

**General Terms and Conditions of Purchase of all German companies of the JUNKER Group,
especially of Erwin Junker Maschinenfabrik GmbH and of LTA Lufttechnik GmbH ("JUNKER")
12/18**

Clause 1 Scope and general matters

(1) All supplies, services and quotations by our suppliers shall be provided on the basis of these General Terms and Conditions of Purchase (referred to hereinafter as "Terms and Conditions"). The latest version of our "Special Terms and Conditions of Purchase for the procurement of plant and machinery for use in line projects" shall apply on a priority basis for plant and machinery used in our line projects. These Terms and Conditions shall apply exclusively, unless we have approved written and explicit variations. The supplier's general terms of business shall not apply. Our Terms and Conditions shall also apply exclusively even if we accept the delivery without reservation, in the knowledge that the supplier's general terms of business are contrary to, or differ from, our own Terms and Conditions. A simple reference to a letter from the supplier that contains its terms of business or makes reference to them shall not constitute our agreement on the validity of such terms of business. These Terms and Conditions shall also apply to all future transactions between the contracting parties, without the need for further reference to them. The same shall apply even if, on the occasion of the first transaction, the supplier was not made aware of these Terms and Conditions until after conclusion of the contract.

(2) Individual agreements concluded with the supplier in an individual case (including ancillary agreements, supplements and amendments) shall in all cases take precedence over these Terms and Conditions. A written contract or our written confirmation shall be authoritative as regards the content of such agreements.

(3) If legally relevant declarations and notifications are to be made in writing according to these Terms and Conditions, this shall include both the written form and the text form (e.g. letter, fax, e-mail). A strict written form within the meaning of § 126 BGB [*German Civil Code*] shall only apply if this has been expressly ordered.

(4) Declarations and notifications that are valid in law and must be made to us by the supplier after conclusion of the contract (such as timings, formal reminders, declarations of withdrawal) shall only be valid provided they are set out in writing.

(5) Reference to the validity of statutory provisions shall only be valid for clarification purposes. Such statutory provisions shall therefore apply even without such clarification if, in these Terms and Conditions, they are not directly amended or explicitly excluded.

(6) If individual provisions are invalid, this shall not affect the validity of the remaining Terms and Conditions.

(7) Without our prior agreement, the supplier may not transfer or assign to third parties rights, duties, and in particular claims arising from the business relationship with us.

(8) The supplier must secure DIN EN ISO 9000/9001 certification for its services and provide us with evidence of that certification upon request. In addition, the Supplier undertakes to put in place and continually develop an environmental management system in line with ISO 14001 within the scope of its capabilities.

(9) These Terms and Conditions always shall apply solely between the respective German company of the JUNKER Group (particularly Erwin Junker Maschinenfabrik GmbH and LTA Lufttechnik GmbH) which is contract partner on the one hand, and the Supplier on the other hand. None of the above mentioned German companies of the JUNKER Group shall be entitled to act on behalf or to oblige any other company of the JUNKER Group or the JUNKER Group in its entirety, unless not agreed upon expressly otherwise in writing by an individual contract. If several companies of the JUNKER Group are contract partners, each company shall be liable as a partial debtor ("*Teilschuldner*"), and not as a joint and several debtor ("*Gesamtschuldner*"). Article 427 BGB [*German Civil Code*] is expressly excluded.

Clause 2 Inquiries and quotations

(1) These Terms and Conditions shall also apply for our inquiries. Our inquiries shall not have binding effect.

(2) In its quotation, the supplier must conform to our inquiries and must make explicit reference to any variations. When it submits the quotation in response to our inquiry, the supplier shall be accepting a contractual obligation towards us to make explicit reference to variations from our inquiry in its quotation. Quotations and cost estimates shall be drawn up and submitted free of charge and shall not be binding on us; unless explicitly agreed otherwise in writing, we shall not owe any payment for visits, or for drawing up plans, drawings and the like. The quotation produced by the supplier shall be binding on it, and we shall be allowed 4 weeks to accept it following its receipt.

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Clause 3 Orders

- (1) Only written orders shall be binding. Orders placed in a different format shall not become binding until we have confirmed them in writing.
- (2) Unless we have explicitly waived the right to send an order confirmation, we must be sent a written order confirmation for every order that state the binding time of supply and service. We reserve the right to cancel orders for which we have not received confirmation from the supplier within 8 calendar days. We may declare cancellation up to the point of receipt of the written order confirmation.
- (3) Supplements or subsequent agreements shall only be valid provided we have confirmed them in writing.

