

General Purchasing Conditions

1. Orders

1. Orders are made exclusively according to our General Purchasing Conditions. We do not accept contradictory or deviant Terms of Business of our suppliers, unless we have explicitly consented to these in writing. Neither the acceptance of deliveries without reservation nor the payment of invoices without reservation, constitute an acceptance of such terms of business.

2. The preparation of offers is free of charge to us and is not binding.

3. Only written orders are deemed to be valid. Verbal agreements must be confirmed in writing. **In all cases we expect a written confirmation of the order.**

2. Prices

Unless otherwise agreed, the prices are deemed to be DDP carriage free to our factory. We expect most favoured customer status from our suppliers. Price increases subsequent to the offer are only deemed to be valid by us after written notification stating the reasons and acceptance by us.

3. Delivery times

1. The agreed delivery times are binding and delivery dates are deemed to be fixed deadlines.

2. The supplier is obliged to compensate us for all damages due to delay unless he can prove to us that he is not responsible for the delay. The acceptance of a delayed delivery does not constitute a waiving of claims for compensation.

3. If the agreed binding delivery dates are exceeded due to circumstances for which the supplier is responsible, after the expiry of a reasonable period of grace set by us, we are entitled, without prejudice to further legal claims, to demand at our discretion either compensation in place of fulfilment, or to obtain replacement from third parties. The right of withdrawal remains unaffected.

4. The supplier does not have any right to hold back the delivery due to any differences pertaining to other deliveries or business transactions.

5. Partial deliveries or over- or under-deliveries require our consent.

6. In case of delays to delivery, we are entitled to demand an all-inclusive compensation for delay to the amount of 1% of the value of the delivery for each complete week of delay, however, not in excess of 5%. We reserve the right to further legal or aforementioned claims. The supplier is entitled to prove to us that no damage or considerably less damage has resulted from the delay.

4. Dispatch and Transport Insurance

1. Unless otherwise agreed, deliveries are made DDP (Incoterms in their currently valid version) to the place designated by us, including packaging and preservation measures. The currently valid versions of our dispatch and transport regulations apply. **The order code must be stated in all consignment documents. Each consignment must be accompanied by a delivery note.**

2. In case of unstamped deliveries we shall receive a duplicate of the consignment not in addition to the delivery note. **On principle, the most economical method of dispatch is to be selected.** We shall not bear the transportation costs if the supplier is forced to select a more expensive method of dispatch in order to avoid, or as a result of delays to delivery.

3. If direct dispatch to our customers is stipulated, we expect that the supplier provides a notification of dispatch signed by the carrier in order to verify the invoice.

5. Terms of payment

Unless otherwise agreed, payment shall be made after 14 days with 3% discount or within 90 days net. The term for payment commences on the date of receipt of the invoice or the goods. If the supplier has issued an incorrect invoice, in particular with regard to the agreed price, the period for discount commences with the receipt of the correct invoice by post.

6. Terms of Delivery

1. The supplier commits to fulfil the relevant applicable requirements under national and international export, customs and foreign trade law and to obtain the necessary export permits for all goods which are to be delivered and services which are to be provided, unless we or a third party and not the supplier are obliged to apply for the export permit according to the applicable export, customs and foreign trade laws.

2. The supplier must provide us in writing, as early as possible, however at the latest with the communication of the order confirmation, with all information and data (for each item on the order confirmation, the delivery note and the invoice) which we require for compliance with the applicable export, customs and foreign trade law, as well as in the case of resale for the re-export of the goods and services, in particular the following data for each individual item or service:

- The Export Control Classification Number (ECCN) according to the U.S. Commerce Control List (CCL), insofar as the product is subject to the U.S. Export Administration Regulations (EAR);
- whether the goods were manufactured or stored in the USA or were manufactured with the aid of US American technology;
- the number of the German export list (AL) as well as the EU Dual-Use Ordinance
- the statistical goods number according to the present goods categorisation of the foreign trade statistics or the HS ("Harmonized System") code;
- the country of origin (non-preferential origin);
- and if required by us: A supplier's declaration of preferential origin (for European suppliers) or certificate of preference (for Non-European suppliers)

3. In case of changes of origin or the characteristics of the goods or services or the applicable export, customs and foreign trade law, the supplier must update the existing export control and foreign trade data and inform us of this immediately.

4. The supplier commits to indemnify us from all claims by third parties, which are due to the omission of or incorrect export control and foreign trade data which he provides according to the above regulations, and to compensate us for all the necessary expenses and damages within the context of the legal regulations.

