

General Purchase Terms

Of Balkhausen, Division of Brady GmbH

1. Validity of the Purchase Terms

The present General Purchase Terms will apply exclusively to all current and future legal relations between Balkhausen, Division of Brady GmbH ("Balkhausen") and the Supplier. Upon acceptance of an order by the Supplier but at the latest upon supply of the good or service, the Supplier will acknowledge the present General Purchase Terms as exclusively binding. Should the Supplier use contracting, deviating or additional terms, they will not apply to Balkhausen, even where Balkhausen does not expressly object to them.

The following General Purchase Terms refer both to the purchase of movables ("goods") and services unless specified by individual clauses.

2. Conclusion of the Contract

Orders by Balkhausen will only be binding if submitted in writing. Orders placed verbally or over the telephone, addenda and amendments (with the proviso of detailed regulations in Item 7) must be in writing in order to be valid.

Balkhausen's orders constitute purchase requests and must be accepted in writing by the Supplier within five working days after placement of the order. Where the order is not accepted within this period, Balkhausen will have the right to withdraw the order. An order confirmation which is received later or deviates from the order will be regarded as a new order and must be accepted in writing by Balkhausen in order to be valid. No response by Balkhausen will not be equivalent to tacit acceptance of the order confirmation.

On-call orders for goods will become binding by the latest after 2 weeks where the Supplier has not objected to them in writing by that time.

3. Dispatch, Packaging, Passing of Risk

Where no other address is quoted by Balkhausen on the order, the delivery address will be Balkhausen, Division of Brady GmbH, Rudolf-Diesel-Str. 17, 28857 Syke / Germany. Deliveries can be made (Monday to Friday) between 7:30 a.m. and 3:30 p.m.

Deliveries will be door delivery to the delivery address (unless otherwise agreed by the parties in the individual case). The risk will pass upon handover - in the case of regular supply to the delivery address with acceptance of goods at the delivery address or in the case of entrustment of the goods to the logistics agent hired by Balkhausen, in the case of the exceptionally agreed delivery ex works - upon handover by the Supplier at his works. In the case of agreed consignment, the risk will pass when the goods leave the consignment warehouse.

Balkhausen can determine the packaging and mode of shipping. Where it does not do so, the Supplier must choose a specifically favourable and suitable packaging and mode of shipping for each good. In the case of culpable non-compliance with this duty, all costs incurred and compensation for damaged goods, additional freight, disposal, etc. will be borne by the Supplier.

4. Delivery Deadlines

Delivery deadlines are regarded as fulfilled where the goods are received at the intended time at the delivery address or the service is rendered at the agreed time. In the case of consignment, a separate consignment agreement will apply additionally.

Where agreed delivery deadlines are exceeded, Balkhausen reserves the right to rescind the contract after lapse of a legally adequate period of grace by a written declaration. In other respects, the Supplier will be liable for damages caused by the delay in accordance with the legal provisions.

In the case of delayed delivery, Balkhausen will have the right to demand a contractual penalty of 0.1% of the delivery value of the delayed goods, but at maximum 5% of the total consignment value. This will not exclude other claims (in particular damage compensation in accordance with Item 12.2) which are not excluded by the contract. Balkhausen reserves the right to demand a contractual penalty of 0.1% of the delivery value of the delayed goods. The Supplier must attach a delivery note to all deliveries of goods/services, quoting the order number. The delivery note must have the exact wording as the order and order confirmation and contain all relevant data.

In cases of force majeure, outbreak of war, natural catastrophes, strikes, lock-outs, official measures or other unforeseen circumstances beyond the control of Balkhausen as well as severe, inevitable events, Balkhausen will be exempted from its duty to accept the goods for the duration of such circumstances. Balkhausen will adjust its duties in good faith to the changed circumstances. This can mean that Balkhausen may wholly or partially waive the remaining goods/services after rectification of the situation or demand continuation of the goods/services.

5. Partial and Over-, Under- and Premature Deliveries

Balkhausen is not obligated to accept deliveries which were not agreed on. Where partial deliveries are agreed on, Balkhausen can determine their sequence. Balkhausen has the right to use partial deliveries without acknowledging conformity of the delivery with the contract. For the individual consignment, the Supplier must send a delivery notice on dispatch days quoting the date of the order, order number and technical specifications of the material. Partial and residual deliveries are to be labelled as such.

