

General Terms and Conditions of Purchase

of Rastal GmbH & Co. KG

§ 1 Applicability and Scope

- (1) These General Terms and Conditions of Purchase apply to all domestic and foreign business transactions with suppliers and other contractors (hereinafter generally referred to as the "Supplier"), regardless of whether or not these Terms and Conditions are mentioned or referred to in subsequent contracts. They also apply in the event that the Supplier mentions or refers to the Supplier's own terms and conditions of business in the context of taking/acknowledging our order, accepting/confirming our order or on any other occasion, unless the Supplier's terms and conditions have been expressly agreed to in writing.
- (2) Any stipulations agreed between us and the Supplier in respect of the performance of a contract must be set forth in writing in that contract. Subsequent amendments and modifications to any of the stipulations, including to any of the stipulations contained in these General Terms and Conditions of Purchase, will not be effective unless made in writing. With the exception of managing directors ("Geschäftsführer") and authorised signatories ("Prokuristen"), none of our employees is authorised to make agreements deviating from said stipulations in any way.
- (3) In order to comply with the written form requirement, information transmission by telefax, e-mail or other means of telecommunication is as acceptable as delivery in physical paper format.
- (4) Our General Terms and Conditions of Purchase only apply vis-à-vis merchants ("Kaufleute") within the meaning of Section 24 of the German AGBG (Standard Contract Terms Act), legal entities as well as special funds under public law,
- (5) Contracts with non-merchants are governed by the pertinent statutory provisions.
- (6) The Supplier is deemed to have accepted and submitted to our General Terms and Conditions of Purchase upon making an offer to us or upon accepting an order placed by us, as the case may be, however, no later than at the time of delivery and invoicing of the goods subject to the purchase order.
- (7) Unless otherwise agreed upon in writing, any efforts expended or expenses incurred in relation to visits or the preparation of offers, projects, plans etc., will neither be remunerated nor reimbursed by us even if these activities do not result in the placement of an order.

§ 2 Purchase Order

- (1) A purchase order is considered placed only after it has been set out in writing and signed by us. Purchase orders placed verbally or by telephone are not binding on us unless subsequently confirmed by us in writing. Purchase orders placed by us which contain obvious mistakes, typing errors and / or arithmetic errors do not have any binding effect on us. The Supplier is obliged to inform us of the presence of any such mistakes or errors so that our purchase order can be corrected as required or newly placed.
- (2) The Supplier's acceptance of our purchase order must be confirmed in writing to us no later than within one week; otherwise we may cancel the order.
- (3) Any deviations from or changes to the wording and / or content of our purchase order as well as any subsequent contractual modifications are not deemed to have been agreed until such time as they are expressly confirmed by us in writing.
- (4) We retain ownership and copyright of any documents and items provided to the Supplier in regard to order placement, such as drawings, tools, designs, models, trademarks, trade dresses, as well as any finished products and semi-finished products etc. These documents and items must be used only for manufacturing purposes in accordance with our purchase order, and they must not be made available to any third party unless the Supplier has obtained our prior express written consent. Unless otherwise agreed on a case-by-case basis, the said material must be returned to us without delay upon completion of the order, without any express request to this effect being necessary on our part. Delivery to any third party of products made or labelled by the Supplier using any of the production resources, trademarks and / or trade dresses mentioned in the first sentence of this paragraph requires our prior express written consent.
- (5) Should it emerge that any of the products delivered by the Supplier have been manufactured using production resources (cf. section 2, para. 4, sentence 1) subject to third-party rights, we are entitled to obtain the right of use (licence) from the right holder at the Supplier's cost and expense.

§ 3 Delivery time

- (1) Delivery periods and dates are agreed with binding effect. Periods start to run from the date of order placement. The goods must be delivered to the receiving location specified by us within the agreed delivery period or on the agreed delivery date, respectively. If any delays are to be expected, the Supplier is required to immediately notify us accordingly. In the absence of a timely notification to this effect, the Supplier is deemed

to be in default of performance, without any requirement on our part to expressly specify a deadline, after a lapse

of eight (8) calendar days from the agreed delivery date or period.