Clause 4 Prices and payment terms and conditions

- (1) The price shown in the order shall be binding. All prices shall be inclusive of value added tax unless this is shown separately. In the absence of any agreement to the contrary, the price shall include delivery to the location stated in the order in accordance with DDP (Incoterms 2010), including packaging.
- (2) Unless agreed otherwise in an individual case, the price shall include all services and incidental services by the supplier (such as assembly, installation) and all incidental costs (such as the proper form of packaging, transport costs including any transport and liability insurance). The supplier must take back packaging material at our request.
- (3) The agreed price shall fall due for payment within 30 calendar days following full delivery and service (including any agreed acceptance procedure) and receipt of a proper invoice. If we pay within 14 calendar days, the supplier shall grant us 3% discount on the net invoice amount. If we pay by bank transfer, payment shall be deemed to have been made on time provided our bank receives our transfer order before expiry of the payment term; we shall not be responsible for delays caused by the banks involved in the payment transaction.
- (4) If the supplier and ourselves have agreed a written payment schedule, we will pay installments only in the amount of the proven defect-free level of performance; the payments shall not affect our rights with respect to fulfillment and defects. Unless agreed otherwise, any down payments / advance payments that we make shall be offset against discounts due, up to the point at which no further down payments / advance payments remain to offset against the discounts due. The supplier may require any down payment / advance payment security paid to it to be paid back to us in return for a down payment / advance payment security that has been reduced accordingly by the amount offset.
- (5) Such payment shall not represent acknowledgment of terms and conditions and prices, and shall not affect our rights in relation to improperly performed delivery / service, our inspection rights and the right to contest an invoice for other reasons.
- (6) We shall not owe any interest payable after the due date. Default interest shall be 5 percentage points per annum above the base rate. The statutory provisions shall determine whether we are in default, although, by way of variation, a formal written (§ 126 BGB) reminder from the supplier shall be required in each case.
- (7) We shall be due statutory rights to offset and withhold and may plead non-fulfillment of the contract. In particular, we shall be entitled to withhold due payments for as long as we are entitled to make claims against the supplier under the business relationship based on incomplete or defective services.
- (8) The supplier shall only have a right to offset or withhold on the basis of final and absolute or uncontested counterclaims.
- (9) The supplier shall raise a separate invoice for each delivery or service. The invoice must show in particular our full order number, item number, article designation, article number and the amount or quantity of the measured unit ordered. If these requirements are not met, we shall not be responsible for the resulting delays in processing the invoice and making payment; furthermore, no discount periods shall start to run in this case.
- (10) If the supplier delivers to a third party comparable amounts of the products to which the contract relates or similar products, subject to more favorable terms, in particular as regards price, discounts, technology, quality, payment terms, delivery times or other terms and conditions (hereinafter "the terms"), the supplier shall notify us

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immediately and shall automatically grant us these more favorable terms. The new terms shall apply retrospectively from the point at which the supplier has granted the third party these more favorable terms.

(11) If the purchase price is dependent on the amount of the product supplied, the dimensional unit stated by us (such as kg, m², linear meters) shall be used to calculate the purchase price. If the amounts actually delivered were not officially measured at the place of shipment, the amounts and dimensions determined by us at the time of delivery shall be authoritative. If it should prove subsequently that the supplier has delivered more than the amount ordered, it may not demand payment for the additional amount. If it should prove that it has delivered less than the amount ordered, we may either demand delivery of the shortfall or withdraw from the purchase contract with respect to the shortfall.

Clause 5 Security

(1) By way of security for the down payment / advance payment, the supplier shall provide JUNKER with an unlimited term surety / guarantee from a German or international guarantor. The following are recognized as such guarantors: domestic banks or savings banks, foreign banks with a long term rating of at least "BBB" (provided this is issued by Fitch Ratings or Standard and Poor's) or at least "Baa3" (if issued by Moody's). The wording of the surety / guarantee must be that of the specimen text provided by JUNKER. Moreover, down payment / advance payment sureties must cover the gross amount, be directly enforceable, incur no cost to us and be of unlimited term, and must contain a waiver of setoff, avoidance and preliminary injunction; furthermore, they may not contain a deposit clause. The claims arising out of the surety / guarantee may not become barred by limitation before the claim that is secured in each case.

(2) By way of security for the defect claims, the supplier shall provide an unlimited term surety from a major German bank or a German credit insurer in relation to the acceptance procedure, the wording of which must be that of the specimen text provided by JUNKER. Unless agreed otherwise, the amount of the security must be 5% of the net amount due. The security for the defect claims shall cover the fulfillment of all defect claims, including damages payments, and the refund of overpayments, including interest. The claims arising out of the surety may not become barred by limitation before the individual claim being secured. Until such time as the contractual security is presented, we shall be entitled to withhold 5%, or a different agreed interest rate, from the net amount due.

(3) Furthermore, we shall be entitled at any time to demand from the supplier a contract fulfillment surety or guarantee of an appropriate amount in addition to the two aforementioned sureties / guarantees described under 1 and 2.

Clause 6 Delivery and service deadlines, default in delivery

(1) The times we state in the order shall be binding. Receipt of the product at the delivery address stated in the order, during normal business hours and accompanied by the necessary shipping documents, shall be authoritative with respect adherence to the delivery or service time. If delivery with assembly / service has been agreed between the supplier and ourselves, handover of the defect-free product following proper completion of the assembly / service shall be authoritative with respect to the timeliness of the delivery. If an acceptance procedure is prescribed by law or has been contractually agreed, the timing of such acceptance procedure shall be authoritative. The supplier may only rely on failure by us to provide prior necessary or agreed supplies or services provided it has requested these in writing (§ 126 BGB) and has not received them within a reasonable period. If the supplier finds that the agreed timings cannot be adhered to for any reason whatsoever, it must notify us in writing (§ 126 BGB) immediately, stating reasons and the duration of the delay. If we take a late (partial) delivery or (partial) service, this shall not represent a waiver by us of our rights with respect to the non-timely (partial) delivery / (partial) service.