The values determined upon inspection of the goods at Balkhausen will apply to the condition, type, quantity and weight of a delivery batch unless the Supplier proves the inspection to be inaccurate.

Balkhausen has the right to reject over- and under- deliveries outside of the commercially customary limits. Deliveries which deviate more than 5% from the order volume must be approved beforehand in writing by Balkhausen in every case.

Balkhausen is not obligated to accept a premature delivery of a goods/service. However, in every case the Supplier will bear the storage costs and the risk until the onset of the actual due date.

6. Special Terms for Delivery Performance

The Supplier will render his performance at his own responsibility using his own staff, materials and tools.

The Supplier must render the performance himself in every case (or it must be rendered by his own people). Sub-contracting is only possible with the prior written consent of Balkhausen.

Balkhausen will provide the Supplier with all information, documents and materials it has which are necessary for rendering the performance (with the exception of tools and materials to which Item 16 applies).

7. Contractual Technical Alterations

Any changes of the contractual items, in particular with regard to quantity or delivery date, will be agreed on in writing between Balkhausen and the Supplier. The terms below will apply additionally to any technical changes, in particular changes to drawings.

Balkhausen may demand alterations to the goods ordered by it at any time, including during serial production - whether for adapting them to the state-of-the-art, manufacturer's requirements or for other technical or specific process reasons or for legal or other reasons.

The Supplier will immediately submit a cost estimate for any additional costs or reduction of costs after the receipt of the alteration request by Balkhausen as well as information regarding changes in deadlines and effects on weight, function and quality caused by the alterations. The Supplier will keep the costs incurred by Balkhausen's request for alteration as low as possible.

The Supplier will carry out the request for alteration immediately after receipt of the information regarding additional costs or reduction of costs, changes in deadlines and effects on weight, function and quality.

Where the Supplier deems technical alterations/deviations expedient, e.g. due to more efficient production methods or improvement or increase of safety of his goods or adaptation to state-of-the-art, he will suggest them to Balkhausen, at the same time showing the effects on price, delivery deadline and the costs incurred by Balkhausen's request for alteration as low as possible.

The Supplier will not carry out technical changes before they are approved in writing by Balkhausen. The procedure for first-time inspection where agreed or customary in the automobile industry must be repeated for goods upon which technical alterations were made after the original product approval.

The technical documents, drawings and plans provided by Balkhausen must be inspected for completeness by the Supplier before the processing/manufacturing date. Where he deems them incomplete or flawed he must inform Balkhausen immediately in writing and in every case before the start of the processing or manufacture and request any missing technical documents, drawings or plans.

Every alteration of a good is to be marked by the Supplier on the packaging with the marking index provided by Balkhausen. The same shall apply where Balkhausen has ordered a new part number.

Notwithstanding specific terms in a consignment agreement concluded between the parties the following will only apply to the delivery of production material and/or spare parts. Quantities pre-produced by the Supplier will be accepted up to a maximum of three months' demand 30 days finished goods + 60 days raw materials. The Supplier will bear the risk and burden of any quantities produced in excess thereof. The same will apply to all materials ordered by Balkhausen.

8. Terms of Payment

Invoicing by the Supplier must essentially be in Euro or in the currency in which the goods were ordered. The fixed currency will be binding for the Supplier. Balkhausen will pay exclusively in Euro or in the currency in which the goods were ordered.

The price quoted on the order (including VAT) is the net price and includes the Supplier's price and the goods/service delivered door delivery to the delivery address or venue where the service is to be rendered. It includes packaging, shipping, haulage, insurance, etc. unless otherwise agreed. Value added tax is to be specified separately as a percentage and amount on the order confirmation.

The Supplier's invoice is to be submitted separate from the delivery as one copy, quoting the delivery and order number, to the Finance Department at Balkhausen. The invoice must have wording that is identical to the order and include all relevant data and the number of the delivery note. Value added tax is to be quoted separately as a percentage and currency amount.

