last-minute changes and/or deviations as mentioned above shall be in writing. Email and fax messages shall be considered to fulfil the written form requirement if the sender can be

unambiguously derived from the transmission reports / protocols.

5. Subcontractors, Subcontractors' documentation

5.1. The Supplier shall not have the right to transfer part of his obligations to one or several Subcontractors without RMG's written and explicit consent.

5.2. The transfer of obligations from the Supplier to one or several Subcontractors shall not liberate the Supplier from his overall contractual obligations vis-à-vis RMG.

5.3. The Supplier must ensure, in particular, that such Subcontractors, too, fulfil any and all requirements concerning true and complete documentation.

6. Compliance with legal requirements and behavioural standards

6.1. Suppliers and Subcontractors shall be bound and obliged to comply strictly with any and all legal requirements, especially with respect to health and safety at work, accident prevention, environmental protection, legal protection for children and young persons etc.

6.2. At RMG's simple demand, Suppliers and Subcontractors shall commit themselves to the same specific behavioural standards that RMG may have pledged vis-à-vis RMG's customers, clients contract partners etc.

7. Terms and conditions of delivery

7.1. The terms and conditions of delivery respectively the transfer of risks and costs shall be ruled by the stipulations of the Incoterms 2000 agreed on for the order at hand and any possible additions and/or limitations to such Incoterm stipulations the Parties may have agreed to. Any additional agreements concerning the Terms and Conditions of Delivery that the Parties may have concluded shall prevail over any and all Incoterm stipulations as they constitute the more specific agreements made directly between the Parties.

7.2. In the event the Parties do not agree on any specific Incoterms 2000 term, it shall be incumbent upon the Supplier to obtain and pay for insurance protection and to transport the merchandise to the place of destination agreed and to unload and/or tranship such merchandise.

8. Inspections by RMG

In the event RMG should have well-founded suspicions that a delivery will be delayed and/or flawed, RMG shall have the right to carry out inspections on the premises of the Supplier and/or his Subcontractors. In the event such an inspection should, indeed, produce evidence that the Supplier and/or one or several of his Subcontractors cannot fulfil their obligations in a satisfactory manner, the Supplier shall pay for any and all costs such an inspection may incur.

9. Early deliveries

9.1. RMG may accept deliveries carried out earlier than previously agreed. However, RMG shall not be obliged to accept early deliveries.

9.2. In the event RMG does, indeed, accept an early delivery, RMG reserves the right to charge the Supplier for any and all additional costs for storage etc. that RMG may incur in connection with such early delivery. However, such additional costs may be charged only in the event of special aggravating circumstances, or if delivery was made more than 5 days earlier than agreed.

10. Packaging and dispatch

10.1. Any and all objects being delivered shall be expertly packed and dispatched. Suppliers and Subcontractors shall comply with any and all stipulations, regulations, standards and/or customs and practices existing with respect to packaging and dispatch.

10.2. Suppliers and Subcontractors must ensure that any and all deliveries arrive with adequate delivery and packing notes / bills of parcels.

10.3. Suppliers and/or Subcontractors must send a dispatch note to the RMG no later than on the day of dispatch.

10.4. Suppliers and/or Subcontractors must make sure that any and all correspondence, letters, documents etc. carry the PO number and/or any other IDs, markings etc. that may have been agreed between the Parties.

11. Costs of inspections

The costs of any contractual inspections or checks and/or checks or inspections customary due to standards, customs and/or practices of merchandise to be delivered shall be borne by the Supplier and/or Subcontractor, unless explicitly stipulated otherwise.

12. Documentations, declarations

12.1. The Supplier and/or Subcontractor shall provide any and all documents etc. required to guarantee a smooth and troublefree customs clearance for any and all merchandise so delivered.

12.2. Suppliers and Subcontractors must provide any and all documents that may be required in connection with preferential trade agreements and/or preferential treatment that may exist and/or may come into force shortly between the European Union and other states.