5. The supplier must submit the long-term supplier's declaration as per EEC-VO 1207/2001 annually.

6. The supplier commits to act according to the "Dodd-Frank Wall Street Reform and Consumer Act".

7. The supplier ensures that the latest technical documents (amongst others manual, EC-Declaration of Conformity, EC-Type examination certificate etc.) are available for NORD at any time. NORD has to be informed immediately, if the documents are modified.

8. The supplier ensures that deliveries under the order are RoHS-compliant and therefore in conformity with the EC Directive on the Restriction of the use of certain

Hazardous Substances in Electrical and Electronic Equipment (Directive 2011/65/EU) at the time of delivery. In the event that deliveries fail to comply with this EC Directive, the supplier must inform us of this immediately in writing and shall – without prejudice to any warranty claims NORD may raise – compensate NORD for any damage arising from such non-compliance.

9. The supplier ensures that the delivered products comply with the provisions of Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Any substances contained in the products must be pre-registered or after expiration of the transitional period registered if required by the REACH regulation.

Suppliers with no headquarter in an EU-country are committed to authorize an Only Representative (OR) based in the EU referred to art. 8 REACH Regulation. NORD must be notified about this OR including full name and address. The OR takes care of all registration and further REACH-responsibilities of the supplier. If the OR already initiated a pre-registration or registration NORD has to be notified including the registration number. If the OR changes or gives up his business activity the supplier has to notify NORD immediately.

Should the delivered goods contain substances which are part of the "Candidate List of Substances of very High Concern" ("SVHC-List") of REACH, the supplier is committed to notify NORD immediately. This also applies for current deliveries if previously non registered substances become included in the list. You can view the latest list on:
http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp.

Furthermore the products may not contain asbestos, biocide or radioactive material.

In case of violation of any of the aforementioned obligations NORD is entitled to cancel the corresponding order immediately and to refuse the corresponding delivery without any costs. Potentially existing claims remain unaffected; a cancellation or a refusal does not imply any waiver of any right to claim.

7. Warranty for Defects

1. Unless otherwise agreed, the warranty for defects is according to the statutory regulations.

2. Our descriptions, drawings or samples are exclusively definitive for the design and quality of the product.

The manufacturer undertakes a guarantee of proper material quality and workmanship and the fault-free function of the components for two (2) years as of the commissioning of the goods.

3. In case of danger to operation, danger of excessively serious damage, or to maintain our ability to deliver with regard to our customers, after notifying the supplier we may perform any reworking ourselves or have this carried out by third parties. Any resulting costs for this shall be borne by the supplier.

4. The supplier shall be liable for all direct or indirect damages and expenses incurred by us as a result of defects of the goods.

5. Expenses for inspection of incoming goods which exceed the usual scope shall also be due for compensation if at least a portion of the delivery is identified as being defective. This also applies to a partial or complete inspection of the deliveries received by us or our customers in the further course of business. Additional expenses for transportation, journey distances or material, which result from a defective delivery, shall be reimbursed by the supplier. If the supplier utilises third parties for the provision of the services, he shall be liable for these in the same manner as for his own agents.

6. For the duration of the supply relationship, the supplier is obliged to maintain adequate insurance cover for the risks as per this section. Evidence of this must be provided on demand.

8. Complaints

1. The goods delivered will only be checked with regard to their identity on the basis of the consignment documents and for externally visible damage due to transportation. After discovery according to the circumstances of our normal course of business, faults of the delivery shall be notified to the supplier within a reasonable period of at least one week after their detection. In this regard, the supplier waives the objection of delayed notification of the fault.

2. The supplier must provide free replacement of rejected components. The costs incurred by us as a result of rejected deliveries and the resulting shipping costs shall be borne by the supplier. Faults which are established on commissioning subsequent to assembly shall be remedied by the provision of a fitter free of charge.

9. Assignment of Claims

On principle, claims against us may not be assigned to third parties.

10. Force Majeure

If we are prevented from accepting the delivery or the service due to force majeure, in particular strikes, lock-outs, interruptions of operations for which we are not responsible, civil disturbances, official measures or other events for beyond our sphere of influence, we are entitled to entirely or partially withdraw from the contract or to postpone the date of acceptance for the duration of the obstruction, insofar as our obstruction is of a significant duration and the withdrawal or the postponement of the date of acceptance serves to safeguard our interests. Claims cannot be enforced against us.

