

**General Terms and Conditions of Purchase
of
BHS Corrugated Maschinen- und Anlagenbau GmbH**

(Version: March 1, 2018)

1. Range of Application

1.1 These terms and conditions of purchase shall exclusively be applicable to all legal relationships between Messrs. BHS Corrugated Maschinen- und Anlagenbau GmbH, P.O. Box 107, D-92729 Weiherhammer (hereinafter referred to as: "BHS") and suppliers, even if the terms and conditions of the supplier vary from them. The General Terms and Conditions of Purchase particularly apply to contracts for the purchase and/or supply of movable objects ("goods"), no matter whether the supplier is the manufacturer of the goods or buys them from subcontractors (§§ 433, 651 BGB (German Civil Code)). Should the supplier, contrary to the information in the BHS order, have pointed to the validity of his general terms and conditions in an order confirmation, and the supplier subsequently executes the order although BHS has not agreed to this unilateral amendment of order by the supplier in writing, the supplier thereby accepts the order and thus the terms and conditions of purchase of BHS as they were determined by BHS as basis of the purchase order. The supplier's reference to BHS' acceptance of the delivered goods and thus the acceptance of the supplier's general terms and conditions by implication after the supplier's information on his general terms and conditions shall not be effective.

1.2 The General Terms and Conditions of Purchase in their current version shall be the framework agreement for all present and also future contracts between BHS and supplier, without BHS having to point this out in each individual case. The version of the General Terms and Conditions of Purchase in force at the time can be called at www.bhs-world.com.

1.3. Legally relevant declarations and notifications of the supplier in relation to the contract (setting a time limit, reminder, cancelation, etc.) shall be submitted in writing, i.e. in written form or text format (e.g. letter, e-mail, telefax). Legal and formal requirements, and further evidence, particularly in case of doubt about the legitimation of the party declaring, shall be unaffected thereof.

2. Order

2.1 Orders and call-offs (hereinafter jointly referred to as "Order"), and their amendments and complements require written form or text format (according to subpara 1.1.3).

2.2 The supplier shall be obliged to confirm the BHS order in writing within a period of three days from receipt.

3. Performance, Delivery, Delay in Delivery, Transfer of Risks

3.1 Agreed dates and deadlines shall be binding. Decisive for meeting delivery date or delivery deadlines is the arrival of the goods at the delivery address indicated by BHS, or the provision of the performance. Should the supplier owe an installation or assembly, their acceptance by BHS is decisive for meeting the delivery deadline. BHS shall be entitled to refuse premature delivery or performance. The supplier undertakes to immediately inform BHS in writing if it is likely he will not be able to meet agreed delivery times – for whatever reasons.

3.2 The supplier shall not be entitled to have the performance owed provided by third parties (e.g. subcontractor) without prior consent of BHS. The supplier bears the procurement risk for his performance if not otherwise agreed in individual cases (e.g. restriction to stocks).

3.3 The delivery is "free domicile" to the place indicated in the order, unless otherwise agreed. If the destination is not indicated and if not otherwise agreed, delivery shall be made to the place of business in Weiherhammer. The place of destination shall also be the place of performance.

3.4 A packing slip shall be enclosed with each delivery. Moreover, a delivery note in duplicate shall be attached to each individual delivery outside the packaging. All documents, notices of delivery, delivery notes, packing slips, bills of consignment, or the like shall be provided with the complete order number and part number of BHS. If no packing slip or delivery note is available, or if these documents are incomplete, BHS shall not be liable for any delays in processing and payment resulting therefrom.

3.5 Operating instructions and, if applicable, installation instructions shall be enclosed with the supplied product, at least in German and English, to the extent that no other national language is indicated in the order. The same applies to the legal product information, warning notices, etc. This particularly applies if the supplier has made changes to the goods with respect to the description in the order.

