

General Terms and Conditions of Purchase

RHe Microsystems GmbH



- Date: May 2004 -

I. General Terms and Conditions

1. These general terms and conditions of purchase apply for all – also future – orders of goods and services and their processing. We do not accept conditions of the suppliers which conflict with or deviate from these conditions of purchasing, unless something different is specified in these conditions of purchasing or in the contract with the supplier. Should we accept the goods without expressly contradicting the conditions of the supplier, this does not imply that we accept the conditions of the supplier.
2. If special conditions deviating from these conditions are agreed for a particular order, then these general terms and conditions of purchase are subordinate and supplementary
3. The production of quotations is free of charge and non-binding for us.
4. Orders require the written form. The supplier is obliged to confirm our order in writing within a period of seven days.
5. We reserve the right of ownership and copyright to diagrams, drawings, calculations, models, patterns and other documents. They must not be made accessible to third parties without our express agreement and must only be used for their ordering. They are to be returned after processing of the order without the need for a request to do so.
6. The contractual partners undertake to maintain the strictest secrecy concerning their business relationships, especially with regard to exchanged documents and information such as price agreements and other agreements. Insofar as the obligation to secrecy relates to documents left such as diagrams, drawings, calculations, models and patterns, it lapses if the production knowledge contained in these becomes generally known.
7. The supplier is liable for all losses we suffer due to the violation of this obligation

II. Prices

1. The agreed prices are ex the receiving station specified by us including forwarding, packing and extra costs. With deliveries which are freight collect, we only take on the cheapest forwarding costs, unless we have stipulated a particular type of consignment.
2. The legal value-added-tax is not included in the price.
3. The supplier is obliged to state the exact order number on all dispatching papers and delivery notes. If he fails to do so, we are not to be held responsible for delays in processing.

III. Payment

1. In the absence of differing agreements, we settle invoices either within 14 days with a deduction of 3% cash discount or within 30 days without a deduction unless the payment conditions of the supplier are more favourable for us.
2. Time limits for payment and discounts are measured from receipt of the invoice, but after the receipt of the goods at the earliest or, in the case of services, not before the purchasing of the services and, insofar as documentation or similar documents belong to the scope of supply, not before their handing-over to us in accordance with the conditions of the contract.
3. Payments are made by means of bank transfer (or cheque). The payment is prompt, if the cheque is sent on the due date or the transfer is entrusted to the bank upon the due date.
4. We are entitled to offsetting rights and rights of retention in their legal scope.
5. Interest after due to date can not be demanded. The rate of interest after due date is determined by the legal regulations, in which we are entitled to prove a smaller loss due to delay than claimed by the seller.
6. In the case of delayed delivery, we are entitled to demand lump-sum default damages amounting to 1% of the value of goods delivered per complete week, but not more than 10%. The supplier is entitled to prove to us in the no loss or a substantially smaller loss has resulted in the course of the delay. We are entitled to demand the full default damages instead of the lump sum. Further legal and contractual claims (compensation, withdrawal from the contract) remain unaffected.

IV. Packaging

1. Insofar as nothing else has been agreed, the supplier bears the costs of packaging. The conditions of the packaging regulations apply in their respectively valid version.
2. Packaging must be reusable / recyclable and bear the necessary markings. Only reusable container systems such as Euro pallets, boxes etc.

V. Delivery Times

1. Agreed delivery times and periods are binding. We are to be informed immediately of any threatening delays in delivery.
2. In the event of delay in delivery, we are entitled to legal claims. In particular, we are entitled to demand compensation instead of performance after the fruitless elapsing of a grace period. Our claim to the delivery is only ruled out once the seller has rendered compensation.

