

## **Standard terms and conditions for deliveries and consultancy services exclusively for commercial use.**

### **Only valid in Germany**

#### **I. Validity**

These terms of delivery apply to all transactions

1. with persons who exercise commercial or self-employed business activities when signing the contract (contractors)
2. with entities of public law or special assets under public law

#### **II. Information**

In accordance with § 13 of the German Civil Code (BGB), the Customer is obligated to inform us if the products supplied by us and delivered to consumers are also fitted in other products, if such a possibility cannot be excluded.

#### **III. Conclusion of contract**

1. All agreements and offers concluded with us – including all those made in the future – are governed exclusively by our standard terms and conditions, which are listed below. No other conditions can be included in the contract, even if we have not expressly contradicted them in writing. We also reserve the right to withdraw from the contract if the Customer objects to the applicability of our terms of delivery.
2. The contractual partner will be informed of any changes to our terms of delivery in writing. The conditions will be deemed to have been approved and accepted if the contractual partner fails to object in writing. Any such objection must be received by us within one month following receipt of the respective change notice by our contractual partner.
3. Contracts will only be concluded by our written or electronically transmitted order confirmation. Until then, our quotations remain non-binding. The scope and amount of any delivery or services is determined solely by this order confirmation.

#### **IV. Prices**

1. Our prices are net ex works. Value-added tax is charged at the rate applicable on the day of invoicing and shown separately in the invoice. The prices apply solely to the corresponding order and are not binding for any subsequent orders.
2. Packaging, loading, freight and insurance costs, as well as assembly and commissioning costs, will be invoiced additionally. The same applies to application-based software. Fees and costs for provision and accreditation of certificates of origin, consumer invoices, approvals and similar materials will be invoiced to the Customer separately. Packaging and freight costs will be

invoiced at cost price. Pallets on loan will remain our property and must be returned in perfect condition with the next delivery. Their replacement with pallets of the same type and quality is permissible. If they are not returned within one month following delivery, we will invoice the Customer for our primary costs. The Customer is entitled to return any transport packaging from our deliveries to our head office. The packages must be clean, free from foreign matter and sorted by substances. Otherwise we are entitled to invoice the Customer for the additional costs generated due to disposal of said materials.

3. Sales of standard equipment do not include any planning work, completion work or other engineering services. These services are not included in the prices. Documentation takes the form of standard operating manuals and standard wiring diagrams. Circuit diagrams and configurations with regard to the concrete drive application do not form part of our services, neither do mains supply, activation control, external control systems or networking.
4. We are bound to adhere to the prices agreed for the order for four months following conclusion of the contract. Should longer time periods be required for us to make deliveries or perform the agreed services, we are entitled to apply an additional, proportional surcharge on the basis of our original price quotation for the increased costs we have suffered due to increases in material or wage costs. The regulation set down in this paragraph will not apply in respect of prices for which a material price surcharge is agreed as per Section IV.5 below.
5. If and to the extent that a material price surcharge is agreed in an order that applies to synchronous servo motors, this means the following: Where synchronous servo motors are concerned, magnets are used which contain the raw materials neodymium and dysprosium (which are what are known as rare earths). These raw materials are subject to sharp fluctuations in price, and in the price calculation we have taken a base value as at March 2011 or lower values as underlying price in respect thereof. The material price surcharge is applied in the event of a price increase between the base value as at March 2011 and the current value at the time of invoicing. In such instance we compare the price for both raw materials (according to how many kilograms have been used for the respective motor) as at March 2011 and the price at the time of invoicing as long as the respective invoice is drawn up no later than 5 days after delivery; otherwise, the value valid on the day the respective motor is delivered will be used for the calculation. The price used in each such case is the one quoted on the Asian Metal Index ([www.asianmetal.com](http://www.asianmetal.com)). Price increases arising in relation to March 2011 – based on the weight of the two raw materials used in the construction of the respective motor – will be charged additionally to the contractually agreed price. Further details regarding the material price surcharge can be found on our website at <https://www.lenze.com/en-de/products/motors/servo-motors/material-price-surcharge/>.

