

§ 1 General

These Standard Terms and Conditions of Sale shall govern all product sales by Isar Getriebetechnik KG (ISAR). Any conflicting, contrary or additional terms and conditions of the Purchaser shall only become part of the contract if and to the extent ISAR has expressly agreed to their applicability. This express agreement by ISAR shall always be required, also, for instance, if ISAR effects a delivery without reservation in full knowledge of the Purchaser's standard terms and conditions.

§ 2 Quotation – Contractual Documents

Unless expressly stated otherwise, all quotations are nonbinding. Purchaser's order is a binding offer. ISAR can accept it within 2 weeks by written confirmation of the order or by delivery. Save as expressly agreed otherwise, ISAR reserves any and all proprietary, copyright, patent and other industrial property rights and licences or rights of use in any specimens, samples, cost estimates, drawings and similar information in material and immaterial form, also including electronic form, that ISAR delivers or makes accessible to the Purchaser before or after the conclusion of the contract; without ISAR's prior consent, such documents and/or the information they contain may neither be made available to any third party, nor be used or copied beyond the extent necessary for the performance of the contract. Misuse pledges to compensation. Contractual documents, i. e. figures, drawings, specified dimensions, weights, and other data are nonbinding in general, unless expressly stated otherwise. Estimate of cost is always nonbinding. Verbal agreements, supplements to an agreement and modifications are only valid, if confirmed in writing by ISAR.

§ 3 Content of Delivery

Deliveries comply in terms of quality, process and dimensions with prevailing DIN-regulations at time of delivery and, occasionally, with samples provided by ISAR, unless expressly stated otherwise in writing. Only if explicitly agreed, prototypes and special gearboxes are tested under load prior to delivery.

§ 4 Price – Taxes

Save as agreed otherwise, all prices are quoted ex works including loading at our plant, but not including packaging and unloading. Prices are stated net of statutory turnover tax, sales tax, value-added tax or other similar taxes (hereinafter referred to as "turnover tax or similar taxes"). Any payable turnover tax or similar taxes shall be added to the prices. This shall not apply if the Purchaser is legally liable to pay the turnover tax or similar taxes and/or the reverse charge process is applicable. If the Purchaser's national legislation demands the application of the reverse charge procedure or any other simplified procedure which obliges the recipient of a supply or service to self-assessment or the withholding of turnover tax or similar taxes, the Purchaser shall be obliged to make such self-assessment and/or withholding and to pay the respective amount over to the competent fiscal authorities within the periods allowed. If the application of the reverse charge procedure or any other procedure is optional, ISAR will inform the Purchaser whether or not such a procedure is to be applied. The Purchaser shall support ISAR to the best of the Purchaser's ability in obtaining a tax exemption and/or satisfying the conditions of zero-rating. Upon ISAR's request, the Purchaser shall transmit to ISAR all documents requested by ISAR in this context within 14 calendar days (for instance, exemption certificates for supplies, evidence of intra-EU delivery or export certificates). If ISAR is obliged to pay turnover tax or similar taxes under this item due to the Purchaser's failure to comply with its duties, the Purchaser shall reimburse ISAR for such turnover tax or similar taxes, unless the Purchaser is not responsible for the violation of this duty. The Purchaser and ISAR shall each be responsible for the payment of their own taxes on income.

Payments subject to tax withheld at source shall be governed by the following stipulations: If the Purchaser is legally obliged to withhold taxes from the payment to be made to ISAR in the name and on behalf of ISAR and to pay the same over to the local fiscal authority, the Purchaser shall be responsible for complying with this obligation. If the Purchaser fails to comply with this obligation and fails to withhold and pay such tax over to the fiscal authorities in whole or in part, the Purchaser shall compensate ISAR for any loss resulting from a subsequent tax claim, unless the Purchaser is not responsible for the violation of this duty. ISAR shall be responsible for satisfying the formal conditions of a possible reduction of the withholding tax rate (if applicable down to zero-rating). Any required applications and residence certificates shall be provided by ISAR. The Purchaser shall support ISAR to the best of its ability in obtaining a reduction of the withholding tax (if applicable down to zero-rating).