12.3. In particular, Suppliers and Subcontractors shall provide any and all supplier's declarations that may be required for customs clearance. The supplier's declaration has to comply with the formal requirements. Supplier may view a supplier's declaration form through a link on www.rmg.com.

12.4. In the event that RMG's customers, clients etc. require any additional documents etc., Suppliers / Subcontractors shall supply them, if and as far as possible. RMG shall engage to inform the Supplier as quickly as possible, if and when any such additional requirements should arise.

12.5. The Supplier shall be responsible and make sure that any and all of his Subcontractors (if any) provide any and all such documentation and declarations in due time as well. This shall apply, in particular, to documents needed for the clearance of exports and preferential treatment, like e.g. supplier's declarations.

13. Delayed deliveries

13.1. For RMG, timely deliveries are essential in order to be able to fulfil contractual obligations vis-à-vis RMG's customers. Therefore, the Supplier shall undertake to inform RMG immediately, as soon as circumstances arise that may jeopardise a timely delivery.

13.2. In the event RMG should not be able to fulfil own obligations against third parties due to delayed deliveries of Suppliers and/or Subcontractors, RMG reserves the right to charge such Suppliers and/or Subcontractors for any penalties, liquidated and/or consequential damages etc. that may be charged to the account of RMG. The Supplier shall undertake to hold RMG harmless in all cases RMG commits a breach of contract due to a mistake committed by the Supplier.

13.3. Irrespective of the afore-mentioned, RMG is entitled to reduce the invoiced payment in the event of delayed delivery at 1 per cent of the order value for each week of delay, but at no more than 10 per cent max. of the order value.

13.4. In the event a delay of delivery extends for more than 5 weeks, RMG shall be entitled to cancel the contract with immediate effect by sending a simple written notice. RMG's right to claim damages shall not be affected by this.

13.5. If delays should occur with fixed-date orders, RMG reserves the right to withdraw from the contract with immediate effect and to claim damages.

14. Acceptance of goods and notice of defects

14.1. In case of defects, flaws etc., the RMG shall inform the Supplier within a reasonable period of time, but in no case later than 30 days after delivery. In the event of hidden faults and defects etc., the RMG shall inform the Supplier no later than 30 days after detection of such hidden flaws etc.

14.2. The guarantee or warranty period shall start again as soon as a defect etc. has been repaired and/or a product has been replaced and the merchandise in question has been put in operation again, or for the first time, as the case may be.

15. Remedial action, damages

15.1. In case of unsatisfactory performance, delayed delivery etc., RMG reserves the right to claim any of the following, without limitation: supplementary performance, replacement, damages, indemnity, compensation for vain efforts and/or other forms of compensation.

15.2. In particular, RMG reserves the right to pass on and transfer to the Supplier claims brought forward by RMG's customer or a third party.

15.3. In the event that remedial action should not be possible or promising within a reasonable period of time, RMG reserves the right to commission third parties with the execution of unfulfilled orders (substitute performance) and to charge any additional costs so incurred to the account of the Supplier. In urgent and emergency cases, such a substitute performance at the expense of the Supplier may be commissioned without further delay.

16. Transfer of ownership, merchandise unencumbered

16.1. The transfer of property shall occur as soon as RMG pays 50 per cent of the invoice price. In the event that items delivered are to be incorporated into other objects and/or combined with them in some inseparable manner, the transfer of title shall occur at the moment of fusion at the latest.

16.2. Any objects so delivered and/or integrated and/or combined in such a manner shall be free of any encumbrances.

17. Force majeure

17.1. Force majeure shall be construed to describe circumstances that none of the Contract Parties could anticipate and/or influence.

17.2. In the event a situation of force majeure should prevent Contract Parties from performing and should thus entail a delay in delivery, the Parties shall add the duration of the force majeure situation to the period of delivery previously agreed.

17.3. In the event a force majeure situation should prevent contractual performance for more than 2 months, RMG reserves the right to serve 2 weeks' notice to the Supplier and to commission another supplier who is not (or less) affected by the force majeure situation.