11. Product Liability, Recall and Quality Assurance

1. The supplier is obliged to indemnify us against all claims due to product liability insofar as he is liable for the fault giving rise to such liability. In such cases he shall accept all costs and expenses, including the costs of any legal proceedings or a precautionary recall action. Insofar as is possible and reasonable, we shall inform the supplier of the content and scope of recall measures and provide him with opportunity for comment. Further legal claims remain unaffected.

2. The supplier shall insure himself to an adequate amount against all insurable risks resulting from product liability, including the risk of recall. He must submit the insurance policy to us for inspection on demand.

3. The supplier must perform quality assurance which is suitable both in type and scope according to the state-of-the-art and provide evidence of this to us on demand.

12. Tools

Regardless of other agreements, we shall acquire full or co-ownership of the tools for the production of the goods supplied to the extent to which we share in the evidenced costs. The tools become our (joint) property on payment. They shall remain on loan to the supplier. The supplier is only authorised to actually or legally dispose of such tools, or to change their location or make them permanently non-functional with our consent. The tools are to be marked as our (joint) property by the supplier. The supplier shall bear the costs for the maintenance, repair and replacement of the tools. According to our share in the original tools, any replacement tools become our property. In case of co-ownership of a tool, we are entitled to an option to our joint share. The supplier may only use tools which are our (joint) property exclusively for the production of the goods to be supplied.

On termination of the deliveries, the supplier must surrender the tools to us immediately on demand. For tools which are our joint property, we shall reimburse the current value of the share of the supplier on receipt of the tool. Under no circumstances is the supplier entitled to a right of retention. The obligation for surrender also applies to the supplier in case of an application for insolvency against him, or in case of a long-term interruption of supply. The supplier must insure the tools to the agreed amount, or to the usual extent in the event that no agreement has been concluded.

13. Confidentiality / Information

1. The supplier shall keep confidential any information which we provide, such as drawings, documents, know-how, samples, means of production, models, data carriers etc. and not make this available to third parties (including sub-suppliers) without our written consent and shall not utilise this for any purpose other than that for which it is intended. This applies accordingly to copies. This obligation does not apply to information which was already legally known to him without obligation to confidentiality on receipt, or which subsequently legally becomes known to him without obligation to confidentiality, or which is generally known or becomes known without any breach of contract by either of the parties, or for which written permission for further use has been granted. The supplier may not use our business relationship for advertising purposes without our prior written consent.

2. We reserve ownership and all other rights (e.g. copyright) to the information which we provide. Copies may only be made with our prior written consent. Copies become our property when they are made. It is deemed to be agreed between the supplier and ourselves, that the supplier shall keep the copies on our behalf. The supplier must carefully safeguard the documents and objects provided to him, as well as any copies thereof at his own expense and, maintain and insure the said.

He must surrender or destroy these at any time on our demand. He is not entitled to a right of retention on any grounds whatsoever. The complete return or destruction must be confirmed in writing.

3. In case of a violation of the commitments regarding point 13.1 a penalty of 25.000 € will be charged in every case of infringement. The right to claim for further compensation remains unaffected. The supplier is entitled to have the appropriateness of the amount of the contractual penalty determined by a court of law. Any contractual penalties paid shall be offset against any claims for compensation.

14. Code of Conduct / Social Responsibility

Compliance of the laws of the applicable jurisdiction is a contractual obligation. The supplier shall explicitly not either passively or actively undertake any form of bribery, infringement of the fundamental rights of his employees, or utilisation of child labour. He is responsible for the health and safety of his employees at the workplace, shall observe environmental protection laws and shall demand compliance with these principles from his own suppliers.

15. General Provisions

If a provision is or becomes ineffective, the validity of the remaining provisions shall remain unaffected.

16. Place of Fulfilment, Place of Jurisdiction

The place of fulfilment is the headquarters of the company. The legal domicile for business persons, legal entities under public law or public special assets is Hamburg. German law applies exclusively, even for deliveries from foreign countries. The validity of United Nations law pertaining to the international sale of goods is exclude.

NORD Drivesystem Group / Germany

June 2014

Getriebebau Nord GmbH & Co. KG
Getriebebau-Nord-Straße 1
D-22934 Bargeheide

Produktionstechnik Nord GmbH & Co. KG
Getriebebau-Nord-Straße 5
D-22934 Bargeheide

Montagetechnik Nord GmbH
Getriebebau-Nord-Straße 1
D-22934 Bargeheide

Zahnradwerk Nord GmbH
Siemensstraße 16
D-21509 Glinde

Fertigungstechnik Nord GmbH
Trittauer Straße 5
D-19205 Gadebusch

NORD Electronic Drivesystems GmbH
Tjüchkampstraße 37
D-26605 Aurich