

General Purchasing Conditions

I. General

1. The present general purchasing conditions ("GPC") are exclusively valid for all current and future orders of Muehlbauer Technologies d.o.o. ("Muehlbauer, we, us") and they represent the terms that govern the purchase of goods and services by Muehlbauer from the supplier ("Supplier") named in purchase order. A current version of the GPC is available on www.muehlbauer.de. The GPC apply only if the Supplier is an entrepreneur or legal entity registered in accordance with the Law on Registration.
2. These GPC apply exclusively to contracts, agreements and/or orders ("Contracts") concerning the sale and/or delivery of movable goods ("goods") and services ("services") regardless whether the Supplier manufactures the goods himself or purchases them from suppliers. Unless otherwise agreed, the GPC are valid in the version that is applicable at the moment the purchase order is issued, or, in any case, in the latest version that Supplier receives in writing as a framework agreement, also for similar future contracts, without us having to point them out again in every individual case.
3. These GPC apply exclusively. Divergent, contrary or supplementary terms and conditions of Supplier shall become a part of the Contract only if and insofar as we have explicitly accepted them in writing. The aforementioned acceptance applies only to an individual and specific purchase and shall not apply to any other cases without fulfillment of the aforementioned acceptance condition. This requirement of consent applies in every case, also for instance if we accept Supplier's deliveries without reservation while aware of his terms and conditions.
4. Purchase orders only become binding for us if we have produced them in written form. We do not recognize verbal subsidiary agreements. In particular, orders, changes or additions to orders via telephone shall only become binding if we have confirmed such changes in writing.
5. Individual agreements concluded with Supplier in the particular case (including subsidiary agreements, supplements and changes) precede these GPC in any case. A written contract or our written confirmation is authoritative for the content of such agreements, subject to proof of the contrary.
6. Legally relevant declarations and notifications of Supplier regarding the contract (e.g. deadlines, warning, withdrawal) must be submitted in writing (e.g. letter, e-mail, fax). Legal formal regulations and further evidence, especially in case of doubts regarding the legitimation of the declarant, remain unaffected.
7. Notices about the validity of legal provisions are only for clarification. Even without such clarification, the legal provisions shall apply to the extent to which they are not directly changed or explicitly excluded by these GPC, everything in accordance with positive legal regulations.

II. Offers, conclusion of contracts, extent of orders and prices

1. Offers and cost estimates generally are to be submitted free of charge, unless a contrary written agreement has been made between Muehlbauer and Supplier.
2. Our purchase order shall be binding no earlier than upon written submission or confirmation. Supplier must inform us in writing about obvious errors (e.g. typing or calculating errors) and any incomplete information in our purchase order including, but not limited to, the order documents before accepting the order, so we can correct or complete it. In the case Supplier failed to notify us in writing of such errors, the purchase order is not binding upon Muehlbauer.
3. Silence on offers, requests or other statements from our Suppliers only means acceptance if this has been agreed expressly in writing.
4. After receipt of the purchase order by Supplier, Supplier is obligated to provide us with written, unconditional confirmation of receipt of such purchase order within 4 (four) working days, which mentions our purchasing order number and article number or an unconditional shipment of the goods (receipt). A delayed receipt is considered as a new offer and requires our written acceptance.
5. We reserve the right to reduce or increase the amount of goods and/or services specified in the purchase order or to make modifications, adaptations to the model, type or other specifications of the goods or services, in particular in respect to new technical developments as long as this means an improvement for us, as well as to require a certain time and place of delivery or setting up. If as a direct result of these changes, cost increases will occur and/or delivery will be delayed, then an appropriate compensation must be negotiated.
6. The prices listed in our purchase order are maximum prices and remain binding even when price increases occur in the meantime. However, if Supplier reduces his prices for goods/services by the delivery deadline, than Supplier is obligated to provide us with same reduction in prices.
7. Unless otherwise agreed for the particular case, the price includes all services and ancillary services of Supplier (e.g. assembly, installation) as well as all ancillary costs (e.g. proper packaging, transport costs including possible insurance for transport and liability).
8. If the ordered goods fall under export control or other restrictions to marketability according to Serbian law, the Supplier has to inform us in writing prior to conclusion of the Contract. If this information is not provided, we reserve the right to withdraw from the Contract, without any kind of compensation to Supplier.

9. For articles that are ordered by Muehlbauer for the first time we shall receive automatically and without further request a long-term Supplier's declaration or information on the country of origin and customs code of such articles.