- (2) In the event that the Supplier comes into and, despite a reminder from us, continues in default ("Verzug"), we are entitled to claim liquidated damages ("Vertragsstrafe") amounting to 0.5 percent of the net order value for each week commenced or completed. The overall amount will not, however, exceed 5 percent of the net order value and/or of the delivery value. We are entitled to claim liquidated damages without prejudice to any other rights which we may have at law. The Supplier is permitted to provide evidence that the loss or damage caused by the Supplier's default is nil or significantly lower than claimed by us. In this case, the liquidated damages amount will be reduced accordingly.
- (3) Should the Supplier come into default ("Verzug"), we may furthermore rescind the contract without granting a respite. Exercise of the right of rescission will not in any way affect our right to additionally claim unliquidated damages for non-performance. The liquidated damages paid or to be paid will be credited against the pertinent unliquidated damages.
- (4) We are under no obligation to take delivery of goods prior to the agreed delivery date or prior to expiry of the agreed delivery period, respectively.

§ 4 Delivery / Packaging

- (1) The Supplier is fully responsible for obtaining the goods and services needed to meet the Supplier's contractual performance obligations and will be held liable specifically for any associated non-conformities/defects, regardless of the Supplier's actual fault ("Verschulden").
- (2) Delivery must be carried out to the receiving location indicated by us, at the Supplier's expense and free of charge for us. If, by way of exception, payment of freight charges is our responsibility, the Supplier is required to use the mode of transport specified by us. In all other cases, the Supplier is obliged to select the mode of transport and delivery most favourable to us.
- (3) Excess quantities are only accepted if we have given our prior written consent to the over- delivery. Short deliveries are not acceptable.
- (4) As a matter of principle, prices are inclusive of packaging/packing charges. If, in exceptional circumstances, a different arrangement is made, packaging/packing must be charged at cost price. The Supplier is required to use the type of packaging/packing specified by us, whilst ensuring that the goods are adequately protected against damage and deterioration. Packaging/packing materials will not be returned by us unless expressly otherwise agreed in writing.

§ 5 Prices

- (1) Unless expressly provided otherwise in writing, the agreed prices are fixed prices as long as the Supplier does not reduce the respective prices across the board.
- (2) Price reductions undertaken in the period between order placement and fulfilment must inure to our benefit.
- (3) The Supplier is obliged to offer us prices and conditions that will not be any less favourable than the prices and conditions offered to any other customer exhibiting identical or equivalent characteristics or circumstances in its relationship with the Supplier in the respective case.

§ 6 Invoice / Payment

- (1) A separate invoice must be issued for each purchase order. Each invoice must state the order number as well as the specifications indicated in the order. Payment is effected after full receipt of conforming/defect-free goods or services, respectively, as well as after receipt of the pertinent invoice. This principle also applies in case of partial deliveries. Time delays caused by incorrect or incomplete invoices will not in any way count towards discount periods.
- (2) Invoices are settled by the means of payment of our choice, either within fourteen (14) days less three percent (3 %) discount or within forty-five (45) days without deduction, counting from the date of receipt of the invoice or of the goods or performance / services, respectively, whichever occurs later. These terms apply to all transactions unless a different arrangement has been previously explicitly agreed upon in writing.
- (3) We are entitled to exercise the right of setoff and retention as well as any other right to withhold performance within the scope permitted by law.
- (4) The Supplier is neither permitted to assign to a third party any claims which the Supplier may have against us nor to have said claims collected by a third party without our prior written consent.

§ 7 Transfer of Ownership / Passing of Risk

- (1) Ownership of the ordered items passes to us upon delivery.
- (2) The items must be delivered free of any third-party rights. If a purchase order is for the supply of processed goods, the material provided by us remains our sole property. The Supplier is obliged to notify us without delay should any third party assert claims in respect of the material concerned.
- (3) Unless otherwise agreed in writing, delivery must be made on a customer-delivered ("Free Domicile") basis. As a matter of principle, the risk in the goods does not pass to us until the goods have been delivered to us at the agreed place of destination.
- (4) The Supplier is required to indicate on all shipping documents, delivery notes and invoices our order number, project number, article number, article designation, project name as well as the name of our project handler. The Supplier's failure to comply with this requirement may result in processing delays for which we cannot be held responsible.
- (5) If the delivery item is a machine or other type of aggregate equipment, the Supplier is furthermore obliged to hand over to us, no later than upon delivery of the respective item, three (3) copies each of the pertinent operating and maintenance documents as well as care instructions.