(2) The supplier shall be obliged to compensate us for all indirect and direct default losses. Acceptance of the delayed delivery or service shall not include any waiver of claims for compensation. If the supplier is in default with its delivery or service, we shall be entitled, notwithstanding further statutory claims and rules, and upon expiry of a reasonable additional period set by ourselves, to withdraw from the contract and to claim payment of damages for non-fulfillment. In this case, the supplier shall also reimburse the additional costs we incur as a result of any covering purchase.

(3) If the supplier is in default with a delivery, or makes an incorrect delivery, we may demand a contractual penalty in the amount of 1% of the net price per calendar week or part thereof, albeit no more in total than 5% of the net price of the product that was delivered late or incorrectly. We shall be entitled to demand the contrac-

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tual penalty in addition to fulfillment, and as a minimum amount of any damages payment owed by the supplier under the statutory provisions; this shall not affect our right to assert a claim for further loss. If we accept the late performance, we will claim the contractual penalty no later than with the final payment.

(4) If delivery takes place earlier than agreed, we reserve the right to return the product at the expense of the supplier. If we do not return a product delivered early, we will store the product at our premises until the delivery date, at the expense and risk of the supplier.

Clause 7 Freight costs, insurance, delivery note

(1) Delivery shall take place in accordance with DDP (Incoterms 2010), to our location stated in the order.

(2) If it is agreed, by way of variation, that we are to bear the freight costs, we will only pay the freight costs that are most favorable to us. If it is agreed that the supplier is to subcontract the transport and that we are to bear the associated costs, the supplier must award the contract to the freight forwarder or carrier designated by us. Such an agreement shall not alter what has been agreed as regards the place of performance and the transfer of risk. In this case, the supplier shall bear all costs incurred up to the point of handover to the freight forwarder, including loading and the freight charge.

(3) The supplier must adhere to the requirements set out in our packaging regulations that are valid at the time. The contractor must also carefully safeguard JUNKER's interests during shipment. The goods must be packaged in such a way that transport damage is avoided. The supplier shall be liable for losses caused as a result of inappropriate packaging.

(4) The supplier must take back without charge all used packaging, cleared of residues. If this should not be possible, it shall bear our reasonable disposal costs in this context.

(5) The delivery must be accompanied by a delivery note, which must carry our order number, item number, article designation, article number and amount or quantity of the dimensional unit ordered. If these details, or the delivery note itself, are missing, we may reject the delivery.

Clause 8 Deliveries

(1) The supplier shall not be entitled to arrange for the service required of it to be provided by third parties (such as subcontractors) without our prior written agreement. The supplier shall bear the procurement risk for its services, unless agreed otherwise in the case in question (such as the sale of goods held in stock).

(2) In quantity terms, the supplier must adhere precisely to the orders. The supplier shall only be entitled to undertake part deliveries or part services provided we have approved part deliveries or part services in writing in advance, they have been contractually agreed or, by way of exception, we can reasonably be expected to agree to them. If quality certificates or proofs of quality have been agreed, these shall be a material constituent of the delivery and must be handed over to us at the latest together with the goods.

(3) If the subject matter of the contract is the delivery or manufacture of physical structures, machinery and technical equipment, the supplier shall also be required to deliver the appropriate technical documentation, including wiring diagrams, function charts and design plans.

(4) Over- or under-deliveries may not take place without our agreement. The acceptance of goods shall always take place subject to a reservation in relation to condition, quality and quantity.

Clause 9 Quality and documentation, inspections during contract execution

(1) As regards its deliveries, the supplier must comply with the recognized rules of the art and the safety regulations that are valid at the time. The supplier shall conduct and maintain an effective quality assurance procedure and shall provide us with evidence thereof upon request. If the supplier has received drawings, samples or other regulations or documents from us, it shall abide by these as regards the execution and quality features of the delivery item.

(2) We shall be entitled to inspect the supplier's contract execution at any time. To this end, we shall be entitled to enter the supplier's factory for this purpose during normal business hours, following prior notification, and to in-

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spect the installations and plant that are of relevance for execution of the contract. The supplier and ourselves shall each bear our own expenditure incurred as a result of the inspection. Such inspections shall not affect our contractual or statutory rights.

Clause 10 Supplier obligations in the event of product changes and discontinuation of products

(1) The Supplier is obligated to inform JUNKER in writing (§ 126 BGB) about all impending or planned changes relating to the products supplied to JUNKER, in particular with regard to construction, material composition, product description, test methods and equipment, stipulated storage conditions, safety-related changes to the safety data sheet as well as changes to production facilities or the manufacturing process ("product changes"), or discontinuation of products, immediately after becoming aware of these, in so far as the product change and/or discontinuation of a product may be of significance for JUNKER.

(2) Prior written approval must be obtained from JUNKER before proceeding with a product change and/or discontinuing a product. JUNKER can make the approval of product changes and/or discontinuation of products dependent on substantive requirements, such as sample approval.

(3) In the event of impending or planned product changes and/or discontinuation of products, the Supplier is obligated, in consultation with JUNKER, to immediately take suitable measures to ensure continued delivery to JUNKER. All costs incurred by JUNKER due to product changes and/or discontinuation of products, such as qualification costs, change costs, testing expenses, development costs, costs for repeat sample approval, and so on, shall be borne by the Supplier.