If (i) a double taxation agreement ("DTA") exists between Germany and the country of residence of the Purchaser or the country in which the activities are carried out by ISAR and (ii) the conditions for a reduction of the withholding tax (if applicable down to zero-rating) are satisfied under the applicable DTA, the Purchaser may only retain the maximum withholding tax amount specified by the applicable DTA from the payments to ISAR.

If the conditions under (i) and (ii) are not satisfied, the Purchaser may only withhold the withholding tax at the rate applicable under the national law of the country of residence of the Purchaser or the country in which the activities by ISAR are carried out and shall pay the same over to the local fiscal authorities in the name of ISAR and in a timely manner. The Purchaser shall promptly send ISAR a proper tax certificate on the transfer of the tax withheld at source in ISAR's name. If the proper tax certificate is not sent or is not sent in due time, the Purchaser shall bear any and all tax disadvantages resulting for ISAR from the omitted or delayed sending of the official tax certificate, unless the Purchaser is not responsible for the violation of this duty.

§ 5 Payment

Unless agreed otherwise, all payments shall be due and payable in euros without any deduction and free of charge into a bank account of ISAR so as to be received within thirty (30) days of the date of the invoice.

If payment exceeds payment period, debt is charged interest of 8 % above base rate, unless ISAR proves major financial loss.

The Purchaser may not withhold any payment by reason of any counterclaims it may have against ISAR unless the same are undisputed or have been finally determined to be legally valid.

§ 6 Delivery Time

The delivery time shall be as contractually agreed between the parties. The timely delivery by ISAR shall be contingent upon the clarification of all commercial and technical issues between the parties and the Purchaser's fulfilment of all its obligations such as the submission of any required official certificates or licences or the making of a down payment. Otherwise, the delivery time shall be extended for an appropriate period, unless ISAR is responsible for the delay. Timely delivery by ISAR shall also be contingent upon ISAR's correct and timely receipt of own supplies. Should ISAR become aware of possible delays in delivery by its own suppliers, ISAR shall inform the Purchaser thereof as soon as possible.

Delivery shall be deemed to have been made within the agreed period if by the date on which the delivery time expires, the ordered goods have left ISAR's plant or ISAR has informed the Purchaser that the ordered goods are ready for shipping.

If the shipping of the ordered goods is delayed for reasons for which the Purchaser is responsible, any costs resulting from such delay will be charged to the Purchaser beginning 14 days after the notice that the goods are ready for shipping.

If a delay in delivery is due to acts of God, labour disputes or other events or circumstances beyond ISAR's control, the delivery time shall be extended by an appropriate period. ISAR shall inform the Purchaser as soon as possible of the beginning and the end of any such event or circumstance.

The Purchaser may terminate the contract with immediate effect if prior to the passing of the risk, it becomes finally impossible for ISAR to effect full performance. The Purchaser may also terminate the contract if it becomes impossible to fulfil part of a purchase order and the

Purchaser has a justified interest in refusing partial delivery. If this justified interest cannot be demonstrated, the Purchaser shall pay that part of the contractually agreed price that is attributable to the partial delivery. The same shall apply in case of ISAR's inability to perform. In all other respects, the stipulations of § 9 shall be applicable. If the impossibility of performance or the inability to perform occurs during a delay in acceptance or if the Purchaser is solely or predominantly responsible for these circumstances, the Purchaser's obligation to make counter-performance shall continue to be in full force and effect. If this impossibility of performance is permanent or presumably permanent, ISAR is allowed to withdraw the contract.

§ 7 Passage of Risk

Save as otherwise agreed in each individual case, the risk shall pass to the Purchaser as soon as the delivered goods have left the plant; this shall also apply if partial shipments are made or ISAR has assumed other obligations e.g. payment of the shipping charges or delivery to the Purchaser's site and setup.

If the shipping is delayed or does not take place for reasons beyond ISAR's control, the risk shall pass to the Purchaser on the date of the notice that the goods are ready for shipping. ISAR shall take out any insurance policies requested by the Purchaser for the Purchaser's account. Partial shipments shall be permitted unless they would be unreasonable for the Purchaser.

§ 8 Reservation of Title

ISAR reserves the title to the delivered goods until receipt of full payment of the present and future claims under the contract for delivery and an ongoing business relationship ("Secured Claims").

