

Terms and Conditions of Purchase
of
Alfred Kärcher GmbH & Co. KG,
Alfred-Kärcher-Straße 28-40, 71364 Winnenden, Germany

as of December 2013

I. Validity

1. Our following Terms and Conditions of Purchase apply exclusively. We do not accept the supplier's terms and conditions of business unless we have expressly approved their validity in writing. Our Terms and Conditions of Purchase apply even if we accept deliveries without reservation with knowledge of conflicting terms and conditions of business of the supplier or of those which deviate from our Terms and Conditions of Purchase.
2. Our Terms and Conditions of Purchase apply to companies.

II. Conclusion of contract

Our orders are only binding if we have placed them in writing, by email or by fax. Verbal orders or verbal orders by phone as well as any additions or changes to an order are only valid if we confirm them in writing, by email or by fax.

III. Prices

The agreed prices are fixed prices inclusive of all incidental costs; in case of doubt, the price includes value added tax.

IV. Supplier's obligations

1. Delivery periods shall run from the date of our order.
2. If the supplier exceeds agreed delivery periods or delivery dates, we are entitled to demand 0.5% of the full net price calculated on the basis of the order for each full week of default up to a total of 5% of the net delivery value without any proof of damage being required from us. We reserve the right to prove that we have incurred a higher amount of damage. Section 286 (4) of the German Civil Code (BGB) is not affected. The right of the supplier to provide proof that no damage or a substantially smaller amount of damage occurred remains unaffected.
3. If it is not possible for the supplier to fulfil his contractual obligations on time or if he is unable to deliver in the agreed quality, he shall notify us immediately in writing, stating the reasons, and specify the expected delivery date and the deliverable quality. The supplier shall compensate any damage resulting from the breach of this obligation.
4. If the ordered goods have not yet been produced, we may demand changes to the construction and the design. The parties shall agree an adjustment of the supplier's remuneration should these changes lead to extra or reduced costs. If the parties are unable to come to an agreement, an expert as a third party shall determine the adjusted remuneration within the meaning of section 317 of the German Civil Code (BGB). If the parties fail to agree on the person of the expert, the president of the Chamber of Commerce and Industry for the Stuttgart region shall make a decision. The parties shall each bear half of the expert's costs.

5. The supplier shall undertake to comply with the Code of Conduct of the Business Social Compliance Initiative (BSCI) (www.bsci-eu.org). He shall in particular ensure that children and adolescents are employed only in accordance with the rules of the International Labour Organization (ILO), the United Nations (UN) and national law. He shall impose this obligation on his suppliers. In the event of contradictions between the Kärcher Code of Conduct and the BSCI the supplier shall always give the regulations of the BSCI priority.
6. The supplier shall also undertake to institute all the necessary measures on time so that the parts and/or devices supplied to us satisfy the requirements of the EU directives on waste electrical and electronic equipment (WEEE) and on banned substances (currently applicable version of RoHS 2, Directive 2011/65/EU) as well as the corresponding national provisions in the Member States of the European Union. In particular, this applies to the labelling of devices, the avoidance of banned substances and the provision of information for disposal companies. If changes need to be made to the parts and/or devices to be supplied in order to comply with the said legal standards, the supplier is obliged to obtain our written consent before making these changes. The supplier shall also observe Kärcher standard KÄN 050.032 "Constituent substances", which we provide as a download online (<https://web3.kaercher.com/lieferanten/>).
7. The supplier undertakes to comply with all the statutory requirements resulting from the EU regulations concerning protection against chemicals (REACH) (in particular, the registration, notification and authorisation duties). The supplier shall provide us with sufficient information as required pursuant to Art. 33 of Directive 1907/2006 EC (REACH Directive) for the safe use of the products pursuant to Art. 57 of the REACH Directive. If, as a consequence of REACH, any changes should ensue in the availability or use in accordance with the designated purpose of materials, components, groups of components, finished products or packaging or if action is required by us, the supplier shall notify us hereof without delay. The supplier shall also pass on the duties set out in this subsection to his suppliers. Should the supplier be responsible for any damage resulting from the breach of one of the duties set out in this subsection, he is obliged to in this respect indemnify us against claims for damages by third parties upon initial request and to compensate us for any damage we have incurred. The materials, components, groups of components, finished products or packaging shall not contain any substances of very high concern (SVHC) listed in the current REACH candidate list. If SVHC should be present in a concentration higher than 0.1%, the supplier shall notify us without delay.

V. Shipping

1. Shipment of the goods will take place DAP (INCOTERMS 2010) to the place stipulated in the order. Any returns of goods will be at the supplier's expense and risk.
2. We are entitled to refuse to accept shipments if proper shipping documents are not submitted to us on the day of delivery, especially if our order descriptions and numbers are not listed or not listed in full, without being in default of acceptance as a result. Costs incurred as a result of the refusal to accept shall be borne by the supplier. The shipping documents shall include a detailed delivery note with an exact description of the department that issued the order and the date of the order. In the case of express and urgent shipments as well as postal parcels a delivery note in a sealed envelope shall be enclosed with the goods.
3. Packaging of the goods shall be carried out at the supplier's expense. If, as an exception, we have agreed to bear the packaging costs, we shall bear them only in the amount of the cost price of the material.