§ 8 Contractual Warranty/Statutory Warranty/Handling of Complaints

- (1) The Supplier undertakes to ensure that the goods, including their trade dress and labelling, conform to our specifications under the respective purchase order. All our purchase orders and service orders must be executed professionally and properly in accordance with the applicable state-of-the-art standards.
- (2) The Supplier is under the obligation to have an adequate Outgoing Goods Inspection process in place that is required to take into account the standards applicable to the Incoming Goods Inspection process conducted at

RASTAL. The inspections must be carried out in accordance with standard DIN ISO 2859, Test Level I.
Critical characteristics: AQL = 0.065
Major characteristics: AQL = 4
Minor characteristics: AQL = 4

- (3) In the event of non-conforming / defective goods or services being delivered, the Supplier will be afforded the opportunity to either rectify the non-conformance / defect through rework or repair, or to provide a replacement delivery. If the Supplier is unable to accomplish either remedy, or if the Supplier continues to default in performance after having received from us a deadlined request requiring the Supplier to comply with its contractual obligations within the time frame provided, we may return the goods at the Supplier's risk and expense and to cover our supply requirements elsewhere. In urgent circumstances, we may, after notification of the Supplier, accomplish the required rectification ourselves or arrange for a third party to do so; the costs incurred thereby must be borne by the Supplier.
- (4) The contractual warranty period for the products manufactured by the Supplier as well as for services provided by the Supplier expires twenty-four (24) months from the date of delivery and acceptance of the respective products or services.
- (5) The provisions set out hereinabove apply to all conceivable transactions, such as sales contracts, contracts for work and services ("Werkverträge") as well as contracts for work and materials ("Werklieferungsverträge").
- (6) The Supplier represents, warrants and guarantees in respect of all orders for, and deliveries of, machines, machine parts and any other types of equipment that the delivery items meet all state-of-the-art standards and that all safety measures, whether imposed by law, by supervisory authorities, by institutions for statutory accident insurance and prevention and/or by similar entities, are complied with and that all non-conformances / defects which are attributable to faults in material and/or workmanship and which occur within a period of two (2) years from the date of placement into service will be rectified without delay and free of charge for us.

§ 9 Product Liability / Producer's Liability

- (1) If the Supplier is held liable for a defective product within the meaning of the German Product Liability Act ("Produkthaftungsgesetz"), as amended, the Supplier must notify us directly and without delay of any pertinent proceedings instituted against the Supplier as well as of any product recalls and safety precautions that may be required in relation thereto.
- (2) The Supplier is obliged to obtain and maintain adequate product liability insurance consistent with the scope of our business relationship and covering personal injury, property damage as well economic loss. The Supplier is required to furnish proof of the pertinent liability insurance coverage at our request. Unless otherwise agreed, a coverage amount of 2.5 million Euro (2 million Euro for personal injury and 500,000.00 Euro for other loss or damage) is considered necessary. The above provisions are without prejudice to any further damage claims that we may be entitled to assert.
- (3) If a non-conformity is attributable to the fault of the Supplier, the Supplier must indemnify and hold us harmless against any resulting third-party claims that invoke the producer's liability ("Produzentenhaftung"), to

the extent that the Supplier would itself be held directly liable.

- (4) The Supplier undertakes to provide us without delay with any documentary evidence of origin requested by us (e.g. supplier's declarations, certificates of origin/movement certificates in accordance with the EU/EFTA rules of origin), complete with all required details and duly signed.
- (5) The Supplier is obliged to inform us whenever a contract item is wholly or partly subject to export restrictions under German or any other (e.g. US-American) foreign trade laws.