3.6 Should the supplier not provide his performance or not provide it within the agreed delivery time, or should he be in default, the rights of BHS – particularly the right to cancelation and damages – shall be determined by the legal provisions. The regulations in 3.7 shall remain unaffected.

- 3.7 If the supplier is in default, BHS shall – apart from further legal claims – be entitled to claim flat-rate compensation for the damage caused by delay amounting to 0.20% of the net price per calendar day, but not more than 5% of the net price of the goods delivered behind schedule. BHS shall have the right to prove that the damage occurred was higher. The supplier shall have the right to prove that no damage or only minor damage occurred.
- 3.8 The risk of accidental destruction and accidental deterioration of the part shall pass to BHS when the goods are delivered at the place of performance. To the extent an acceptance was agreed, the acceptance is decisive for the transfer of risks.

4. Prices and Additional Expenses

- 4.1 The prices stated in the BHS order shall be binding. All prices include legal sales tax (VAT) if it is not shown separately.
Unless otherwise agreed in individual cases, the price includes all services and ancillary services of the supplier (e.g. installation or assembly) as well as all additional costs (e.g. customs duties, appropriate packaging, and transportation costs including insurances).
- 4.2 The invoice shall be sent to BHS after dispatch in triplicate, if requested, electronically, indicating order and delivery note number. It must not, under any circumstances, be enclosed with the shipment. All order data shall be indicated in the invoice. Partial invoices are allowed only when corresponding partial deliveries were expressly ordered or approved in advance.
- 4.3 Payments shall be made according to the individually agreed terms of payment.
Agreed advance payments shall be due for payment only after a domestic bank of BHS with an authorization for credit transactions has provided an advance payment guarantee in the corresponding amount.
BHS shall be entitled to demand provision of an adequate contract performance guarantee by a domestic bank with an authorization for credit transactions before making partial payments.
- 4.5. By bank transfer, the payment is deemed to have been made in due time when the bank of BHS receives the transfer order of BHS before the term of payment expires. BHS shall not be liable for any delays caused by the banks involved in the payment transaction.
- 4.4 BHS shall be entitled to offsetting and retention rights and to the defense of non-performance of the contract to the extent permitted by law. BHS shall be particularly entitled to withhold payments due as long as BHS can still assert claims against the supplier arising from incomplete or poor performance.
- 4.5 The supplier shall be entitled to offsetting and retention rights solely because of undisputed counterclaims that have been established as final and absolute.

5. Confidentiality/Non-Disclosure and Retention of Title

- 5.1 BHS shall reserve all rights of ownership and copyright of illustrations, drawings, calculations, computer programs, files, models, tools, order documents, and other objects, as well as business and technical expertise, in short referred to as “BHS Information”, as well as the application for industrial property rights, and its own expertise. Such documents shall be exclusively used for the contractual performance and be completely returned to BHS or destroyed as required by data protection requirements at the end of the contract (including copies or records made). The documents shall be kept secret from third parties, even after termination of the contract. Products manufactured based on BHS information or by the use of BHS tools or tools copied from BHS models shall not be used by the supplier himself, nor be offered or delivered to third parties.
The obligation to confidentiality only ceases if and to the extent that the knowledge in the documents provided has become generally known.
- 5.2 Any models, tools, and other objects delivered to the supplier by BHS for manufacture, shall – as long as they are not processed – be kept separately and be adequately insured against damage and loss at the expense of the supplier. BHS and the responsible insurance company shall be immediately informed of any loss or damage.
- 5.3 The supplier may state references or publish and/or use BHS or BHS brands only with the prior consent of BHS.

6. Packaging

- 6.1 Deliveries shall be packed carefully and properly according to the BHS packaging ordinance. The packaging shall meet the respective legal provisions.
- 6.2 At the request of BHS, packaging material shall be picked up and taken back by the supplier free of charge.