## V. Delivery and services

1. Deadlines and periods agreed for deliveries and services are only binding when we have confirmed these in writing. They should also be viewed as approximate and subject to change. Periods agreed for deliveries and services are classed as having been met if we inform Customers that their goods are ready for dispatch or agree on a date for performance of the respective services within the agreed deadlines. Appropriate partial deliveries and standard or reasonable deviations with regard to the order quantities are permissible.
2. The delivery deadline will be extended by any time during which we are not correctly and punctually supplied ourselves. An agreed delivery deadline (period) only starts from the moment when the Customer has provided us with all necessary documentation, approvals, releases and plans in full. Delivery deadlines will be extended appropriately if the Customer fails to comply with the agreed terms of payment or any other contractual obligations. The above does not apply if we are responsible for the delay.
3. Should the delivery or performance of services be delayed due to the occurrence of events which are beyond our control or which could not be foreseen when the contract was concluded (e.g. breakdowns, regulatory acts, unforeseeable lack of raw materials, shortage of energy supply, labour disputes) and which could not be prevented by us in spite of reasonable care given the circumstances of the event, the term of delivery or performance will be extended accordingly, however for no more than two months. We will notify the contractual partner immediately of the impossibility and remunerate any service or funds already received.
4. Even in cases of specific, calendar delivery dates (§ 286 II No. 1, 2 of the German Civil Code (BGB)), we are only classed as being in default when a reasonable fulfilment deadline has been set, unless we have already seriously and finally refused to provide the service in question beforehand. In the event of a delay for which we are culpable, the Customer may if he makes a plausible case for the occurrence of a loss, demand flat-rate compensation amounting to 0.5% of the value of the part of the total delivery which cannot be used as a result of the delay for every full week of the delay. However, this demand may not exceed 5% of this total value. Any claims that go beyond this can only be asserted up to twice the order value of the delayed delivery, unless we or our subcontractors have acted with intention or gross negligence. Any flat-rate compensation to be paid must be based on the concrete calculations of a valid claim for damages. Except in the event of intent or gross negligence on the part of our management team, our liability is always limited to the typical, foreseeable type and extent of the damages when concluding the contract.
5. If the Customer is in delay with any payment of any kind or if a worsening of the Customer's financial conditions occurs that gives rise to doubts about the Customer's ability to pay, we are entitled to refuse any further performances and demand a prepayment or a security. A substantial financial deterioration of this nature will be assumed if, for example, a bill of exchange or a cheque bounces or a credit underwriter either repeatedly refuses coverage or

substantially reduces coverage, or the limit has been exceeded or would be exceeded through the delivery hereto.

6. All deliveries are made ex works. The risk of accidental loss, destruction or accidental deterioration is transferred to the Customer with the handing over of the object of delivery to the forwarding agent, but no later than when said equipment leaves our facility. If the delivery is delayed for reasons outside of our responsibility, the risk is transferred at the time of issuing the dispatch-ready notice.
7. For call orders, we are entitled to set a grace period of 14 days for acceptance after twelve months from the date of order confirmation, after which we will invoice the goods or services not accepted and charge fees for keeping goods or services available up to the point at which the Customers accepts the goods.
8. If the dispatch or the delivery of the goods is delayed by more than one month from the notification of the readiness for dispatch at the Customer's request, we are entitled to invoice warehousing charges of 0.5% of the price of the delayed consignment for each storage month commenced, although no more than a total of 5% of the price of the delayed consignment. The contractual partners have the right to provide evidence of higher or lower storage costs.
9. **The customer is obliged to comply with all applicable national and international export controls and sanctions regulations, in particular the ones of the United Nations, the European Union, Germany and the United States. Further, the supply of listed dual use items is strictly limited to imports for free circulation into the customer's jurisdiction. Imports into free zones or free warehouses are strictly prohibited. This obligation applies only insofar as it does not lead to a violation against EU or German blocking statutes.**

## VI. Payments

1. Unless other, overriding written agreements have been concluded, the price for deliveries or other services is payable without any discount within 14 (fourteen) days of the invoice date.
2. Bills of exchange and cheques, which we reserve the right to accept, only qualify as payment after their encashment or discharge. All associated costs and expenses are charged to the Customer.
3. If the term of payment is exceeded, the Customer is required to pay default interest of 8 percentage points above the respective basic interest rate as of the due date without any reminder being required. We also reserve the right to assert a claim in respect of more extensive damages. The aforementioned stipulation does not apply if the Customer can demonstrate that the delay was not his fault. If the Customer is in default with one payment, all other claims will fall due immediately if the Customer is unable to demonstrate that he is not responsible for the default.
4. The Customer can only set off our claims with undisputed or legally determined counterclaims. The Customer is only granted a retention right as

regards claims from the same contractual relationship that are uncontested or against which no legal recourse is possible. In the latter case, he may retain the payment of compensation with defects of parts of the delivery or service only to the amount that corresponds to the value of the defective delivery or service.

