

Terms and Conditions of Purchase

Version: August 2017

1. GENERAL INFORMATION

(1) All contracts shall be subject solely to these terms and conditions of purchase. No other terms and conditions shall apply unless they are specified in writing in our entire order. These terms and conditions of purchase shall apply exclusively, even if we accept or pay for delivered goods or services from suppliers in full awareness of contrary terms and conditions.

(2) The current version of SEW-EURODRIVE's terms and conditions of purchase shall also represent a general agreement for future contracts with the same supplier, without SEW-EURODRIVE being required to refer to them in each individual case.

(3) Legally relevant declarations and notifications required from the supplier after the contract has been signed (e.g. relating to deadlines, reminders or cancellation) must be sent to SEW-EURODRIVE in writing in order to be valid.

2. Orders

(1) Only the content of our order in text form shall be effective. Any verbal orders (including those made via telephone), amendments or subsidiary agreements made prior to, at the time of or after signing the contract shall not be binding unless agreed to in text form by SEW-EURODRIVE. The same applies in case of changes to this provision.

(2) SEW-EURODRIVE requests confirmation of all orders in text form within fourteen (14) days of receipt at the latest. SEW-EURODRIVE shall be entitled to cancel any order not confirmed within fourteen (14) days.

3. Scope of delivery, scope of services and delivery date

(1) The delivery shall contain all parts that are necessary for use according to the agreement, in compliance with the agreed-upon condition, even if the required parts are not listed completely in the order text.

(2) The goods shall be produced and the services provided in accordance with the contractual specifications, drawings, descriptions, and other documents that are concluded between SEW-EURODRIVE and the supplier.

(3) When changing procurement sources for raw materials or components, when changing the production facility, or when making significant changes to the manufacturing process, the supplier must inform SEW-EURODRIVE immediately in writing.

(4) Additional prices can be charged for significant expansions of the scope of delivery and/or services that we initiate after the order. Any additional charge must be made immediately and must be agreed upon by us.

(5) Within the legal scope, we have the right to use software that is included in the scope of product delivery, including your documentation.

(6) We have the right to use such software, including documentation, with the agreed performance features and to the full extent required for utilization of the product in accordance with the agreement. We are permitted to create a back-up copy, even without express agreement.

(7) The dates and deadlines agreed to in the order are binding. The decisive factor for meeting the delivery date or deadline is receipt of goods at the goods receiving site listed in

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76642 Bruchsal - Germany
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sew@sew-eurodrive.de

Bankverbindungen/Bank accounts

Deutsche Bank AG	IBAN DE61660700040200425700	BIC DEUTDE33
Commerzbank Bruchsal	IBAN DE22663400180470888900	BIC COBADE33
Sparkasse Kraichgau	IBAN DE85663500360000020313	BIC BRUSDE33
Volksbank Bruchsal-Bretten	IBAN DE35663912000000202100	BIC GENODE33

USt-Ident.-Nr./VAT Regist. No. DE 143080517

Kommanditgesellschaft, Sitz: Bruchsal, RG Mannheim HRA 230970
Komplementärin: SEW-EURODRIVE Verwaltungs-GmbH
Sitz: Bruchsal, RG Mannheim HRB 230207
Geschäftsführer: Jürgen Blickle, Rainer Blickle
Geschäftsführung: Jürgen Blickle (Vorsitzender),
Udo Aull, Johann Soder, Dr. Jürgen Zanghellini

our order. This is also the place of fulfillment. Supplier agrees to pay for packaging, shipping and insurance.

(8) The supplier must provide the goods at the proper time, taking into consideration customary times for loading and shipping, unless agreement was for delivery ex works. The supplier shall be liable for any transport damages, even in the latter case.

(9) The supplier shall inform SEW-EURODRIVE by phone or in writing of any delays in delivery, including a statement of reasons. The legal regulations apply in cases where agreed deadlines are not met.

(10) If the supplier defaults, and if no contractual penalty has been agreed to for this, SEW-EURODRIVE shall be entitled to demand lump sum compensation for the losses incurred as a result of the delay. This shall be equivalent to 0.1% of the net price for each full calendar week of delay but shall not exceed a total of 5% of the net price of the goods or service delivered late. SEW-EURODRIVE reserves the right to demonstrate that the company has suffered higher losses. The supplier shall be entitled to demonstrate that no loss whatsoever has been incurred, or only a much smaller loss.

(11) The total acceptance of a delayed delivery or service does not represent our waiver of compensation claims based on the delayed delivery or service; this applies until payment owed by us is made in full.

(12) This shall be without prejudice to further legal rights.

4. Export control

(1) The supplier shall fulfill any and all requirements of national and international export, tariff and foreign trade legislation for all goods and services to be supplied and shall obtain the required export licenses, unless we or a third party, and not the supplier, are required to apply for the export licenses according to applicable export, tariff or foreign trade legislation.