Balkhausen can choose to pay the invoice on the 25th day of the month following the delivery with 3% discount or within 90 days net unless otherwise agreed. These deadlines will commence on the day of the receipt of the invoice by Balkhausen but not before delivery of the goods or performance of the service. In the case of the acceptance of delayed goods/services, the due date will be based on the agreed delivery deadline.

In the case of non-delivery, Balkhausen will have the right to proportionally retain payment until due performance.

Balkhausen has the right to set-off against the claims the Supplier has against it with all claims Balkhausen has against the Supplier. Set-off of the claims of the Supplier against Balkhausen is only permissible in the case of claims which are uncontested or res judicata.

9. Quality, Safety and Environmental Management

The Supplier maintains and will maintain a Quality Assurance System (in conformity with the customary standards in the automobile industry) with the minimum requirement pursuant to DIN ISO 9000 and/or extended by ISO TS 16949 and/or QS 9000.

In the case of partial deliveries (in contrast to semi-finished products) to Balkhausen, the Supplier must always, in compliance with the quality standard in the automobile industry, carry out a first-time inspection in accordance with QS 9000 pursuant to PPAP and/or ISO TS 16949 prior to serial production or product launch. This must basically take place at the Supplier's company unless Balkhausen or its customers make an exception.

Impairments of the quality management process, including of altered parts, must be reported to Balkhausen immediately in writing.

For the serial application of part deliveries to Balkhausen, a target value for quality is being stipulated and evaluated. The Supplier guarantees not to exceed the intended quality loss rate (notwithstanding any defect liability claims by Balkhausen, which remain unaffected).

The application and effectiveness of the quality management system by the Supplier can be inspected by Balkhausen, also involving its customer, for example, with respect to system, process and product audits. After adequate prior notice the Supplier will grant access to the manufacturing documents and permit inspection of the procedures and quality documentation.

Where Balkhausen has to perform inspections/audits due to repeated reports of defects for which the Supplier is responsible, it will have the right to charge the administrative costs to the Supplier.

The Supplier undertakes to supply Balkhausen with spare parts which comply with the contractual quality standards for serial production for 15 years after the serial production kick-off.

The Supplier will expediently record the quality of the goods/services. The documentation can be inspected and ordered in accordance with a time period set by Balkhausen.

In other respects, the terms of Balkhausen's Quality Agreement will apply where concluded separately between the parties (whether as part of the delivery agreement or separately).

For products in accordance with EU-guidelines, the respective compliance declarations, operating instructions, etc. are part of the delivery. Products marked with the CE-label will be regarded as approved for trade.

All goods delivered to Balkhausen must comply with the current legal standards of the EU with regard to prohibited contents/contents which must be declared.

The Supplier must instate a system in order to comply with the following standards:

- Safe handling of hazardous chemicals
- Prevention of negative effects of the products and/or packaging
- Protection of staff from technical illnesses caused in the workplaces by the actions of the customer or his products.

This is best achieved with an Environmental Management System pursuant to DIN ISO 14001. The introduction of this is recommended by Balkhausen.

10. Complaint in the Case of Supply and Acceptance of Work

Balkhausen will inspect the goods immediately after delivery in accordance with proper business procedures for any errors or quality deviations or visible defects and will report them to the Supplier immediately after receipt of the delivery, however by the latest 5 working days afterwards and in the case of hidden defects immediately after their detection.

Insofar as the Supplier owns performance, a formal inspection must be carried out in accordance with §640 BGB. Balkhausen will focus on visible defects. The formal inspection will not be substituted by Balkhausen's use, further processing or shipping of the item affected by the performance or report of completion of the performance.

In the case of inspection in accordance with Item 10.2 the Supplier will be obligated to prepare an inspection record containing the date and time of the inspection, any defects which were detected and any items relevant to the contract. The inspection record is to be signed by the Supplier and Balkhausen/Balkhausen's representative.

11. Liability of Defects of Consignments

The Supplier guarantees

- adherence to the technical instructions in documents, drawings and plans by Balkhausen
- that the goods conform with the first samples approved by Balkhausen
- the features specified in the signed first inspection report
- the lawfulness and suitability of the materials used/chosen and/or accessory parts
- the absence of defects which could decrease the value or usability of the goods for the contractual use or make them unusable
- the most recent state-of-the-art at the time of conclusion of the contract.