Any goods subject to a reservation of title ("Conditional Goods") may neither be pledged to any third party nor be assigned by way of security until full payment of the Secured Claims has been made. The Purchaser shall inform ISAR without delay if and to the extent any Conditional Goods are seized by a third party.

In case of any breach of contract by the Purchaser, including but not limited to a default in payment, ISAR may terminate the contract subject to the statutory provisions and may demand return of the Conditional Goods by reason of the reservation of title and the termination. If the Purchaser fails to pay the purchase price when due, ISAR may only assert these rights after ISAR has set the Purchaser an appropriate deadline for payment and that deadline has lapsed or the setting of such deadline is superfluous under the applicable statutory provisions.

The Purchaser may resell and/or process the Conditional Goods in the ordinary course of business subject to the following additional provisions:

- The retention of title shall extend to the full value of the products created by processing the Conditional Goods or mingling or combining Conditional Goods with other products; in this respect, ISAR shall be deemed to be the manufacturer. If Conditional Goods are processed, mingled or combined with goods of any third parties and such third parties retain their rights of ownership, ISAR shall acquire a pro-rata co-owner's interest based on the invoiced values of the processed, mingled or combined goods. In all other respects, the resulting product shall be subject to the same provisions as the Conditional Goods.
- The Purchaser already now assigns to ISAR by way of security any accounts receivable from third parties resulting from the resale of Conditional Goods or the product in their full amount or, if applicable, in the amount of ISAR's coowner's interest as provided for in the above paragraph and ISAR accepts such assignment.
- The Purchaser shall have the right to collect accounts receivable apart from ISAR. ISAR agrees not to collect any accounts receivable as long as the Purchaser is not in default in payment, no petition to open insolvency proceedings is filed and no other defect in its ability to perform occurs. Otherwise, ISAR may demand that the Purchaser informs ISAR about the assigned accounts receivable and their debtors, provides all information required for collection, hands over the related documents and informs the debtors (third parties) about the assignment.
- If the realizable value of the securities exceeds ISAR's claims by more than 20 %, ISAR shall release securities at its choice if so requested by the Purchaser.

§ 9 Warranty Claims

To the exclusion of any and all further claims and subject to the stipulations of § 10, ISAR shall be liable for any defects in quality and defects in title as follows:

1. Defects in quality

a) Should any defects be discovered that are due to an event or circumstance prior to the passage of the risk, the related parts shall at ISAR's discretion be reworked or replaced by parts that are free of defects. ISAR shall be informed in writing without delay as soon as any such defects are discovered. Replaced parts shall become the property of ISAR. The subsequent performance shall neither include the removal of the defective delivery item nor the installation of the replacement part unless ISAR was obliged to install the original part.

b) Upon consultation with ISAR, the Purchaser shall allow ISAR the required time and opportunity to perform all the rework and replacements that ISAR considers necessary; if the Purchaser fails to do so, ISAR shall be released from any liability for the resulting consequences. The Purchaser may only rectify the defect itself or have the defect rectified by a third party in urgent cases of an operational safety hazard and/or in order to prevent a disproportionately high loss or damage, and in such cases, the Purchaser may demand reimbursement of the required expenses by ISAR.

c) If a defect actually exists, ISAR shall bear the costs of the subsequent performance, including but not limited to the costs of transport, travelling, labour and material unless this would create a disproportionately high burden to ISAR. Should a demand by the Purchaser to rectify a defect turn out to be unfounded, ISAR may demand reimbursement of the expenses caused by such demand from the Purchaser.

d) If ISAR allows an appropriate time that has been set for reworking or replacement on account of a defect in quality to lapse without effect, the Purchaser shall have a right to terminate the contract subject to the statutory regulations and considering the statutory exceptions. If the defect is not material, the Purchaser shall only be entitled to reduce the contract price. In any and all other respects, the right to reduce the contract price shall be excluded.

e) Any further claims shall be exclusively governed by the provisions in § 9 of these Terms and Conditions of Sale.

f) ISAR's liability shall be excluded in particular in the following cases: unsuitable or improper use, defective assembly or commissioning by the Purchaser or third parties, natural wear and tear, faulty or negligent treatment, improper maintenance, use of unsuitable supplies, defective construction work, unsuitable subsoil, chemical, electrochemical or electrical influences, unless these are ISAR's responsibility.

g) If the Purchaser or a third party performs improper rework, ISAR shall not be liable for the resulting consequences. The same shall apply to any modifications of the delivered goods made without ISAR's prior consent.