(2) The supplier shall provide us with all information and data in written form (itemized on the order confirmation, delivery note and invoice) that we need to adhere to the applicable export, tariff and foreign trade legislation for exports and imports as soon as possible and by no later than the delivery date, as well as in the case of further distribution with further export of the goods and services, in particular the following export control and foreign trade data for every individual good/service:

- The Export Control Classification Number (ECCN) according to the U.S. Commerce Control List (CCL), insofar as the product is subject to U.S. Export Administration Regulations (EAR)
- Whether the goods are manufactured or stored in the U.S.A., or were made with the help of American technology
- The number of the German Export List (AL) and the EU Dual Use Regulation
- The statistical goods number according to the current distribution of goods from foreign trade statistics or the HS (Harmonized System) code
- The country of origin (non-preferential origin)
- As long as it is requested by us: Suppliers' declarations of preferential origin (for European suppliers) or certificates of preferences (for non-European suppliers)

(3) In the case that changes are made to the origin or properties of the goods or services or to the applicable export, tariff and foreign trade legislation, the supplier shall update the export control and foreign trade data immediately and provide us with confirmation in text form.

(4) The supplier is obligated to indemnify us from any claims by third parties arising from missing or faulty export control and foreign trade data which was either agreed-upon to be

disclosed by the supplier or which was disclosed by the supplier, and to reimburse us for any required expenditures or damages that may arise within the terms of legal provisions.

5. Product conformity

(1) Products or materials that are supplied to SEW EURODRIVE must comply with the legal regulations or contractual requirements. The regulations and directives set out in the [information for suppliers regarding product conformity](#) are mandatory for all supplier products. They must be observed. The supplier must provide written confirmation of compliance to SEW EURODRIVE on request. SEW EURODRIVE may also request additional, specific declarations of conformity as part of its qualification and sampling process.

(2) The supplier is obligated to ensure that these standards are also implemented in its own supply chain.

(3) The supplier must inform SEW EURODRIVE immediately if it cannot guarantee that the products supplied to SEW EURODRIVE comply with the requirements listed.

(4) The supplier must be kept informed of updates to the statutory provisions and regulations at all times.

6. Performance and passing of risk

(1) The supplier shall not be entitled, without our written consent, to have third parties (e.g. sub-contractors) carry out the service for which it is responsible.

(2) Except in the event of a product made to specification, the supplier shall bear the procurement risk for its services.

(3) The supplier shall carry the material risk until goods are accepted by us or an authorized officer at the site where the goods are to be supplied. If an acceptance procedure has been agreed on, this is authoritative for the passing of risk.

7. Prices, payment terms and invoices

(1) Prices do not include value added tax and are fixed prices. The prices include shipping to the receiving site indicated in the order. Unless otherwise agreed, the price includes all of the supplier's services and ancillary services (e.g. assembly, installation) and all additional expenses (e.g. proper packaging, transport costs). The supplier shall take back packaging material if requested to do so.

(2) Payment shall be made within two weeks subject to a 3% discount or within thirty (30) days net of the receipt of the invoice and delivery of the goods or services. The payment period for goods delivered and invoiced prior to the agreed delivery date does not start until that time agreed in the contract.

(3) All payments are made with the proviso that they are subject to assertion of warranty claims and liability claims, if applicable.

(4) Invoices are to be mailed in duplicate, including a listing of the SEW-EURODRIVE order number, to our headquarters in Bruchsal, accounting department, immediately after the goods are shipped. Invoices may not be included in shipments. Invoices not submitted in accordance with regulations will not be accepted.

(5) SEW-EURODRIVE may only be held in default if the supplier has sent a reminder.

(6) The supplier shall only have a right of offset or retention in the event of res judicata or undisputed counterclaims.

8. Acceptance and warranty claims

(1) The acceptance of goods is subject to an examination for possible defects. Any defects of delivery will be reported immediately as soon as they are detected by SEW-EURODRIVE in standard course of business. That means the supplier waives the right to a delayed notice of complaint. No examination is required if an acceptance procedure has been agreed on.

(2) All material defects and deficiencies in title are subject to the applicable legal provisions unless provided otherwise hereinafter. In particular, a material defect shall be deemed to exist in the event that the material properties do not meet health or environmental standards. A material defect shall also be deemed to exist if our technical conditions of implementation for the delivery of machines and machinery are not met.

(3) Contrary to section 442, paragraph 1, p. 2 of the Bürgerliches Gesetzbuch (German Civil Code, "BGB"), SEW-EURODRIVE shall also have an unrestricted entitlement to make warranty claims if we remained unaware of the defect when the contract was signed as a result of gross negligence.