## VII. Retention of title

1. We retain the title to all goods and services supplied by us until all claims - including those occurring in future - against the Customer resulting from the business relationship have been paid. As long as the invoices have not been completely settled, the reservation of title will apply to the unsettled balance concerned. Should we retrieve the goods, this does not entail withdrawing from the contract unless we have expressly declared this in writing. If the Customer is behind with his payments, we are entitled to take back the goods without cancelling the contract beforehand. The products will be credited based on the effective proceeds after deduction of the commercialization and retrieval costs. The Customer is obliged to protect our goods from fire, water, theft or similar damages. All claims against insurers must be assigned to us. If the contractual partner, upon our request, fails to demonstrate that he has taken out sufficient insurance, we are entitled to insure the delivery item against theft, breakage, fire, water and other damages at the expense of the Customer.
2. In the event of attachments, seizures or other orders or interference by third parties, the Customer must inform us immediately.
3. The Customer is authorised to process the goods in the ordinary course of his business or to resell the same, provided that an expanded or extended retention of title is agreed. However, he is not entitled to dispose of them in any other way. The Customer's authority to process or resell the goods expires if he fails to comply with his payment obligations towards us, commits a serious breach of any contracts concluded with us or suffers a decline of assets. A decline of assets is deemed to mean a suspension of payments, overindebtedness, filing of insolvency proceedings, as well as any other substantial change in the Customer's financial situation, which may endanger our securities.
4. Processing of goods subject to reservation is made on our behalf. In the case of joint processing for several suppliers, we exercise the right of co-ownership according to §§ 947 et seq. of the German Civil Code (BGB). If the Customer combines or mixes our goods with goods in his ownership in such a way that the Customer's goods can be classed as the main product, he transfers co-ownership of the primary goods to us with immediate effect in the ratio in which our goods are related to the value of the primary goods. Our share of the co-owned goods remains in the Customer's possession and is kept in custody for us by the Customer.
5. The Customer assigns to us the claims arising from the resale up to the value of our co-ownership proportion in the sold goods and the subsidiary rights with immediate effect. However, he is not entitled to agree a non-assignment clause. Partial payments by a debtor of the Customer to the Customer will be

deemed to be credited first to other claims of the Customer. The Customer is entitled to collect the transferred receivables in the course of proper business. This entitlement does not apply in the cases described in Section VII.

Paragraph 3. In such cases, the Customer is obliged to assist in collection of these receivables.

6. We undertake to release the securities due to us on the basis of the above provisions at our discretion upon the Customer's request to the extent that their realisable value exceeds the claim secured by 20% or more.

## **VIII. Warranty**

1. We guarantee that the goods supplied by us are free from material defects or defects of title. The criterion for conformity of the products delivered is the respective description of the products and their intended use as per the contract that has been concluded with the Customer. Minor changes to the goods in terms of their construction, form and design, as well as to the data to be provided in the description and minor changes to our services must be accepted by the Customer, insofar as such changes are reasonable or relate to standard commercial quantities, quality and design allowances.
2. Specifications we publish in text or drawing form, for example in catalogues, descriptions, illustrations and blueprints, as well as dimensions, weight and performance specifications serve only to describe the nature of our products and constitute neither warranted nor guaranteed properties. We reserve the right to make any changes to technical data and designs in the interest of technical progress and development.
3. Should we supply any used products in individual cases and based on contractual agreements, these are not covered by any warranty, insofar as no other agreements to the contrary have been reached in the respective case. This warranty exemption does not apply in the case of gross negligence or in cases in which binding legislation otherwise requires liability to be assumed.
4. If the contractual partner refers to a public statement, in particular made in advertising, to justify a defect claimed by him, he will be obliged to prove that this public statement was the reason for his decision to purchase.
5. The contractual partner is still obliged to accept the delivery, even if the goods present minor, insignificant faults.
6. Obvious defects must be notified in writing no later than within one week of the day of delivery. Hidden defects must be notified in writing by the Customer at the latest one week after their discovery. The contractual partner is obliged to provide us with a detailed written description of the defects to which he is objecting. If we do not receive this written notification or if it is handed in too late, the contractual partner loses his warranty claims for possibly defective products. Processing of a notice of defects by us, especially also the inspection of the products after their return by the contractual partner, in no case releases the contractual partner from the contractual regulations for his notice of defects.
7. In the event of a defect, we are entitled at our option to eliminate the defect or to supply proper goods (subsequent fulfilment as per § 439 of the German Civil Code (BGB)). The Customer must grant us a reasonable amount of time