Where defective goods or parts thereof are discovered at Balkhausen before manufacture (processing or installation), the following will apply: According to Balkhausen's choice, the Supplier can deliver new, flawless goods or rectify the defect. Any necessary sorting or make-up work will be performed at Balkhausen in agreement with Balkhausen. All costs incurred by delivery of the defective goods (sorting, transport, costs of rectification work) will be borne by the Supplier.

Where a defect is detected by Balkhausen after manufacture, the terms in Item 11.2. will apply in first instance and the following will additionally apply:

(1) Where the defect is detected before delivery of the final products to the customers of Balkhausen, the Supplier will bear the costs for installation/de-assembly and make-up cost work in addition to the costs for rectification or replacement deliveries.

(2) Where a defect is detected after delivery of the final products to the customers of Balkhausen, the Supplier will bear a share in the costs in special campaigns in the case of the damage caused. Balkhausen will inform the Supplier after such defects become known and inform him of the further procedure.

Balkhausen can carry out the rectification itself if he carried out by third parties or get replacement from a third party where

(1) the Supplier is in arrears with the replacement delivery

(2) the defect is detected before manufacture and it is necessary in urgent cases for preventing serious damage, e.g. for preventing a standstill of the assembly line

The Supplier is to be informed of this immediately and any costs incurred in this connection will be borne by the Supplier.

In other respects, Balkhausen's statutory claims will remain unaffected in particular damage compensation claims, right to rescission or reduction of the purchase price in the case of defective goods.

The expiry deadline for the rights of Balkhausen on the basis of defective goods ends after 24 months as from the initial admission of the vehicle or spare parts installation or 30 months as from delivery to Balkhausen, whatever occurs first.

Acceptance of the work and payment will not be regarded as acknowledgement of proper performance.

12. Liability for Defects for Other Goods/Services

The Supplier will deliver the goods/service free of material and legal defects. The Supplier will

- adhere to the technical instructions in documents, drawings and plans by Balkhausen
- ensure that the goods/services have the specified features
- and are state-of-the-art at the time of conclusion of the contract and
- observe all applicable safety regulations and other statutory/official regulations

Where the Supplier breaches the duties set out in Item 12.1., Balkhausen's rights and applicable expiry period will be determined by the statutory regulations.

In addition to the statutory regulations, (cf. Item 12.2.) Balkhausen has the right to rectify the defects of the goods/service itself at the cost of the Supplier or to exchange it for a replacement obtained elsewhere where this is necessary in emergencies, e.g. imminent danger, or where the rectification failed or it is otherwise unacceptable to Balkhausen or where the Supplier fails to comply with Balkhausen's rectification request within a reasonable period.

Acceptance of the work and payment will not be regarded as acknowledgement of proper performance.

In the case of defective performance, Balkhausen will have damage compensation claims (in accordance with the general statutory requirements)

13. Product Liability - Identification - Repurchase - Third Party Liability Insurance

Where the Supplier is liable for damage caused by the product he will compensate Balkhausen for all damages incurred or indemnify Balkhausen at first request against the claims of third parties where the cause is within his scope of control and organization and he is externally liable. Where Balkhausen shares the responsibility for the damage/causing the damage, the Supplier can claim this from Balkhausen and the damage compensation claim will be regulated by §254 BGB.

Where the scope of his liability for damage cases as set out in Item 13.1, the Supplier will also be obligated to reimburse any expenses incurred by a recall campaign in accordance with §§683, 670 BGB and §§830, 840, 426 BGB. Balkhausen will inform the Supplier of the subject and scope of the recall action being carried out, to the extent that this is possible and reasonable and allow him to make a statement.

Other statutory claims will remain unaffected. The Supplier will deliver the goods/service free of material and legal defects.

The Supplier can purchase a third party liability insurance policy with coverage of € 5 million per case of personal injury/material damage (lump-sum amount). Where Balkhausen is entitled to additional claims, they will remain unaffected.

The Supplier must prove upon request in writing that he has concluded said insurance policy. Where the Supplier is unable to prove insurance coverage within two weeks, Balkhausen will have the right to conclude such an insurance policy at the expense of the Supplier.