(4) If the supplier fails to honor its obligation to provide subsequent performance within a reasonable period set by SEW-EURODRIVE, by either rectifying the defect or supplying a non-defective replacement as we see fit, SEW-EURODRIVE shall be entitled to rectify the defect and demand compensation from the vendor for the expenses incurred or an appropriate advance payment. If subsequent performance by the vendor fails or is unacceptable to SEW-EURODRIVE (e.g. because of extreme urgency, a risk to operational reliability or the imminent risk of unreasonably high losses), no deadline needs to be set; the vendor is to be notified immediately, if possible in advance.

(5) If the law does not provide for a period of limitation exceeding 36 months and no alternative agreement was reached, the period of limitation for warranty claims shall be 36 months from the passing of risk. If an acceptance procedure has been agreed on, the period of limitation shall commence at the time of acceptance. For any parts serviced or repaired within the period of limitation, this period shall start again on the day the supplier has completed all subsequent performance work on these parts, providing this represents an acknowledgement of the supplier's obligation to rectify defects.

(6) If a defect also entitles SEW-EURODRIVE to assert non-contractual compensation claims, the standard statutory period of limitation (sections 195 and 199, BGB) shall apply unless other statutory periods of limitation result in a longer period in the case in hand.

9. Product liability, recall and quality assurance

(1) The supplier shall indemnify us from all claims based on manufacturer liability insofar as the supplier is responsible for the fault having led to the liability claim. The supplier shall pay all costs and expenses in such cases, including the cost of any possible legal actions or precautionary product recalls. As far as is possible and reasonable, SEW-EURODRIVE shall inform the supplier of the content and scope of recall measures and provide the opportunity to comment. This shall be without prejudice to further legal claims.

(2) The supplier shall insure against all risks associated with product liability that can be insured against, including the risk of a product recall, up to an acceptable amount. The insurance policy must be presented to SEW-EURODRIVE upon request.

(3) The supplier must implement quality assurance measures that reflect the state of the art and present proof of such measures upon request.

10. Spare parts inventory

The supplier is obligated to keep an inventory of spare parts for goods supplied to SEW-EURODRIVE; for a minimum of five (5) years for ordered goods totaling less than 5,000 euro net per year and ten (10) years for orders totaling more than 5,000 euro net per year. This obligation to keep an inventory of spare parts shall not apply if a need for spare part supplies is not recognizable from the type of delivery.

11. Force majeure

If SEW-EURODRIVE is unable to accept delivery of the shipments or services as a result of force majeure, especially in the event of strikes, lockouts, business interruptions for which SEW-EURODRIVE is not responsible, unrest, governmental measures or other events beyond SEW-EURODRIVE's control, SEW-EURODRIVE shall be entitled to cancel the contract in whole or in part or to postpone the date of acceptance by the duration of the delay if this delay is not of insignificant duration and cancellation or delayed acceptance appears to be adequate to protect our interests. Claims against us are not permitted.

12. Assignment

The assignment of claims against us is only effective with our written consent unless it is expressly permitted by law despite this non-assignment clause. In particular, no form of extended reservation of title shall be permitted.

13. Objects, documents and confidentiality

(1) All documents, in particular diagrams, plans, drawings, calculations, instructions and product descriptions, and any data or objects that the supplier has been provided with for the purposes of submitting an offer or executing an order, especially models, dies, molds and tools, shall remain the property of SEW-EURODRIVE and may not be used, copied or made available to third parties for any purpose other than executing the order without our express written consent. After executing the order, upon request the supplier will return our documents, data or objects free of charge. Any violation of these stipulations by the supplier will result in the supplier being held liable for any damages arising from such violation.

(2) The supplier is obligated to use the special knowledge and expertise gained while executing our order exclusively to process our orders and not to divulge any such knowledge to third parties, even after the contract has been terminated.

(3) The supplier may only use tools made available by SEW-EURODRIVE to process the goods ordered by SEW-EURODRIVE. The supplier is obligated to insure such tools at the replacement value; this value may be requested from SEW-EURODRIVE. The supplier assigns all claims for compensation against the insurer to SEW-EURODRIVE; we hereby accept this assignment.

14. Code of conduct

Adherence to the laws of the respective applicable legal system constitutes a contractual obligation. In particular, the supplier shall neither actively nor passively, directly nor indirectly be involved in any form of corruption, violation of its employees' basic rights or in child labor. The supplier shall be responsible for the health and safety of its employees in the workplace, observe environment protection laws and encourage and require its suppliers to observe this code of conduct.

15. Place of fulfillment, place of jurisdiction and applicable law

(1) Place of fulfillment is the receiving site indicated by SEW-EURODRIVE.

(2) If the contractual partner is a business entity, the sole place of (international) jurisdiction for any disputes arising directly or indirectly from this contract shall be Bruchsal. However, SEW-EURODRIVE shall also be entitled to bring actions in the place of fulfillment for the delivery commitment.

(3) The provisions of this agreement, even if goods are of an international origin, shall be governed and construed in accordance with the laws of Germany. United Nations law on the international sale of goods shall not apply.

SEW-EURODRIVE GmbH & Co KG August 2017