and opportunity in order to undertake any subsequent fulfilment obligations. In the case of subsequent fulfilment, we are obliged to take over all those expenses related to the purpose of subsequent fulfilment, especially expenses for carriage, charges, work and material, as long as the expenses are not raised by transportation of the products to another location than the point of delivery. Any parts rejected by our Customer may only be returned to us at our expense upon our request and, as far as required, in sound packing with the packing slip bearing the order number enclosed.

8. We have the right to withdraw from subsequent fulfilment if it will cause unreasonably high costs, especially if the expenses arising from the elimination of the defect presumably will exceed 100% of the marketing value of the product or if the costs for replacement purchase by us will exceed 150% of the marketing value of the product. Other legal rights of the Customer (abatement of the purchase price, withdrawal from the contract, compensation for unavailing expenses) remain unaffected by this.
9. Unless otherwise provided by law, the Customer is obliged to fix in writing a reasonable term for subsequent fulfilment before he can put forward any other warranty rights. As a rule, we must be granted a minimum period of three weeks for subsequent fulfilment in the event of delivery of goods and five working days in the event of delivery of spare parts; this does not apply if a shorter period has been contractually agreed on an individual basis or a shorter period is mandatory, e.g. in urgent cases in which disproportionately great damage is imminent or operational safety endangered. If the subsequent fulfilment is not carried out within this term, the Customer will be entitled to put forward legal rights and, in particular, to withdraw from the contract, to reduce the purchase price - and provided that the conditions of Section X apply - also assert claims for damages. It is not necessary to fix a term if we have definitely and seriously refused subsequent fulfilment or if the latter is impossible.
10. Withdrawal from the contract is excluded if the purchased product only displays minor defects. Minor defects are defined as minor deviations from the contractual condition or suitability of the product. Warranty claims also cannot be asserted if the defects derive from natural wear of the product, faulty or negligent handling, negligent or improper maintenance, improper utilisation or inadequate application, faulty installation, extensive strain or usage of inadequate operating devices after passing of the risk, or due to impairment as a result of external conditions after passing of the risk that had not been stipulated in the contract. Warranty claims against us are also excluded if the ordering party himself or a third party has performed repairs which did not represent an urgent necessity.
11. The contractual partner may only demand damages in lieu of performance if delivery of the defective object implies a significant breach of duty.
12. Indemnification for possible collateral damages that occur irrespective of the subsequent fulfilment (loss of production, claims for delayed delivery to the Customer of the contractual partner, etc. as per § 280 of the German civil code (BGB)) can only be asserted if an adequate deadline for the subsequent fulfilment set by us in writing has expired without performance. For all other purposes, Section X applies to damage claims.

13. The statutory period of limitation for any warranty claims against us is 24 months following delivery of the products. In the case of defects in buildings or goods that have been used as standard for a building and have caused defects in the latter, the legal 5-year prescription period applies (§ 438 Paragraph 1 No. 2 of the German Civil Code (BGB)). In the case of rectification of defects or delivery of spare parts, the warranty only runs until the expiration of the warranty period for the original delivery.
14. If the period for subsequent fulfilment has expired without success, we have the right to request the Customer, specifying a deadline of one month, to assert his remaining warranty rights. If he fails to make said assertion within this period, warranty rights will be excluded. This only applies if, when making the request with specification of deadline, we make express reference to this legal stipulation.
15. If the contractual partner has been taken into recourse by his Customer for product defects, he can, in turn, take us into recourse for product defects only to the extent he has not agreed to any provisions, especially warranty liability, beyond the scope of domestic law. In such cases, the above rules apply accordingly to the scope of our warranty liability vis-à-vis the contractual partner. Should the product delivered by us, contradictory to Section II, have been delivered by a supply chain to a consumer, the respective mandatory legal regulations apply. We then will not be liable according to §§ 478, 479 of the German Civil Code (BGB) if our Customer has delivered abroad and thereby excluded application of the UN sales legislation.