VI. Conditional Sale

1. In relation to conditional sale by the supplier, the supplier's conditions apply provided that the ownership of the goods passes over to us with payment for it and that the forms of extension of the co-called current account reservation and extended reservation of ownership do not apply.
2. The supplier can only demand the goods back on the basis of conditional sale if he has withdrawn from the contract.
3. Insofar as we provide goods (e.g. tools), we reserve the ownership of these goods. The supplier is obliged to insure the tools belonging to us at their value as new at his own cost against damage from fire, water and theft. At the same time, the supplier transfers all claims of compensation arising from this insurance to us from the outset – we hereby accept the transferral. The supplier is obliged to carry out any necessary maintenance and inspection work on the goods provided, as well as servicing or repair work on these goods, at his own cost.
4. Insofar as the security rights exceed the purchasing price of all goods provided by us but not yet paid for by more than 20%, we are obliged to request the supplier to release the security rights.

VII. Deliveries and Passing of Risk

1. The supplier bears the risk of accidental loss and accidental deterioration, even with "landed and carriage free deliveries" until the handing over of the goods at the specified place.
2. Partial deliveries require our agreement.

VIII. Declarations About Origin

1. Insofar as the supplier states the origin of the goods sold, he is obliged to enable the examination of the proof of origin by the customs administration and also to give the information necessary for this as well as to submit any confirmations to us which are necessary.
2. The supplier is obliged to reimburse us for any losses which occur for us due to declared origin not being acknowledged by the responsible authorities as a consequence of incorrect certificates or insufficient possibility of checking. This liability is only transferred to the suppliers in the event of culpable behaviour or the absence of a promised characteristic.

IX. Liability For Deficiency and the Statute of Limitations

1. The supplier is to procure the goods free of material defects or defects of title. In particular, he is to take responsibility for the compliance of his deliveries and services with the recognised technical regulations and the contractually agreed characteristics, norms and safety, industrial safety, accident prevention and other regulations.
2. The goods are examined on our premises after their receipt within a reasonable and technically possible scope for quality and completeness. Notifications of deficiency are prompt if they are received by the supplier by letter, fax, e-mail or telephone within eight working days. The time limit for the notification of deficiency starts at the point in time at which we - or in the case of third-party-deals, our buyer - have ascertained the deficiency or would have had to have ascertained it.
3. If the goods have a material defect, then we are entitled to the legal rights according to our own choice. We can demand reimbursement of costs from the supplier, which we have had to bear in the relationship with our buyer, if the deficiency already existed when risk was passed on to us.
4. The legal statute of limitations applies to our warranty claims. They begin, however, with the prompt notification of in the sense of the above number 2. Be this as it may, the liability for deficiency of the seller ends 10 years after the delivery of the goods. This restriction is cancelled if the supplier noticed the deficiency or should have noticed it and did not disclose this knowledge.
5. The supplier transfers to us, from the outset and with a view to performance, all claims to which he is entitled against his supplier due to, and in connection with, the delivery of deficient goods or goods from which promised characteristics are absent. He will hand over to us all the documents necessary for the enforcement of such claims.

X. Product Liability / Exemption / Liability Insurance Protection / Property Rights

1. Insofar as the supplier is responsible for damage to products, he is obliged to exempt us to this extent from the compensation claims of third parties, as the cause stems from his sphere of control and organisation and he himself is liable in the external relationship.
2. In the framework of his liability for claims in the sense of para. 1, the supplier is obliged to reimburse to us any costs according to §§ 683, 670 of the Civil Code as well as §§ 830, 840, 426 cont. of the Civil Code, which arise in connection with a returning forwarding carried out by us.
3. The supplier undertakes to maintain blanket product liability insurance with a sum insured of 5,000,000 € for personal injury or material damage.
4. The supplier vouches that no patents or other property rights of third parties have been violated. In the event of claims being brought by third parties, the supplier is obliged to exempt us upon the first written demanding of these claims, in which this obligation concerns all costs which necessarily occur for us in connection with the bringing of claims by a third party.

XI. Legal Domicile / Place of Fulfilment / Law to be Applied

1. Place of fulfilment for the delivery is our premises, insofar as nothing to the contrary is agreed.
2. Any disputes arising hereunder will be settled before a competent Dresden court of law. We can also take the supplier to court at his legal domicile.
3. German law, excluding the UN sales law, applies to all legal relationships between us and the supplier.
4. In cases where there is doubt, the German version of these general terms and conditions of purchasing is decisive.