7. Export Control/Customs

- 7.1 The supplier undertakes to procure all documents and authorizations/permissions (export license, customs documents, certificates of origin, etc.) at his own responsibility and at his own expense and to pay all customs duties and taxes due. As and when required, the supplier provides BHS with a supplier’s declaration or all other documents required by the customs administration or any other authority free of charge.
- 7.2 Simultaneously with the order confirmation, the supplier shall be obliged to inform BHS in writing about potential authorization requirements for (re)exports of his goods according to German, European, and US export and customs regulations, and according to the export and customs regulations of the country of origin of his goods. Likewise, the supplier shall be obliged to notify BHS in writing about all further commercial data relating to his goods and their components simultaneously with the order confirmation and to immediately inform BHS (prior to the delivery of

goods concerned by these regulations and requirements) about all changes of the aforementioned data.

- 7.3 The supplier shall bear all charges and be responsible for any loss BHS suffers from a violation of the afore-mentioned duties, except where the supplier is not responsible for the violation of duty.

8. Warranty

- 8.1 When the risk is transferred, the object of purchase shall exhibit the agreed properties. In any case, agreed properties shall be the product descriptions that – particularly by designation or reference in the order – are subject matter of the respective contract or were included in the same way in the contract as these General Terms and Conditions of Purchase, and it makes no difference whether the product description originates from BHS, from the supplier, or from the manufacturer.

In addition, the object of purchase shall correspond to the current state of the art when the risk is transferred, particularly with regard to appropriate material, complying with the agreed performance figures, the agreed efficiency factor, and the agreed power and energy requirements. The object of purchase shall additionally correspond to the current technical standards and all current safety regulations and standards of protection, including regulations of the Employers' Liability Insurance Associations and other associations, e.g. VDI (Association of German Engineers) and VDE (Association for Electrical, Electronic & Information Technologies) when the risk is transferred.

- 8.2 By way of derogation from § 442 section 1 clause 2 BGB (German Civil Code), BHS shall be fully entitled to claims of defect, even if the defect remained unknown as a result of gross negligence upon conclusion of the contract.
- 8.3 For the commercial duty to examine and to notify defects, the legal regulations shall apply (§§ 377, 381 HGB (German Commercial Code) with the following proviso:

The duty to examine shall be restricted to defects that become manifest during an incoming goods inspection by external examination, including the delivery documents (e.g. transport damage, incorrect and short delivery), or faults that are detected in the quality control process of BHS in a sampling procedure. To the extent an acceptance was agreed, there shall be no duty to examine. Otherwise, it depends on whether an examination, considering the circumstances of the individual case, is feasible as part of the ordinary course of business.

The duty to notify defects detected at a later time shall remain unaffected. In all cases, the notification of defect of BHS shall be deemed immediate and in due time when it is submitted within 10 working days from detection, or, in the case of obvious defects, from delivery.

- 8.4 BHS shall have the right to choose the type of supplementary performance (rework or replacement delivery).

Supplementary performance shall also include the removal of the defective goods and the reassembly or

reattachment, to the extent that the product was mounted into another object or attached to another object by the supplier according to its intended purpose.

If BHS has mounted defective goods into another object or attached to another object, the supplier shall, as part of the supplementary performance, be obliged to compensate BHS for the required expenses for removal of the defective object and assembly or attachment of the repaired or supplied object free of defects.

The costs (including costs for disassembly and assembly) paid by the supplier for purposes of examination and supplementary performance shall be borne by the supplier, even if it turns out that actually no defect existed. The liability for damages of BHS in case of unjustified claim for elimination of defects shall be unaffected, but BHS shall be liable only to the extent that BHS has recognized or not recognized by gross negligence that no defect existed.

- 8.5 In case the supplier does not meet his obligation of supplementary performance within a reasonable deadline set by BHS, BHS shall be entitled to eliminate the defect itself and to claim compensation from the supplier for the accrued expenses, or to demand advance payment. If the supplementary performance by the supplier has failed or is unacceptable for BHS (e.g. due to particular urgency, danger to operational safety, or impending occurrence of disproportionate damage), it shall not be required to set a deadline.