III. Deliveries and terms of delivery

1. The delivery date stated in our purchase order and/or in the Contract is binding. Supplier is obliged to deliver goods in the quantities and on the dates specified in the purchase order and to inform us immediately and in written form if any situations occur (or if he becomes aware of factors), which lead or may lead to a delivery delay. Furthermore he has to provide us with a new delivery date that will be binding upon Supplier if accepted by Muehlbauer.
2. If Supplier does not honor the agreed delivery date of movable goods or services, including, but not limited to the manufacture, installation, testing and the setting up as well as the putting into operation of immovable objects such as machines to be permanently fixed, complete machinery and industrial facilities and other devices is not completed within the deadline, then Supplier shall be charged, per full calendar week of delay, a financial penalty of 1% of the net purchase order amount, but at maximum 5% of the purchase order amount. Furthermore, we shall be entitled to immediate termination of the Contract by providing written notice to Supplier. Regardless of the possibility of termination of the Contract, Supplier is liable for all damages caused and connected with Supplier's delay to deliver the goods and/or services on the delivery date, including, but not limited, to production shortfall, refused orders, and a loss of wages occurring on our side. An acceptance of goods and/or services delivered after specified delivery date does not constitute a waiver of possible compensation claims for damages.
3. In the case of partial, short- or over-deliveries, Muehlbauer may reject all or any goods which shall be returned to the Supplier at Supplier's risk and expenses, unless a contrary written agreement has been made. In individual, exceptional cases, however, such deliveries can be accepted.
4. Shipping documents have to be included in every delivery of goods. The documents must contain our order number, our article number for each item, the material designation and the weight of the shipment.
5. In case express transport was necessary to meet the delivery date, the arising additional costs have to be borne by Supplier.
6. The delivery of additional documents must contain such documents, such as test reports, material quality certificates, as it is agreed between the parties.
7. The Supplier is not allowed to assign any of its rights and/or obligations to third parties (e.g. subcontractors) without our prior written consent. Any assignment based on violation of this provision shall be null and void. The Supplier bears the risk of procurement for his services, unless otherwise agreed in the specific case (e.g. limitation to stocks).

IV. Dispatch and risk taking

1. Supplier is liable for the strict compliance to the regulations pertaining to the dispatch which have been given to him. We retain the right to refuse to accept all deliveries, if we have not received proper dispatch and shipping documents on the day of delivery and we shall not be in default of acceptance as a result of this refusal. If costs occur due to the justified refusal to accept the goods, Supplier must pay the costs.
2. Supplier bears the risk of an accidental loss or deterioration until the point of delivery to us or acceptance, unless explicitly agreed otherwise in writing.
3. The deliveries are deemed free of transportation costs until the dispatch address including packaging, unless, in single cases, another written agreement has been made. We only return packaging materials or bear packaging costs if we explicitly confirm this in written form or if it is legally required.
4. Supplier only fulfills his delivery obligations after the delivery of the goods or acceptance of performance of the services unless explicitly specified otherwise in written agreement between parties. Our determination of amounts and weights shall be conclusive.

V. Manufacturing orders

1. For work involving installation maintenance and additional services, the following shall apply: Supplier is responsible, during the performance of all services and work at our premise, carried out both by Supplier and its employees, agents and subcontractors for compliance with governing laws and, all internal Muehlbauer rules and procedures, including but not limited to security procedures, fire protection, safety and health at work regulations.
2. Supplier shall be held liable for any damages caused either by him or by its employees or its agents at our site. He shall exempt us from any claims for compensation of third persons, also from instructions of supervisory authorities etc., which are made against us in the context of the contractually agreed delivery or service. Upon our request, Supplier must prove that he possesses liability insurance which is sufficient and able to cover the costs for damages.
3. Supplier and its employees, agents and subcontractors are responsible for the care of the safe storage of their equipment and property brought

to our facilities. In this regard we do not assume any warranty, and shall not be liable for any damage, destruction or loss of above mentioned equipment and property.

VI. Patents and trade mark rights

- Supplier guarantees that the products delivered by him do not infringe any patent rights or other industrial or intellectual property rights of any third party.
- Supplier exempts us from any obligation, liability, loss, claims for compensation including costs and disbursements which result from claims or litigation due to the infringement of patents or other industrial or intellectual property rights. In the case that such claims are made against us, Supplier shall assume our defense in court at his own cost and shall exempt us from any claims, in which ever form, by third persons. In the case that such claims are made against us, we shall notify Supplier immediately in writing and provide him with all necessary information.

VII. Sketches and models

- Sketches, models, drawings, documentation, software, etc. which we provide or pay for the execution of an order, remain and/or become our property. Supplier shall be held liable for the loss or damage or for any misuse until they are duly and completely returned.
- After completion of a job task aforementioned properties shall be returned to us without further request.