(4) For the purposes named above, the Supplier must regularly ask its own suppliers about impending or planned product changes and/or discontinuation of products. In the event of impending or planned product changes and/or discontinuation of products, the Supplier must immediately inform JUNKER about possible compatible alternative products and make the relevant datasheets and samples, etc. available to JUNKER without being prompted and at its own cost.

(5) For a period of at least 6 calendar months from JUNKER receiving a notice of change/discontinuation, JUNKER retains the right to order from the Supplier the products affected by the product change and/or discontinuation under the conditions valid at the time that the notice of change/discontinuation was received.

(6) If the Supplier fails to fulfil the above obligations, it shall be obligated to compensate JUNKER for any damage that arises as a result.

Clause 11 Modification rights of JUNKER

We are entitled to require the supplier to make modifications to the products (in particular also in relation to their design and execution) at any time, even after the supplier has confirmed the order. In this case, the supplier shall inform us immediately of the effects of such a modification request, in particular as regards additional or reduced costs and the delivery date, and where necessary, the parties shall agree on a reasonable contract adjustment.

Clause 12 Hazardous materials, environmental protection

(1) The supplier must mandatorily comply with statutory regulations of the country of manufacture and of the country of distribution, with respect to goods and materials and also processes that are required to undergo special treatment, including, among other things, in relation to transport, packaging, labeling, storage, treatment, manufacture and disposal, under laws, ordinances or other provisions, or due to their composition and their effect on the environment.

(2) In this case the supplier shall provide us with the necessary papers and documents prior to order confirmation. If the requirements under (1) should alter during the course of the supplier relationship, the supplier shall send us the papers and documents that are appropriate to the altered requirements.

(3) The supplier shall be liable for all losses caused through culpable failure to observe the statutory regulations applicable in this respect.

(4) The supplier must otherwise comply with all statutory and official provisions in relation to environmental protection during the fulfillment of its contractual obligation.

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Clause 13 Declaration of originating status

If the supplier makes declarations in relation to the originating status of the goods supplied, the following shall apply:

- (1) The supplier shall undertake to enable the customs administration to examine such proofs of origin immediately, to provide the necessary information for this purpose and to supply any confirmations that may be required.
- (2) If the declared origin is not recognized by the competent authority, due to erroneous certification or in the absence of any verification opportunity, the supplier shall be obliged to pay damages. However, this liability shall only apply in the event of culpable behavior by the supplier or in the absence of assured features.

Clause 14 Requirement for approval of the operation of the machine/plant

If the operation of the machine/plant to be supplied by the supplier requires public or official approval, the supplier must arrange this at its own expense and risk and provide us with evidence thereof.

Clause 15 Transfer of risk

The risk of accidental loss or accidental deterioration of the product shall transfer to us at the time of proper and full delivery and service at the agreed location, including handover of documents referred to under clause 8 (3) and also other necessary documents. If delivery with installation / assembly / service has been agreed, risk shall transfer after proper completion of the installation / assembly / service and handover. If an acceptance procedure has been provided for by law or contractually, the parties shall agree mutually on the timing of acceptance. The result of the acceptance procedure shall be set out in an acceptance protocol. The transfer of risk shall not take place before we have confirmed successful acceptance in the acceptance protocol. Acceptance cannot take place in any other way, such as in particular on the basis of tests, expert opinions, certificates or proofs of work. Payment of invoice amounts shall not signify acceptance.

Clause 16 Defect liability

- (1) In the event of defective delivery, and unless stated otherwise in the following provisions (in particular in relation to production material), the statutory provisions shall apply.
- (2) We shall check the products delivered by the supplier for production purposes ("production material") upon receipt, to ensure that the product ordered and that delivered match, to identify any variations in quality and also externally evident damage, if and as soon as is feasible during the normal course of our business. Based on this check, we shall advise the supplier of defects found within 14 days of their discovery. The supplier shall otherwise waive the right to any further incoming goods inspection at our premises. We shall advise the supplier of other defects that we do not discover until during the processing or intended use of the delivered goods, within 14 days of their discovery. In this respect, the supplier shall waive the right to plead late notice of defect.
- (3) The supplier shall provide a warranty for the fact that its delivery or service is in proper working order, flawless and free of material and legal defects. It further warrants that its delivery and service conforms to the quality agreed with us, including agreed technical delivery provisions, specifications, drawings, samples and/or descriptions, and that it complies with applicable standards including DIN EN ISO 9000/9001. It further warrants that its delivery and service conform to the latest state of the art.
- (4) The supplier shall be obliged to execute the order in such a way that the Gesetz über Technische Arbeitsmittel [*German Equipment Safety Act*], the relevant accident prevention regulations, other health and safety regulations and also the generally recognized safety, occupational health and hygiene rules applicable in the Federal Republic of Germany are observed. If this provision is not observed, the delivery or service shall be deemed not to have been properly provided.
- (5) We are entitled to all the statutory defect liability rights. In particular, we are entitled to elect to demand defect remedy or replacement delivery from the supplier by way of subsequent performance. The supplier must undertake subsequent performance immediately. This must furthermore be in accordance with the operational requirements of JUNKER.