- 8.6 The supplier guarantees that, in the context of his delivery, no rights of third parties in the country of the place of delivery and within the member states of the European Union are infringed. If BHS informs the supplier before the order is placed that the item to be delivered is intended for other or further countries of destination, the warranty of title shall extend to these countries as well. In case of infringement of the rights of third parties, the supplier shall hold BHS harmless from any such claim of third parties on first written demand. This obligation to indemnify of the supplier shall refer to all damage and expenses, including the costs of legal defense, necessarily arising for BHS from or as part of the claim of a third party. The above shall not apply if the supplier is not responsible for the defect of title.

- 8.7 Otherwise, BHS shall be entitled to reduce or terminate the contract in case of a defect as to quality or a defect of title according to the legal provisions. Additionally, BHS shall, in accordance with the legal provisions, be entitled to damages and reimbursement of expenses.

- 8.8 BHS shall, as part of its claim settlement, be entitled to declare acknowledgment or to make a compromise, also to the extent that a cause of damage at the supplier's is concerned, insofar as this is economically justified. The supplier shall compensate BHS for the costs arising thereof, completely or partially, relative to the proportionate causality of the supplier goods.

9. Product Liability

- 9.1 Should BHS, due to product liability, be made liable at home or abroad by a customer or another

third party, the supplier shall be obliged to discharge or partially discharge BHS from such claims, as far as and to the extent that the damage has been caused or partially caused by a fault of the product supplied by the supplier or caused by the supplier's performance. If BHS, due to no-fault liability, is made liable, this is only applicable if it is also the fault of the supplier. If the cause of fault is within or partially within the responsibility of the supplier, the burden of proof is on him. In these cases the supplier shall bear all or the proportional costs, e.g. indemnity and expenses for determining the cause of damage, including the costs of a potential legal defense of BHS, or other measures considered necessary, such as e.g. recalls in relation to the defect remedied.

9.2 Subpara 8.8 shall apply accordingly.

10. Spare Parts Supply

10.1 The supplier undertakes to supply BHS with spare parts over a period of seven (7) years from the respective order placement. In the event the production of spare and wear parts at the supplier's ends before this date, the supplier undertakes to inform BHS of this development in written form in due course as to enable BHS to replenish its stock of spare and wear parts to the extent required. Parts at BHS are stocked in the form of a consignment stock agreement where the purchase price becomes due when the corresponding part is withdrawn from the consignment store by BHS.

10.2 The supplier shall supply BHS with spare and wear parts in the shortest time possible from order of BHS. On workdays (Monday through Friday without holidays at the supplier's place of business) this means a dispatch within 24 hours from order placement by the means of shipping requested by BHS. Different agreements with the supplier shall remain reserved. Unless otherwise agreed, the supplier prices are quoted "free domicile" or the deviating delivery address stated in the order, including packaging, insurance and dispatch. When the goods are dispatched abroad, BHS and the supplier shall make a separate agreement for this.

11. Retention of Title, Order Processing

11.1 To the extent BHS provides the supplier with parts, BHS reserves ownership of these parts. Processing, mixing, or modification for BHS shall be the supplier's responsibility. BHS shall acquire co-ownership on processed or inseparably mixed objects with such not belonging to BHS, at a share corresponding to the value of the BHS part at the time of processing, mixing, or modification on the new object.

11.2 To the extent BHS provides the supplier with parts regarded as a matter of minor importance pursuant to § 947 section 2 BGB (German Civil Code), the supplier shall, upon conclusion of this contract, transfer to BHS proportionate co-ownership or exclusive ownership of the new object that is generated on the new part on completion pursuant to

subpara 11.1. This new part shall be kept safe by the supplier.