VIII. Billing and payment

- After successful and contractual delivery of the ordered goods or performance of the agreed service we shall receive an invoice from Supplier. For processing purposes the invoice has to show our purchase order number, the description of the goods and services, total purchase price as well as our Supplier number. Invoices without this information will be considered incomplete and incorrect, and shall not be processed.
- Payment shall be made by Muehlbauer after contractually delivery of goods and/or performance of service and receipt of the correct invoice. In case of defective delivery or performance we retain the right to withhold the payment until complete fulfillment or clarification of issues. Bonuses, discounts and price reductions shall remain unaffected.
- Unless otherwise agreed in writing the agreed price is due for payment within 30 (thirty) calendar days subsequent to complete delivery and provision of service (including the agreed acceptance, if applicable) and receipt of a proper invoice. If we pay within 14 (fourteen) calendar days, the Supplier shall grant us a 3% cash discount on the net amount of the invoice. In case of bank transfer, payment is considered as done in time if our bank receives our transfer order before expiry of the payment deadline. We are not responsible for any delays caused by the financial institutions involved in the payment procedure.
- We do not owe any due date interests. Regarding payment delay, the legal regulations shall apply.
- The supplier shall not have the right to offset against our claims, unless for counterclaims that we do not dispute or that have been established against us as final and absolute.

IX. Non-disclosure and reservation of title

- We reserve property rights and copyrights for images, plans, drawings, calculations, executive instructions, product descriptions and other documentation. Such documentation must be used exclusively for the contractual services and must be returned to us after contract fulfillment. This documentation must not be disclosed to any third parties without our prior written consent, including after completion of Contract or Contract termination. Supplier will keep confidential all non-public information of Muehlbauer, including, but not limited to models, samples, designs, plans, images, business data, customer list, technical processes and other information ("Confidential information"). The obligation to secrecy shall only expire when and insofar as the knowledge contained in this documentation has become public knowledge. Muehlbauer is entitled to protect confidential information on all legal ways predicted by positive legal regulations in the case of violation of provisions of this Section IX.
- The above provision shall also apply to substances and materials (e.g. software, finished and semi-finished products) as well as tools, models, samples and other items that we provide to the Supplier for production. As long as these items are not processed, they must be kept safe, separately and insured to an appropriate extent against destruction and loss at the expense of the Supplier.
- Processing, mixing or combining (further processing) of provided items shall be carried out for us by the Supplier. The same applies if the delivered goods are further processed by us, so that we are considered the manufacturer and, at the latest after further processing, become the owner of the product in accordance with the legal provisions.
- The transfer of ownership of the goods must be unconditional and regardless of payment of the price. However, if we accept a particular offer of Supplier where payment of the purchase price is a condition, the retention of title of the Supplier expires at the latest when the purchase price for the delivered goods is paid. In the orderly business process, we remain entitled to resell the goods before paying the purchase price, which shall imply assignment of accounts receivable in advance

(alternatively the simple retention of title shall apply and be prolonged for resale). In any case, all other forms of retention of title are excluded, especially the retention of title extended, forwarded or prolonged for further processing.

X. Warranty

- Supplier represents and warrants that the delivered goods correspond to his offers and to the contractually agreed quality and quantity and that they do not infringe the rights of any third parties. The subjects of the Contract must always be compliant with the laws applicable in the Republic of Serbia, especially regarding equipment safety and product liability. There is no limitation in the statutory liability and/or warranty obligations of Supplier.
- Supplier represents and warrants to us that all services will be performed in a professional manner and by personnel of required and agreed qualifications, skills and experience.
- If a machine, a device or a complete plant is manufactured and/or installed according to a specifically agreed plan or special request, Supplier shall guarantee that the subject of the Contract fulfills the purpose intended by us.
- The scope of warranty to be provided by the Supplier includes any and all parts and any other items produced by its suppliers and the deliveries of the suppliers respectively.
- Our obligation to investigate and to claim for faults and defects does not arise until the delivery/service has been received by Muehlbauer in our plant. The examination and notification period, which starts at that point in time, is at least 1 (one) month for complex cases.
- Regarding the commercial obligation of examination and notification the legal provisions (Articles 478-500 of the Law on Contracts and Torts) apply, provided that: Our obligation of examination is limited to faults which are clearly visible during external examination of the goods including the delivery documents at the incoming inspection (e.g. transport damages, incorrect or short delivery) or which can be noticed by random sample testing at our quality control. If an acceptance is agreed in written form, there is no obligation of examination. Otherwise it depends on whether an examination is feasible considering the circumstances of the individual case according to regular business procedures. Our obligation to give notice of faults detected later remains unaffected. Irrespective of our obligation of examination our notification of faults shall be considered as immediate and in time if it is submitted within 14 (fourteen) working days from the detection or, in case of obvious faults, from delivery.
- In the case of immovable objects such as permanently fixed machinery and equipment, an official written acceptance from our side is required. Muehlbauer is not obliged to accept immovable objects until mentioned objects have been correctly installed, set up and is operational.
- If Muehlbauer duly notifies the Supplier on time of the existence of a defect, according to the Article 488 of the Law on Contracts and Torts Muehlbauer is entitled to: (1) demand that the Supplier eliminates the defect or delivers him other goods free of defects ("supplementary performance"). Supplementary performance includes removal of the faulty goods and reinstallation, if the goods were installed integrated in another item according to its intended purpose. Supplier must also bear the costs incurred for examination and supplementary performance (including possible costs for removal and reinstallation) if it turns out that there was no fault. Our liability for compensation in case of unjustified claims for supplementary performance remains unaffected, but we can be held liable in this regard only if we have realized or grossly negligently not realized that there was no fault; (2) demand a reduction of the price; (3) declare the termination of the Contract. In all the above cases Muehlbauer shall be entitled to compensation of damages as well. In addition the Supplier shall be liable to Muehlbauer for loss sustained on the property of Muehlbauer because of defective goods, in which case general legal rules for compensation of damages shall apply.