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(6) In the event of subsequent performance, the supplier shall be obliged to bear all the necessary expenditure associated with defect remedy or replacement delivery. If the defect does not appear until the product reaches our customer's premises, the necessary expenditure shall include the cost of transportation to our customer. If the defect appears after the product has been installed into other items, the necessary expenditure shall include the costs of removal of the defective products and the installation of the products repaired by the supplier or delivered as a replacement. Our approval of the supplier's drawings and calculations shall not affect its warranty obligation.

(7) In the event of a defect in a delivery or service by the supplier, we may remedy the defect ourselves, or arrange for it to be remedied by a third party, upon expiry without result of a reasonable period set for subsequent performance, and we may demand reimbursement of the expenditure required, unless the supplier lawfully refuses subsequent performance. Article 323 (2) BGB [*German Civil Code*] shall apply accordingly. No time limit need be set even if the subsequent performance has failed or if it is unreasonable to expect it to take place. We may require the supplier to pay an advance to cover the expenditure required to remedy the defect.

(8) In the event of legal defects, the supplier shall release us from liability for any existing claims by third parties, unless it is not responsible for the legal defect.

(9) We may either keep defective goods in safe custody or else return them to the supplier at its expense and at its own risk, subject to a charge.

(10) Unless it has explicitly been agreed otherwise, the warranty period shall be 36 months following delivery, or if an acceptance procedure has been statutorily provided for or contractually agreed, from the point of acceptance. Unless otherwise agreed, a warranty period of five years shall apply for all work on or in connection with building structures. If the supplier provides subsequent performance, then the period of limitation for the liability for freedom from defects with respect to such subsequent performance shall recommence, unless the supplier has reserved the right, explicitly and with justification, when it provided the subsequent performance, to only provide it on a goodwill basis, in order to avoid disputes or in the interests of continuation of the business relationship.

(11) The supplier shall provide a guarantee for hidden defects of 5 years from the point of delivery or acceptance of the product. The guarantee period shall be extended by the length of the business interruption caused to the delivery item by the repair work or deliveries of replacement parts. These in turn shall be covered by the full guarantee period.

Clause 17 Product liability, exemption from liability

(1) If the supplier has caused a product defect and/or (depending on the underlying basis of claim) is responsible for it, it shall be obliged to pay damages in response to our first request to do so, or to exempt us from liability for all claims by third parties, provided the cause of claim comes under the control and organization of the supplier and the supplier itself would have been liable to third parties. In the event of contributory causation or contributory negligence by us, the supplier may assert a claim for such contributory negligence or contribution causation against us. The respective shares of the damages payments attributable to ourselves and the supplier shall be based on our individual pro rata degrees of contributory negligence (Section 254 BGB) and/or contributory causation.

(2) The duties of the supplier under (1) shall also cover the costs that we have incurred through seeking legal assistance, or otherwise in connection with the defense of product liability claims. If we are subject to special burden of proof rules in relation to the injured party, those burden of proof rules shall also apply under the relationship between JUNKER and the supplier, provided the circumstances to be proven do not fall within our sphere of responsibility.

(3) In product liability cases according to (1), the supplier shall provide us with all necessary information and every support, to the extent that it can reasonably be expected to do so.

(4) If a recall campaign or an owner notification program is required in order to comply with a statute, an ordinance, an order or another government requirement, or as a safety measure in order to avoid personal injuries or death, or, in the case of other field or service campaigns, the costs, including, inter alia, work, transport and verifiability costs, shall be apportioned on the basis of the contributory negligence attributable to us / the supplier (Section 254 BGB). Where it is possible and reasonable to do so, we will notify the supplier of the content and scope

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of the recall campaigns or other field or service campaigns to be conducted, and will give the supplier the opportunity to comment thereon. This shall not affect any other statutory claims.

Clause 18 Insurance

(1) The supplier shall be obliged to contract and maintain a comprehensive operational, product and environmental liability policy (including extended product liability, which shall also cover the recall risk) with a reputable insurance company, with a minimum cover amount of EUR 10.0 million per loss, for personal, property and financial losses. If the policy provides for a maximum indemnity for all claims within an insurance year, this must be at least twice the amounts of cover available per loss. Such a policy must also cover companies affiliated with the supplier, if they are involved in a service that comes under these Terms and Conditions. The scope and amount of the insurance cover shall not affect the contractual and statutory liability of the supplier.

(2) At our request, it must provide immediately evidence of such a policy and of payment of the premiums. If the supplier is not in a position to provide evidence of the insurance policies within two weeks, we shall be entitled to contract such a policy at the supplier's expense.

Clause 19 Proprietary rights

(1) The supplier shall ensure and be answerable for the fact that neither we nor our customers infringe any intellectual proprietary rights of third parties, in particular any rights to trade marks, company names, patents, utility patents, registered designs, trade dress, designs or copyright of third parties (including the associated proprietary rights applications) ("proprietary rights") in the supplier's country of origin, and within the Federal Republic of Germany, the European Union, the USA, Canada, Mexico, Brazil, Argentina and also China, Korea, Japan, India, Russia and Turkey. If the supplier culpably breaches this duty, it shall release us and our customers, in response to our first request to do so, from any claims by third parties arising out of such actual or alleged infringements of proprietary rights, and shall bear all costs and expenditure incurred by us in that context, in particular prosecution and defense costs, and costs resulting from the observance of a possible duty to cease and desist.