14. Balkhausen's Documents and Secrecy

Balkhausen reserves its ownership rights and copyright to all drawings, plans, calculations, materials, models, drafts, samples, tools and other aids, items or documents; they may not be made accessible to third parties without Balkhausen's prior consent, be reproduced or used for any other purpose than that stipulated by Balkhausen. They are to be used exclusively for performance of the order of Balkhausen. After performance of the order they are to be returned immediately upon its request. The Supplier must treat them with care, keep them separately and insure them sufficiently against damage and loss at his expense.

The Parties agree not to make any non-public business and technical information which becomes known to them through the business relationship accessible to third parties and to treat it as a business secret.

Within the scope of his liability for damage cases as set out in Item 13.1, the Supplier will convey the information solely to his employees who require the information for performing the order (authorized persons). However, this exception to the duties in Item 14.1. and 14.2. will only apply where said employees are subject to the same secrecy duty to the same extent, namely within the framework of the legal possibilities, also beyond termination of the legal relationship on the basis of which the employee and the Supplier are bound.

The duty in Item 14.1. and 14.2. will not apply to information

- which is/was disclosed without breach of the secrecy duty by the Supplier or authorized person
- which is/was received in good time by the Supplier from a third party where the third party or person from whom the third party received the information does not have a duty of confidentiality toward Balkhausen
- which was known to the Supplier independent from Balkhausen and without use of the information already known at the time of the conclusion of this secrecy agreement. This exception to the duty of secrecy will only apply where the Supplier denies his duty of secrecy immediately after disclosure of the information by Balkhausen.

The Supplier will exercise the same duty of care regarding the secret information that he exercises in his own matters, or at least the customary duty of care in business.

Where the Supplier is to be insured by the Supplier at his own costs against fire and theft at the request of Balkhausen, as long as the items are in the Supplier's possession.

The Supplier will subject any sub-contractors hired by him to the duties set out in Items 14.1.-14.6.

15. Industrial Intellectual Property Rights

The Supplier will be liable for all claims arising from infringement of industrial intellectual property rights and registered intellectual property rights by third parties (hereinafter referred to as "Intellectual Property Rights") in connection with the contractual use of the goods/service within the Federal Republic of Germany (in the other member states of the European Union and North America).

The Supplier and its customers and its customers from all third party claims from the infringement of such intellectual property rights. Any license fees will be borne by the Supplier.

Items 15.2. and 15.3. will not apply where the Supplier manufactured the good according to drawings, models or equivalent specifications or data or rendered services on their basis and they were submitted to him by Balkhausen and he was unable to recognize that intellectual property rights were infringed in the manner specified in Item 15.1.

The Parties will inform each other immediately after the infringement/alleged infringement of intellectual property rights and avert any liability claims.

Where use of the goods by Balkhausen is connected with a patent or other intellectual property right of the Supplier, the latter guarantees Balkhausen the irrevocable right to unlimited use free of charges and gratuities.

The expiry date will commence ten years as from conclusion of the contract.

16. Retention of Title-Order-Tools

The title to the delivered goods will pass by Balkhausen to Balkhausen upon complete payment. Any extended or expanded retention of title by Balkhausen will be ineffective.

Where Balkhausen orders parts from the Supplier, Balkhausen will retain the title to them before processing or transformation by the Supplier. Where goods subject to retention of title are blended with other items not belonging to Balkhausen, Balkhausen will acquire a share in the title of the new item on the basis of the ratio of the value of Balkhausen's item (purchase price plus VAT) to the other items blended at the time of the blending. Where the blending is in such a way that the Supplier's item is the main item it is agreed that the Supplier will assign a share in the title to Balkhausen on a proportional basis; the Supplier will safeguard the exclusive title or share in title on behalf of Balkhausen.

Where the Supplier acquires tools for Balkhausen, they will become the property of Balkhausen and/or its customers upon complete payment and are to be marked accordingly by the Supplier.