XI. Force majeure

- Neither party is liable for delay or failure in performing all or part of the Contract, to the extent that its performance has been prevented, delayed due an event beyond it's reasonable control, which could not have been reasonable foreseen on the date of purchase order, nor can reasonable be avoided; including but not limited to general strikes, epidemics, floods, earthquakes, war, embargo (each certified by the relevant authority as "Force Majeure"). A party claiming Force Majeure must provide evidence to the other party and a notice that its performance has been and/or may be prevented or delayed within 5 (five) days of its occurrence and use all commercially reasonable efforts to mitigate the effects of Force Majeure.

XII. Liability of the manufacturer

- To the extent to which the Supplier is responsible for a damaged product, he is obligated to exempt us from claims for compensation from third parties upon our first request in so far as the cause originated in his organizational domain and is himself liable to external parties.
- Within the context of his liability for cases involving damage stated in section 1, the Supplier is also obliged to compensate for possible costs resulting from these damages, which have resulted from or are linked with a recall campaign of ours according to provisions of the Law on Contracts and Torts which regulates compensation of damage.

Concerning the content and extent of the recall measures to be carried out, we shall, as far as possible and reasonable, inform Supplier and give him the opportunity to make a statement. Any other legal claims shall remain unaffected.

3. Supplier commits to taking out comprehensive product liability insurance with limits as reasonably required by Muehlbauer.

XIII. Recourse against suppliers

1. Beside the claims for defects, we are entitled without restrictions to the legal recourse available to us and predicted by the Law on Contracts and Torts. We are in particular entitled to claim from the Supplier exactly the kind of supplementary performance (rectification or replacement delivery) which we owe to our customer in the individual case and in accordance with Articles 296, 305, 307 of the Law on Contracts and Torts. This does not restrict our legal right to choose.
2. Before we recognize or fulfill any claims for defects from our customer (including compensation for expenses) we will inform the Supplier, explain the facts and ask for a written statement. If the Supplier makes no statement within an appropriate period and if no amicable solution is achieved, the claims for defects that we actually granted shall be considered as owed to our customer, it rests with the supplier to provide counter evidence.

XIV. Statute of limitation

1. The mutual claims of the contractual parties shall fall under the statute of limitation according to the Articles 360-390 of the Law on Obligations and Torts.
2. According the Article 374 of the Law on Obligations and Torts the mutual contractual claims of legal persons (corporate bodies) in the sphere of sale of goods and services, as well as claims relating to reimbursement of expenses made in connection to such contracts, shall expire due to the statute of limitations after a 3 (three) year period. The period of such unenforceability shall run separately for each supply of goods and work or service. If an acceptance is agreed, the limitation period shall start at the acceptance.

XV. Other provisions

1. We will process the data that we have received from the Supplier due to our business relationship in accordance with the legal regulations.
2. The Supplier can only assign claims against us to third parties with our written consent; this shall also apply to assignment of claims in the framework of a factoring contract. If claims are assigned without our consent, we are entitled to terminate the Contract. The same applies if insolvency proceedings against the Supplier are initiated or moved for.
3. If any provision of this GPC is invalid, illegal or unfeasible, the validity of the other provisions of this GPC shall remain otherwise unaffected. Such invalid provisions shall be replaced by new provisions which aim at the same degree of economic success. The same applies for handling contractual omissions.
4. The applicable legal regulations shall apply to the subject matter not provided for in the Contract.
5. The place of performance is the registered office of Muehlbauer for which the delivery of goods and/or services is destined.
6. The contractual relationships shall be governed exclusively by Serbian law.
7. In every case, also for any future claims from the business, including those from bills of exchange, checks and other documents, the place of jurisdiction is Belgrade, Republic of Serbia.