(2) Subsection (1) shall not apply if the delivery item has been manufactured on the basis of drawings, models or other detailed information from us, and the supplier was neither aware nor should have been aware that the proprietary rights of third parties were infringed as a result.

(3) The parties shall be obliged to immediately notify one another of infringement risks and alleged infringements that come to their knowledge, and shall defend related infringement claims by mutual agreement, insofar as can be reasonably expected.

Clause 20 Force majeure

(1) If we lose our interest in the service in the event of occurrences of force majeure (such as natural disasters, war, uprising, acts of God, energy shortages, employment dispute), for example because we cannot use the service as a result of damage to our production installations, we may in that case elect either to withdraw entirely or partially from the contract or else to request the service at a later date, with respect to those services that have not yet been delivered to us or performed. With respect to the services affected by such a withdrawal, the supplier may demand reimbursement of the amount it has already spent in connection with the service, if it cannot use the result of the expenditure in any other way.

(2) The supplier shall inform us in writing (§ 126 BGB) immediately about any impending or existing delivery problems that come to its knowledge, and shall provide all possible and necessary information and take all action to nevertheless comply with its obligations as fully as possible.

(3) If we are prevented from taking and/or accepting the delivery or service as a result of instances of force majeure, this shall not give rise to default in taking delivery or debtor's default.

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Clause 21 Reservation of title, means of production, supplies

(1) We accept no reservations beyond the simple reservation of title by the supplier. Irrespective of the reservation of title, we shall be entitled to use, further process and sell the product and also to connect and combine it with other products.

(2) The supplier undertakes to use material that we supply exclusively to perform our orders. It must identify our material as such, and must store and administer it separately.

(3) If our material supplies are processed or remodeled, we shall acquire sole ownership of the new item. In this case, processing and remodeling shall take place on our behalf. Transfer of possession shall be replaced by an arrangement under which the supplier shall hold the product in safe custody for us with the due care of a prudent businessman.

(4) If we supply parts or material (including software, finished and semi-finished products) to the supplier, we reserve title thereto. Processing or remodeling by the supplier shall take place on our behalf. If our reserved product is processed with items not belonging to us, we shall acquire joint title to the new item in the proportion of the value of our item (purchase price plus value added tax) to the other items processed at the time of processing.

(5) If the parts or material supplied by us are inseparably mixed or combined with items not belonging to us, we shall acquire joint title to the new item in the proportion of the value of the item subject to reservation of title (purchase price plus value added tax) to the other items mixed or combined at the time of combination or connection. If the combination or connection takes place in such a way that the supplier's item is to be considered the primary item, then it shall be deemed to be agreed that the supplier shall transfer joint ownership on a pro rata basis; the supplier shall hold the item in safe custody on our behalf under our sole ownership or under joint ownership.

(6) If the security interests due to us under (4) and (5) exceed by more than 10% the purchase price of all our reserved goods not yet paid for, we shall be obliged to release the security interests as we see fit at the request of the supplier.

(7) The supplier shall be liable, with respect to the material supplied and the items manufactured using such material, for any damage, loss, theft, spoilage, destruction and rejection that occurs without fault.

(8) Tools, models and other aids that have been manufactured for completion of our order and for which the supplier charges separately, shall pass into our ownership at the time of manufacture. In the event of their damage, loss or destruction, the supplier shall be obliged to manufacture or procure replacements.

(9) By way of substitute for handover of the tools, models and other aids as described under (8) above, the supplier shall hold them for us in safe custody free of charge. The supplier must clearly identify the aforementioned items as our property, and must draw our title to them to the attention of third parties seeking to make a claim to them. The supplier shall be obliged to look after and preserve the items referred to and to remedy normal wear and tear; the purchase price shall cover the necessary expenditure. In the event of their damage, loss or destruction, the supplier shall be obliged to manufacture or procure replacements.

(10) Samples, drawings, sketches, illustrations etc. that are sent in shall remain our property; we shall retain copyright / right of use to them. They may not be copied or duplicated without our prior written consent. The documents must be returned to us with the quotation.

Clause 22 Supply of spare parts

The supplier undertakes to warrant the supply of spare parts for the envisaged lifetime of the end products for which the products are to be used. The minimum term shall be 15 years after the end of (series) manufacture of the products. The supplier shall give us the opportunity, in good time prior to the end of the minimum term, to make a final order to cover long-term requirements.

Clause 23 Execution of work at JUNKER's premises

Persons who are executing work in fulfillment of the contract on our factory site must observe the provisions of the associated site rules; the provisions relating to accessing and leaving the factory facilities must be adhered to. We

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accept no liability for accidents suffered by such persons on the factory site, provided we have not caused such accidents intentionally or through gross negligence.

Clause 24 Non-disclosure

(1) The supplier undertakes to treat as confidential all confidential information that it receives from the other contracting partner directly or indirectly, and not to use it for purposes other than for execution of the contract in question. All orders and related commercial and technical details must be treated as confidential information. In particular, all illustrations, drawings, calculations, quality guidelines, samples and similar items must be kept secret. Confidential information may only be duplicated and passed on to the extent required for operational purposes. It may only be disclosed to third parties subject to our prior written (§ 126 BGB) approval.