12. Default of Payment of BHS, Force Majeure

12.1 In cases of force majeure, particularly in case of business disruptions through no fault of its own, civil unrest, legal or administrative measures that were not yet known at the time the order was placed, or in case of other unpreventable events, affecting the obligation of BHS to pay or to cooperate, BHS shall not be deemed to be in default. In these cases, BHS shall be entitled to withdraw from the contract, to the extent that maintaining the contract cannot be reasonably expected of BHS.

12.2 Should BHS get in arrears in respect to acceptance and/or payments, the liability of BHS shall be limited to the incurred interest loss as can be proved by the supplier. Further claims for damages of the supplier against BHS for cases of slight negligence shall be excluded, and be limited in amount to the damage foreseeable for BHS at the time when the order was placed, at the maximum to the amount of the contract price, unless BHS is liable for gross negligence or intent.

13. Place of Performance

Place of performance shall be the place of business of BHS, or, to the extent a different place of performance was agreed, the place where the goods are to be delivered as ordered.

14. Insurance of the Supplier

The supplier knows that machines and facilities of BHS are also sold internationally, particularly to the US. Correspondingly, the supplier undertakes to establish a reasonable liability insurance for any damage occurring in relation to his deliveries and performances, to the extent that they can be insured, and to maintain insurance on a permanent basis in the amount of at least € 2,500,000.00 per case of damage with a scope of delivery to BHS of less than € 50,000.00 per year, or in the amount of at least € 500,000.00 per case of damage. The insurance coverage shall at least be effective for the duration of the supply obligation, including the warranty period, to the extent that no other extent of coverage was agreed upon. At the request of BHS, the supplier shall prove such insurance coverage.

15. Limitation Period/Suspension/Recommencement

15.1 The mutual claims of the parties to the contract shall expire by limitation according to the legal regulations, unless otherwise stated in the following.

15.2 By way of derogation from § 438 section 1 no. 3 BGB (German Civil Code), the general limitation period for defect claims shall be 3 years from transfer of risk. The three-year limitation period also applies to claims from defects of title, with the statutory limitation period for third-party claim of surrender of property remaining unaffected (§ 438 section 1 no. 1 BGB (German Civil Code)); claims arising from defects of title shall on no account expire by

limitation as long as the third party – particularly in the absence of a time limitation – is still entitled to assert a right against BHS.

- 15.3 The limitation periods of the sale of goods law, including the afore-mentioned extension shall – to the extent permitted by law – apply to all contractual defect claims; to the extent that BHS is also entitled to non-contractual claims for damages, the regular statutory limitation period shall apply (§§ 195, 199 BGB (German Civil Code) unless the application of limitation periods of the sale of goods law results in a longer limitation period in individual cases.
- 15.4 During the period between dispatch of a justified notice of defects and proper subsequent performance by the supplier, or the refusal of subsequent performance by the supplier, the warranty period shall be suspended, provided that the supplier is capable of subsequent performance and BHS demands such performance.
- 15.5 For repaired or resupplied parts or parts repaired or resupplied to a significant extent, the warranty period shall recommence with reference to the remedied defect.

16. Data Storage/Data Transmission

- 16.1 BHS shall be entitled to process and store the data received from the supplier in the context of the business relations within the meaning of the Federal Data Protection Act, to the extent this is deemed appropriate as part of performance of the contract. The supplier undertakes to comply with the provisions of the data protection regulations.
- 16.2 Data transmission shall exclusively take place via the existing platform (DrawX).
The supplier undertakes to download the data and drawings required for performance of the contract via this connection.
The use of DrawX for further data shall not be permitted.

17. Other

- 17.1 Venue shall be Weiherhammer. The contractual relationship is subject to the Recht der Bundesrepublik Deutschland (The Law of the Federal Republic of Germany), excluding the United Nations Commission on International Trade Law (UNCITRAL).
- 17.2 Should any provisions of this contract be or become void or should the contract have a loophole, this will not affect the effectiveness of the other provisions. In such a case, the parties to the contract shall be obliged to agree upon a provision which is as closely as possible related to the original provision in terms of economic purpose in a permissible manner.