## **IX. Defects of title**

1. The legal provisions govern our liability for the freedom of defects of title in the products we supply. We guarantee that the products supplied by us do not infringe third parties' industrial property rights or copyrights in the country of our company HQ (home country), unless otherwise agreed. We will not be liable inasmuch as the infringement of such property rights is based on instructions given by the contracting party or if the infringement is based on unauthorized changes of the product or if the product has been used by the contracting party for other purposes than those agreed in the contract.
2. The contracting party must inform us immediately when an infringement of industrial property rights is put forward by third parties. If this immediate information is not given, warranty claims will be excluded.
3. Section VIII. paragraph 13 applies accordingly with regard to the warranty period.
4. If justified claims are filed by third parties within the warranty period, we are entitled to choose at our cost to either procure utilisation rights for the respective delivery or to modify the shipment in such a way - taking the contractual use into consideration - that property rights are not breached, or to deliver comparable products that do not violate the intellectual property rights.
5. The contractual partner is excluded from asserting warranty claims if the contractual partner himself holds the negotiations with the third party or concludes agreements with said third party without our approval.

## **X. Compensation**

1. We assume liability for compensation of damages, irrespective of any legal basis, only if we, our legally appointed representative or auxiliary person (including subcontractors) have acted deliberately or grossly negligent; – if we have issued guarantees up to the contractual extent; guarantees must be made in writing and must be explicitly named as such; – in cases of death, harm to physical condition or health – in cases of other mandatory liability (e.g. product liability act, environmental liability act, and similar)
2. In cases of minor negligence, we assume liability, irrespective of any legal basis, only in cases of violation of fundamental contractual duties as long as Paragraph 1 is not applicable. For minor breaches of contractually substantial obligations, our damage compensation liability is limited to the replacement of typical, predictable damage, insofar as these conditions do not contain any further restrictions (see section V paragraph 4). The Customer is obliged to inform us in writing of exceptional risks, atypical contingencies and unusual amounts of damage prior to the execution of the contract. Liability for any other consequential damages, for lacking economic success, indirect damages and damages resulting from third parties' claims is excluded.
3. If the object of the purchase contract is only defined generically, liability will exclusively be subject to the above provisions. Liability for any damage compensation independent of faults is ruled out.
4. The aforementioned provisions apply respectively for claims for the compensation of futile expenses (§ 284 of the German Civil Code (BGB)).

## **XI. Other rights and obligations**

In the event of a violation of intellectual or protection of duty rights as stated in § 241 Paragraph 2 of the German Civil Code that is not directly related to the delivery of the goods, our Customer is only entitled to exercise his right to claim damages and rescind the contract if we have agreed an appropriate time period in advance in writing with respect to the breach of duty. If we, our representatives or assignees have acted wilfully or with gross negligence, or if injury to life, limb and health has been incurred, a notification will not be necessary.

## **XII. Intellectual property rights**

1. The Customer must ensure that third parties' protection rights are not infringed by the records, objects, etc. that have been handed over to us for the purpose of delivery or service. We will draw the Customer's attention to the third parties' rights of which we are aware. The Customer will release us from third parties' claims and reimburse us for any damages we suffer. If any third party prohibits us from providing our service, production or delivery under reference to a protection right it owns, we will be entitled – without checking the legal situation – to cease the work and to demand reimbursement for our expenses. Records, objects, documentation, etc. that have been handed over to us but did not result in an order being placed will be returned at request against

reimbursement of the costs. Otherwise we will be entitled to destroy such materials three months after submission of the offer.

2. We reserve the property rights and copyrights to all samples, models, drawings, quotations, calculations and similar information of material and immaterial kind – also those in electronic form. Such information will not be made available to third parties. If the contractual partner receives such information in connection with the initiation of contract-related negotiations, he will be obliged to return the information free of charge to us if the contract is not concluded. The contractual partner is obliged not to make available any information to third parties without our express consent, if it has expressly been described as confidential or is to be kept secret due to the existing circumstances.
3. Insofar as our products include software, the Customer has the non-exclusive right to use this software in unaltered form in the products supplied. Any individual contractual agreements concluded have priority here.

### **XIII. Final provisions**

1. All orders we issue are subject to German law.
2. The exclusive place of jurisdiction is Hamelin, Germany. We are, however, also authorised to take legal action against the Customer at his general place of jurisdiction or at the place of jurisdiction competent at his registered office.
3. The place of performance and payment for all obligations arising from the legal relationship between us and the Customer is Hamelin, Germany. Agreements in respect of cost bearing will not imply any change to the aforementioned place of fulfilment.
4. The data necessary for processing orders will be saved and stored centrally by us.