(2) The above obligations shall not apply to confidential information regarding which the supplier is able to prove that (i) it was already in the public domain at the time of its notification, or entered the public domain thereafter through no fault of the supplier; (ii) it was already in its possession at the time of the notification; (iii) it was made accessible to it by a third party without any obligation not to disclose or use it, provided the third parties in question did not obtain the information directly or indirectly from the supplier; (iv) it must be notified to authorities under statutory provisions.

(3) The supplier undertakes to require its employees and vicarious agents who are affected by this non-disclosure obligation, and also its subsidiary suppliers, to observe the same degree of non-disclosure. The supplier may use the confidential information it obtains from us exclusively in accordance with the regulations.

(4) The non-disclosure obligation shall continue to apply for a period of 10 years after the end of the supplier relationship. The supplier undertakes to return to us all confidential information it has received, either in physical form or on electronic storage media, after the supplier relationship ends. The supplier must confirm in writing (§ 126 BGB), at our request, that it has fulfilled all the obligations set out in the last two sentences.

Clause 25 Use for advertising purposes

The supplier shall not be entitled, without our prior written (§ 126 BGB) approval, to provide third parties with information about machines manufactured for us or for our customers. In particular, the supplier shall not be entitled to exhibit machines for its own advertising purposes, or to produce photographs, drawings, technical data etc. of those machines known to third parties in order to advertise for its own account. Even advertising using the business relationship with ourselves shall require our prior written (§ 126 BGB) approval.

Clause 26 Social responsibility, free competition and security of the supplier chain

(1) Social responsibility

We consider it extremely important that entrepreneurial activities should also take account of our social responsibility towards our own employees and society. This applies with respect to both ourselves and our suppliers. Both we and the supplier must observe the guidelines of the UN Global Compact Initiative (www.unglobalcompact.org). The following principles are of particular importance:

- respect of human dignity and human rights;
- prohibition of child labor and forced labor;
- achievement of equal opportunities and a family-friendly environment;
- no discrimination on grounds of religion, ethnic origin, nationality, age, sexual orientation, political views, membership of a trade union or similar organization, gender;
- protection of indigenous rights;
- prohibition of bribery, corruption and extortion;
- observance of socially appropriate working conditions;
- protection against any arbitrary personnel-related measures;
- positive and negative freedom of association;
- ensuring employability through initial and ongoing training;
- environmentally responsible action on the part of all employees;
- observance of health and safety at work requirements;
- observance of all laws and regulations in force.

The supplier must endeavor to ensure that all subcontractors contractually undertake to observe the provisions set out in this subsection (1).

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(2) Free competition

The supplier undertakes to eliminate agreements containing concerted practices, the objective of which is to cause or bring about the prevention, limitation or distortion of competition or, in the event of a risk of repetition, to refrain from concluding such agreements. In the event of an intentional or negligent breach by the supplier, which affects our interests and/or those of our customers, the supplier shall be obliged to pay compensation for any loss suffered as a result.

(3) Code of Conduct for Suppliers

The supplier shall also be obliged to observe the JUNKER Code of Conduct for Suppliers as amended from time to time. The JUNKER Code of Conduct for Suppliers can be downloaded on our website (www.junker-group.de).

(4) Security of the supply chain

The supplier shall warrant the security of the supply chain and shall observe all associated legal requirements. The supplier shall undertake to provide corresponding proof thereof, at our request, in the form of certificates or declarations (e.g. declaration of security by the supplier, in its capacity as an authorized economic operator (AEO), known consignor, in relation to the security of the supply chain, pursuant to EU Regulation No 300/2008 of the European Parliament and of the Council of March 11, 2008).

Clause 27 Statutory provisions, minimum wage, employee secondment

The JUNKER "Special contract terms and conditions relating to the statutory minimum wage and adherence to the provisions of the Arbeitnehmerentendegesetz [*Employee Secondment Act*]", which are attached to these Terms and Conditions as **Annex 1**, shall apply in relation to the supplier's obligation to pay its employees the minimum wage valid at the time and to comply with the Arbeitnehmerentendegesetz.

Clause 28 Place of performance, place of jurisdiction, governing law, severability clause

(1) The place of performance for all the supplies and services of both parties shall be the place of destination stated by us, even if we agree to pay transportation costs or the costs of insurance of the product. In any event, the supplier shall bear the dispatch risk up to the point of delivery to the factory at which we take receipt of the product.

(2) The governing law shall be exclusively German law, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods and the provisions of international private law. The exclusive place of jurisdiction shall be the court having competence for the registered office of the respective company of the JUNKER Group. However, we shall also be entitled to sue the supplier at the court having competence for its registered office.

(3) If individual provisions of these Terms and Conditions or of the associated contract between the parties should be or become invalid, this shall not affect the validity of the remaining provisions. The parties undertake to replace invalid provisions with new provisions, which comply with the rules included in the invalid provisions in a legally admissible manner. The same shall apply to any loopholes in the rules. The parties undertake to fill such a loophole in a manner that reflects as closely as possible what the parties would have determined, based on the spirit and purpose of the contract, had they given consideration to the point in question.