§ 10 REACH requirements

- (1) The Supplier is responsible for ensuring that the Supplier's deliveries comply with the provisions set out in Commission Regulation (EC) No. 1907/2006 for the Registration, Evaluation, Authorisation and Restriction of Chemical Substances ("REACH Regulation"), as amended, as well as with all national provisions adopted in transposition of the Regulation (hereinafter collectively referred to as the "REACH requirements"). The Supplier is specifically responsible for ensuring that the substances contained in the products delivered by the Supplier, if required under the terms of the REACH Regulation, have been duly pre-registered or, respectively, registered after expiration of the transition period and that the relevant safety data sheets issued in compliance with the provisions of the REACH Regulation as well as the information required pursuant to article 32 of the REACH Regulation are provided to us. If the Supplier delivers articles, substances or preparations within the meaning of Article 3 of the REACH Regulation, the Supplier is also specifically responsible for complying with its obligation to pass on the information specified in Article 33 of the REACH Regulation without any prior request to this effect being necessary. The Supplier further represents, warrants and guarantees that the Seller has taken due account of the provisions contained in Directive 2009/48/EC on the Safety of Toys, notably in Annex V Part A of the Directive ("General Warnings").
- (2) The Supplier undertakes to notify us in writing without delay if any of the contract items contain substances included on the "Candidate List" published by the European Chemicals Agency (cf. Annex XIV of the REACH Regulation) or specified in Annex XVII of the REACH Regulation. The Supplier is further obliged to inform us in writing without delay if a contract item must bear a warning statement pursuant to Annex V of Directive 2009/48/EC. Should the Supplier wish to alter or modify a contract item or should the "Candidate List" or Annex XVII of the REACH Regulation be changed in a way affecting any of the contract items and/or their use and/or the REACH requirements and/or Directive 2009/48/EC and/or any aspect of its compliance, the Supplier will notify us to this effect in writing without delay.
- (3) Suppliers having their corporate seat outside the EU are required to appoint a representative within the EU who meets all requirements established under the provisions of Article 8 of the REACH Regulation so that we will not be considered to be importers within the meaning of the REACH Regulation unless we decide, at our own discretion, to act as an importer under the REACH Regulation.
- (4) In the event that a delivery is not completed in compliance with the requirements established in the REACH Regulation and in Directive 2009/48/EC, we reserve the right to rescind or terminate the respective framework agreements or individual contracts. The Supplier undertakes to immediately notify us in writing of

any changes affecting compliance with the REACH requirements. The Supplier is obliged to indemnify us and hold us harmless against any third-party claims resulting from non-compliance with the REACH requirements. Failure to comply with the provisions and obligations imposed by the REACH Regulation constitutes a defect ("Mangel") capable of triggering warranty claims.

§ 11 Compliance with applicable statutory provisions, child labour, environmental protection

- (1) The Supplier's order acceptance or, at the latest, actual performance of delivery is deemed to constitute a confirmation to the effect that the contract items to be supplied conform to all laws and regulations implemented by the EU and the Federal Republic of Germany for the safety of food-contact materials, and that they specifically meet the latest state-of-the-art standards. The Supplier further represents, warrants and guarantees that the items to be supplied comply with all legal calibration requirements applicable in the Federal Republic of Germany, with the German Packaging Ordinance of 21 August 1998, amended, as well as with all German regulations and directives issued by public authorities, institutions for statutory accident insurance and prevention as well as professional associations.
- (2) The Supplier's order acceptance or, at the latest, actual performance of delivery is deemed to constitute a confirmation to the effect that the Supplier does not and will not employ any person in the production of the contract items who is under fifteen (15) years of age or, respectively, eighteen (18) years of age in the case of hazardous work (hereinafter referred to as "Child Labor"). The Supplier has used all reasonable efforts to ascertain whether its own suppliers use Child Labor in the production of contract items and certifies that the Supplier, after reasonable inquiry into the matter, is not aware of any of its suppliers of contract items using Child Labor. The Supplier's order acceptance or, at the latest, actual performance of delivery is deemed to constitute a confirmation to the effect that the workers used currently or in the future by the Supplier in the production of the contract items are, and will be, present at the workplace of their own free will. The Supplier certifies that neither the Supplier nor any of its upstream suppliers of contract items knowingly uses, or will use, forced labor. The Supplier understands that these certifications and undertakings are of the essence to any contract hereunder. The Supplier is obliged and undertakes to indemnify us and hold us harmless against any liability that may arise from the contravention of this provision by the Supplier or any of its upstream suppliers in relation to the contract items used in the supply chain. The Supplier further agrees that, should we determine that a violation of this provision has occurred, we will notify the Supplier, whereupon the Supplier must, without delay, remedy the violation. Should we determine that the Supplier has not remedied the violation, then we may terminate the contract without notice.
- (3) The Supplier is aware that we attach great importance to the protection of the environment. The Supplier's order acceptance or, at the latest, actual performance of delivery is deemed to constitute a confirmation to the effect that the Supplier complies, as a minimum requirement, with the environmental laws of the country in which the Supplier operates. We may at our sole discretion, during regular business hours and after reasonable notice, conduct audits to verify whether the legal requirements of the respective country are met. The Supplier further agrees that, should we determine that a violation of the laws applicable in that country has occurred, we will notify the Supplier and may terminate the contract without notice. In this case, the Supplier will