2. Defects in title

a) If the use of the delivered goods infringes any industrial property right or a copyright in Germany, ISAR shall at its own cost procure the Purchaser the right to continue using the delivered goods or modify the delivered goods – in a way that is reasonable for the Purchaser – to the effect that the infringement no longer exists; provided that if this is not possible at a reasonable expense or within a reasonable period, the Purchaser and/or ISAR may terminate the contract. In addition, ISAR shall indemnify the Purchaser for and against any and all claims asserted by the holder of the respective rights, provided such claims are undisputed or have been finally determined to be legally valid.

b) Subject to the provisions of § 10, ISAR's obligations in case of an infringement of an industrial property right or copyright are stated conclusively in § 9.2a. These obligations shall only exist if

- the Purchaser informs ISAR without undue delay about any alleged infringement of an industrial property right or copyright
- the Purchaser reasonably supports ISAR in the defence against the asserted claims and/or allows ISAR the performance of the modifications described in § 9.2a

- any and all defensive measures including out-of-court settlements remain reserved to ISAR
- the defect in title is not due to an instruction given by the Purchaser
- the infringement was not caused by an unauthorized modification of the delivered goods by the Purchaser or by the Purchaser's use of the delivered goods in a way that is not in conformity with the contract.

§ 10 Liability of ISAR – Disclaimer

If the Purchaser cannot use the delivered goods as provided for in the contract because of ISAR failed to make proposals or give advice or because ISAR made incorrect proposals or gave incorrect advice either before or after the conclusion of the contract or because of ISAR failed to fulfill any other collateral contractual duties, including but not limited to providing guidance for the operation and maintenance of the delivered goods, the stipulations in § 9 and § 10.2 shall apply and any and all further claims of the Purchaser shall be excluded.

For any loss or damage not caused to the delivered goods themselves, ISAR shall – regardless of legal grounds – only be liable

- a) in case of intent
- b) in case of gross negligence on the part of the owner/the executive bodies or executive staff
- c) if ISAR is at fault for an injury to life, body or health
- d) in case of a fraudulent non-disclosure of defects by ISAR
- e) occurrence of defects ISAR had guaranteed to be absent
- f) in case of defects in the delivered goods, to the extent the German Product Liability Act stipulates liability for personal injury and material damage to privately used objects.

If ISAR is at fault for a breach of material contractual obligations, ISAR shall also be liable for the gross negligence of non-executive staff and for slight negligence; in the latter case, ISAR's liability shall be limited to the typical loss or damage that may reasonably be expected. Any further claims shall be excluded.

§ 11 Installation – Service – Maintenance

To the extent technically possible, the Purchaser shall plan and ensure that ISAR has free access to the delivered and/or installed goods, in order to perform installation, service and maintenance work. Installation of all connecting lines and infrastructure is to be done at Purchaser's expense. ISAR's assembly or fitting instructions shall be observed.

§ 12 Applicable Law – Jurisdiction – Severability

Any and all legal relations between ISAR and the Purchaser shall exclusively be governed by the law of the Federal Republic of Germany applicable to the legal relations between German parties.

Exclusive place of jurisdiction for any and all legal disputes arising out of or in connection with the legal relations between ISAR and the Purchaser shall be the competent court at ISAR's registered office, provided that ISAR may bring an action at the Purchaser's registered office.

If a provision of the contract with Purchaser including these general terms and conditions is or becomes legally invalid or if there is any gap that needs to be filled, the validity of the remainder of the agreement shall not be affected thereby. Invalid provisions shall be replaced by common consent with such provisions which come as close as possible to the intended result of the invalid provision. In the event of gaps such provision shall come into force by common consent which comes as close as possible to the intended result of the agreement, should the matter have been considered in advance. Any changes of or amendments to this agreement must be in writing to become effective.