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Annex 1 to the General Terms and Conditions of Purchase of all German companies of the JUNKER Group, especially of Erwin Junker Maschinenfabrik GmbH and of LTA Lufttechnik GmbH ("JUNKER")

Special terms and conditions of contract relating to the payment of the statutory minimum wage / compliance with the provisions of the Arbeitnehmerentendegesetz [*German Employee Secondment Act*]

1. Obligation to pay the statutory minimum wage / compliance with the Arbeitnehmerentendegesetz

1.1 Payment of minimum wages by the Contractor

1.1.1 The Contractor shall be obliged to pay its employees the currently valid minimum wage under the Mindestlohngesetz [*German Minimum Wage Act*], and also, within the scope of the latest version of the Arbeitnehmerentendegesetz (AEntG), to grant at least those minimum working conditions, including the minimum wage, that are mandatorily prescribed by a collective agreement declared to be generally binding or a legal regulation that is issued on a binding basis for the services in question in accordance with Sections 7 or 11 of the AEntG.

If the requirements of both the above-mentioned provisions are met, the Contractor undertakes to apply the most favorable provision for its employees in each case.

1.1.2 The Contractor gives an assurance that over the past two years prior to signature of the contract, no term of imprisonment of more than three months or monetary penalty of more than 90 daily rates or fine of more than € 2,500.00 has been imposed upon it on the basis of a breach of regulations (such as Section 23 AEntG, Section 21 MiLoG [*German Minimum Wage Act*]) or regulations relating to the illegal employment of workers, which has led to an entry in the Central Trade Register.

1.1.3 The Contractor shall notify the Principal immediately if breaches of the MiLoG and AEntG / regulations governing the illegal employment of employees should arise during the contract term.

1.2 Inspection

1.2.1 During the contract term, the Contractor shall keep available auditable documents and vouchers that provide full and uninterrupted evidence of adherence to the requirements set out under 1.1.1. These shall include in particular payroll accounts, documents relating to payment of taxes and dues to the tax authority, clearance certificates from the social security bodies and extracts from the Central Trade Register.

1.2.2 The Contractor shall permit the Principal to conduct inspections at any time, either itself or through third parties, to ensure adherence to the valid legal provisions, in particular the aforementioned statutes. These inspection rights shall cover in particular the auditing of the aforementioned documents and vouchers.

1.2.3 The Contractor shall participate in these control procedures and shall work closely with the Principal and with the third parties named by the Principal. Upon request, the Contractor shall provide the aforementioned documents and vouchers to the Principal.

1.3 Subcontractors

1.3.1 The Contractor must select all its categories of subcontractors and its temporary employment agencies with care, and must ensure adherence to the MiLoG and, where applicable to the AEntG.

1.3.2 The Contractor must ensure that its subcontractors must meet the obligations incumbent on it under 1.1 above, if they are relevant, within their contractual relationship with the Contractor.

1.3.3 The Contractor shall contractually agree the rights of information, inspection and auditing set out under 1.2 with its subcontractors, either using the same wording or at least analogously. The Contractor shall also oblige its subcontractors, if they use subcontractors themselves, to agree the above information, inspection and auditing rights in their own favor.

1.3.4 The Contractor shall agree with its subcontractors that they will allow a direct right of information, inspection and auditing, as described above, in favor of the Principal.

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1.4 Exemption from liability

1.4.1 Notwithstanding any further exemptions that may be agreed, the Contractor shall exempt the Principal, in response to its first request, in the context of its liability towards the Principal, from all civil law claims made by third parties against the Principal on the basis of alleged breaches by the Contractor or a subcontractor against the duty to pay the minimum wage under the Mindestlohngesetz, or against the payment of a minimum payment under the Arbeitnehmerentendegesetz. Third parties for the purpose of this provision shall be, in particular, employees of the Contractor or of a subcontractor.

1.4.2 The duty of exemption incumbent on the Contractor shall also apply to all penalties, fines or other public law measures or public law claims, which are made by public law legal entities for any breaches by the Contractor or a subcontractor according to 1.4.1 above.

1.4.3 The exemption obligation under 1.4.1 and 1.4.2 shall also cover all costs incurred in connection with the legal defense of such claims, such as reasonable legal and court costs.

1.5 Penalties

1.5.1 A contractual penalty of 1% of the total contract value is agreed for each culpable breach by the Contractor against the above obligations. In the event of several breaches as described above, and against further obligations under this contract, the amount of the contractual penalty shall be limited to 5% of the total contract value.

This shall also apply if the breach is committed by a subcontractor used by the Contractor, unless the Contractor was not aware of the breach when it commissioned the subcontractor, and could not have been expected to have been aware of it, even had it acted with the due care of a prudent businessman.

1.5.2 Termination without notice

Independently of other rights of termination, the Principal shall be entitled to terminate the contract without notice for cause if the Contractor has culpably breached its obligation to pay the minimum wage under the Mindestlohngesetz or to pay a minimum remuneration under a collective agreement declared to be generally binding or a legal ordinance issued in accordance with Sections 7 or 11 of the AEntG. The Contractor must reimburse the Principal the loss incurred as a result of the termination.