be obliged to indemnify us and hold us harmless with respect to any liability arising from the Supplier's violation of this provision.

§ 12 Proprietary Rights

The Supplier is liable to ensure that the Supplier's delivery items as well as our use thereof do not infringe on any patents or other proprietary rights held by any third party. The Supplier undertakes to indemnify and hold us and our customers harmless against any claims that may arise from the use of the respective proprietary rights. This principle does not apply if, due to the fact that the Supplier has produced the delivery items in accordance with drawings, models or equivalent descriptions / specifications or instructions / directions provided by us, the Seller is not aware and cannot reasonably be expected to be aware in the context of, or in connection with, the Seller's production of the items of any proprietary rights being infringed thereby.

§ 13 Force Majeure

War, civil war, export restrictions and trade restrictions that are due to changes in political conditions, as well as strikes, lock-outs, stoppages / breakdowns, operational restrictions and similar events which make contract performance impossible or unreasonably burdensome for us are considered to be events of force majeure and will relieve us, for as long as the force majeure event persists, of the obligation to take timely delivery. The contracting partners are obliged to inform each other accordingly and to adjust their obligations to suit the changed circumstances in mutual good faith.

§ 14 Business secrets

- (1) The Supplier undertakes to observe strict secrecy in respect of all commercial and technical information as well as in respect of all documents of which the Supplier becomes aware through the business relationship and which are not yet generally known or available in the public domain. The Supplier is required to oblige the Supplier's subcontractors, if any, accordingly.
- (2) The Supplier is not permitted to refer to or quote our corporate name and trademarks in references or publications unless we have previously agreed thereto in writing.
- (3) If a separate non-disclosure agreement has been concluded, the Supplier is obliged to pay a reasonable amount of liquidated damages, but not less than 10,000.00 €, for each case of culpable (i.e. wilful or negligent) violation of the confidentiality obligation or the restriction of use. We may claim liquidated damages notwithstanding any other claims for damages we may be entitled to assert; in this case, the liquidated damages will be credited against the pertinent unliquidated damages.

§ 15 Final provisions

- (1) Should any of the foregoing provisions be or become invalid, the remaining provisions will not be affected thereby.
- (2) It is hereby understood that these General Terms and Conditions of Purchase as well as all legal relations between us and the Supplier are governed solely by the laws of the Federal Republic of Germany. This principle also applies if the Supplier's corporate seat is located outside the Federal Republic of Germany. Applicability of UN Sales Law (United Nations Convention on Contracts for the International Sale of Goods – CISG) is excluded.

- (3) The place of performance is Höhr-Grenzhausen. A different place of performance for deliveries may be agreed on a case-by-case basis.
- (4) Within the scope of applicability of these General Terms and Conditions of Purchase, the exclusive place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship is our principal place of business. This also applies if the Supplier does not have a general place of jurisdiction in the Federal Republic of Germany. Vis-à-vis foreign customers, we also reserve the right to submit disputes to the International Court of Arbitration.
- (5) Personal data collected in the context of the contractual relationship will be stored for data processing purposes (Section 28 of the German Federal Data Protection Act / "Bundesdatenschutzgesetz").