Balkhausen retains the ownership of tools and the Supplier must use the tools exclusively for the manufacture of the goods ordered by Balkhausen. The Supplier must insure the tools belonging to Balkhausen at replacement value against fire, water and theft damage. At the same time, the Supplier is already assigning all damage compensation claims from said insurance to Balkhausen and Balkhausen hereby accepts the assignment. The Supplier must carry out any necessary repair and inspection work on Balkhausen's tools and any maintenance work in good time at his own expense. Any impairments are to be reported by him immediately to Balkhausen; where he culpably fails to do so, the damage compensation claims will remain unaffected.

17. Cancellation of Orders/Contracts

In the case of contracts of longer duration on the delivery of goods or services, the following terms regarding duration and cancellation will apply:

Both parties may cancel such contract in writing observing a notice period of three months.

In cases where Balkhausen's customers place their orders with Balkhausen or cancel them on an exceptional basis, Balkhausen will have the right to a different settlement of the matter with the Supplier notwithstanding its right to termination as set out in Item 17.1.

Either party can terminate a contract at any time in writing on a relevant ground without observing a notice period. A relevant ground is in particular

- cessation of payment by one of the parties, instatement of insolvency proceedings against the assets of a party or rejection thereof due to lack of assets or liquidation of one of the parties
- the infringement of cardinal contractual duties, in the case of infringements which can be rectified however, only after the party has been warned of the termination on a relevant ground and has failed to rectify the infringement after being requested to do so in writing and conceded an adequate period of grace of at least four weeks
- where a change of partner of shareholder causes one party to come under the control of a competitor of the other party.

In the case of cancellation or other termination of the contract the Supplier must return all items entrusted to him by Balkhausen including all drawings and other documents, devices and tools.

18. Principles of Ethical Conduct

Balkhausen has subjected itself to an ethical and legal code of conduct which complies with all relevant laws and regulations; any breach of law at Brady will be corrected immediately. All employees at Brady will be committed to fair and bona fide treatment of Brady's customers, shareholders, employees, suppliers, supervisory authorities, business partners and competitors and of third parties. No employee at Brady may take advantage of another person by manipulation, suppression, abuse of classified or confidential information, misrepresentation, deceitful conduct or other unfair business practices. Brady's ethical guidelines which are to be observed by all Brady employees, can be viewed at the Brady Corporation web site www.bradycorp.com.

Whoever believes to have been treated unfairly or that a Brady employee behaved unethically should contact Brady at the 24 hour toll-free hotline: 0-800-225-5288. After the respective entry request, 1 877 781 9309 must be dialed. The Brady Corporation web site may also be visited at www.bradyehtics.com and an ethical breach may be reported anonymously there. Brady will immediately investigate all reports, on a confidential basis where possible.

19. Final Provisions

Assignment of the order to third parties including assignment of the rights and claims requires the prior written consent of Balkhausen. In the case of non-compliance with this term, Balkhausen reserve the right to rescind the contract by a written declaration and/or demand damage compensation.

Where the Supplier ceases rendering his goods/services or where insolvency proceedings are instated against his assets, Balkhausen will have the right to rescind the non-performed part of the contract.

The place of performance for all claims arising from the legal relations with the Supplier, i.e. for deliveries, services and payments, etc. is Syke.

The laws of the Federal Republic of Germany will apply to the present Purchase Terms and the entire legal relations between Balkhausen and the Supplier, excluding the UN Sales Convention of Apr. 11, 1980 (CISG).

The place of jurisdiction for all direct or indirect disputes arising from the contract is Syke. However, Balkhausen will have the right to sue the Supplier at any other place of jurisdiction.

Any amendments of and addenda to the present contract and/or the General Purchase Terms as well as any ancillary agreements must be in writing. A change of the writing requirement must likewise be agreed on in writing.

The parties are aware of the risk that one or several provisions of the present Purchase Terms could be or become invalid or void contrary to the parties' expectations. In such a case, the parties exclude any doubt regarding the validity of the overall agreement or the Purchase Terms. Where one or several provisions of the contract or Purchase Terms are invalid or void, the contract or Purchase Terms are not to be doubted but will remain effective. The same applies in the case of a gap in the contract or Purchase Terms. The parties will replace the invalid or void provision of the gap with a provision which complies with the economic purpose of the contract and Purchase Terms.