18. Price, term of payment, assignment of claims, set-off of claims

18.1. Payments shall be made net, no longer than 30 days after fulfilment of the performance as agreed to and receipt of invoice. A 2 % discount shall be deducted for payments within 2 weeks.

18.2. The Parties may agree that payments to the Supplier are made dependant on incoming payments from RMG's final customer. However, no payment should occur later than 90 days after the provision of goods or services.

18.3. A claim of the supplier shall not be assigned to a Third Party.

18.4. RMG shall be entitled to set-off its legitimate claims against payments otherwise due according to supplier's invoice.

19. Warranty

19.1. The warranty period shall be 24 months.

19.2. The warranty period shall start from the beginning after a good has been repaired or replaced within the scope of warranty obligation.

19.3. In the event of a flaw etc. that the RMG reasonably deems to be a warranty / guarantee case, but the Supplier disagrees, the Supplier shall act, in a first instance, as if he accepts an unconditional warranty / guarantee case. If later checks and inspections should find that the flaw can be assigned to the Supplier only partly, the RMG shall reimburse part of the costs. If such checks and inspections should find that this was no warranty / guarantee case at all, the RMG shall reimburse the Supplier any and all unavoidable costs he incurred during this intervention.

20. Product liability, industrial protection rights

20.1. The Supplier shall indemnify the RMG and hold the RMG harmless against any and all liability claims and/or claims for damages that may be brought forward by third parties due to flaws that may have been inherent in any products delivered by the Supplier.

20.2. The Supplier shall respect intangible rights of third parties. The Supplier shall indemnify RMG and hold RMG harmless in case that industrial protection rights (i.e. trademarks, patents etc.) were violated by the Supplier and/or any of his Subcontractors.

20.3. Any and all deliveries shall be free from rights of third parties. No patents, licences and/or other protection rights of third parties shall be violated by the delivery of goods, provision of services and/or use of such goods and/or services.

21. Confidentiality

21.1. The Supplier and any and all of his Subcontractors shall treat any and all information regarding the RMG that is not public domain (especially commercial and technical information and documents) as strictly confidential.

21.2. The Supplier shall not disclose confidential information to any of his Subcontractors and/or to third parties unless he previously obtained RMG's explicit written consent.

21.3. The Supplier shall be responsible and shall be held liable with respect to adequate confidentiality procedures with his Subcontractors.

22. Termination of contract

22.1. RMG shall have the right to cancel contracts with immediate effect if and when Suppliers and/or Subcontractors commit a serious breach of duty, especially if deliveries are delayed for more than 5 weeks and if delays occur with fixed-date orders.

22.2. Contracts may also be cancelled, if exceptional force majeure situations continuously prevent contractual performance for more than 2 months (see above).

23. Availability of spare and wear parts

23.1. The Supplier shall undertake to guarantee the availability of spare and wear parts, at reasonable commercial conditions, during the entire normal life expectancy of the goods in question, in any case, however, for at least 10 years after the last delivery of such goods.

23.2. At the end of the above-mentioned life cycle and when the production of spare and wear parts is to be finally ceased, the Supplier shall inform the RMG and shall give him the opportunity for a last order.

24. Waiver

A waiver to enforce any provision of these Conditions of Purchase shall not be construed to be a waiver to enforce such or any other provision of the Conditions of Purchase thereafter.

25. Reference

Using RMG as a reference customer requires prior approval by RMG in writing.

26. Severability

26.1. In the event any of the stipulations within these Conditions of Purchase should be found to be or should become invalid and/or unenforceable, any and all of the remaining stipulations shall remain unaffected.

26.2. The parties agree, in particular, that any special agreements that may be made and/or any contract that may have precedence over these Conditions of Purchase and/or any single order whatsoever shall not be deemed to override, rescind, suspend or make invalid these Conditions of Purchase as a whole.

27. Applicable law and place of jurisdiction

These Conditions of Purchase shall be ruled by German law. However the Convention on Contracts for the International Sale of Goods shall not apply. The courts of the city of Kassel (Germany) shall have sole jurisdiction.