VI. Invoicing, payment

1. For each delivery an invoice shall be submitted separately from the shipment of goods to our invoice verification department. The wording of the invoice must correspond to our order descriptions and it must contain our order numbers. The exact description of the department that issued the order and the date of the order must be quoted.
2. We make payments at our discretion after 21 days with the deduction of 3% cash discount or after 30 days with the deduction of 2% cash discount or after 60 days without deduction.
3. The terms of payment set out in subsection VI.2 commence upon receipt of the proper shipping documents (V.2.) or a proper verifiable invoice (VI. 1.) or upon delivery of the proper goods, depending on which date is later. Payments are deemed effected when the cheque is posted or when the amount is debited from one of our bank accounts.
4. Incorrect shipping documents or invoices as well as defective deliveries delay the course of the term of payment and may be returned by us at any time. In these cases, the term of payment shall not start to run until we have completed invoice verification or until receipt of the proper shipping documents or invoices or proper performance of the contract. The supplier shall take into account this commencement of the payment period in his evidence of our failure to pay.
5. We effect payment during the payment cycle following the due date, which takes place at least once a week at our discretion by cash payment, cheque payment, bank transfer or offset.
6. If the contract becomes void or is terminated or reversed for whatever reason, interest at 3 percentage points above the base rate will be paid on the payments we have effected regardless of any further claims. Foreign suppliers have to pay back the euro amount that we paid in euros, plus said interest, regardless of any changes to the exchange rate occurring in the meantime.

VII. Right of retention, offsetting, assignment

1. The assertion of a right of retention against our claims and the offset against counterclaims is only permitted if the counterclaims on which the right of retention is based or the offset counterclaims are undisputed or have been finally established in law.
2. The supplier may only assign his rights arising from this contract with our written consent; this does not apply to monetary claims within the meaning of section 354a of the German Commercial Code (HGB).

VIII. Guarantee, liability

1. The delivery item must provide the agreed performance and in terms of design and material conform to the latest state of technology, comply with the applicable accident prevention regulations and correspond to our order documents and the agreed quality. Furthermore, the delivery item must be suitable for the use presupposed in the order or order confirmation or otherwise for the usual application and have a quality that is customary for items of the same kind and which we can expect according to the type of delivery item.
2. The supplier shall be liable for ensuring that no rights of third parties (especially patents, utility models, design patents, copyrights or other rights) are infringed in connection with his delivery;

this does not apply if the supplier is not responsible for the infringement of the rights of a third party. This liability applies to all Member States of the European Union, other states party to the Agreement on the European Economic Area as well as Switzerland and the USA. For our part, we are not obliged to carry out investigations to ascertain whether any industrial property rights of third parties exist. If claims are made against us by a third party due to the infringement of such rights, for which the supplier is responsible, the supplier shall be obliged, when first requested, to indemnify us against all claims by third parties; this includes fending off impending claims and actions of third parties. The liability of the supplier also includes all damage, especially consequential damage, resulting from supply shortages and production disruptions and the reasonable costs of a necessary legal defence.

3. If the delivery item is defective, we may, at our discretion, demand the removal of the defect or delivery of a defect-free item. In accordance with the statutory requirements, we are entitled to withdraw from the contract, reduce the purchase price and demand compensation or reimbursement of expenses incurred in vain.
4. We are entitled, without giving prior notice to the supplier, to remove defects ourselves or have them removed at the supplier's expense if this is necessary in order to avert acute danger or to prevent substantial damage due to interruptions to our operations. This only applies if it is no longer possible, on account of such circumstances, to notify the supplier and set him a deadline for remedying the defect himself.
5. If the supplier is responsible for damage, particularly in the light of a concluded quality assurance agreement, he shall be obliged to indemnify us in this respect against claims for damages by third parties, when first requested, and furthermore to reimburse us in this respect for all the damage to the extent that the cause lies in his sphere of authority and organisation or the supplier is personally liable in any dealings with third parties. Section 5 of the Product Liability Law (ProdHG) and section 426 of the German Civil Code (BGB) apply accordingly. Within this framework, the supplier is also obliged to reimburse any expenses pursuant to sections 683 and 670 BGB arising from or in connection with a recall action that we carry out. We shall inform the supplier of the content and extent of any recall measure to be carried out, as far as this is possible and reasonable, and shall give him the opportunity to make a statement on this matter. The supplier shall undertake to maintain product liability insurance with an insured sum of at least EUR 1 million per personal injury claim/property claim. If we are entitled to any further compensation claims, they shall remain unaffected. The right of indemnity shall only be statute-barred once the claims asserted against us are also statute-barred.
6. The acceptance and/or payment of the delivered goods by us does not constitute the waiving of guarantee rights even if we are aware of the defect at the time of accepting and/or paying for the goods.
7. We shall examine the delivered goods for quality or quantity deviations within a reasonable period. The notification of defects is on time provided it is received by the supplier within 14 days from receipt of the goods. If a quality assurance agreement exists between us and the supplier, the provisions therein on the duty to examine and notify defects shall apply.
8. The limitation period for guarantee claims and the time limit for withdrawal and the right of reduction is 36 months and begins when the goods are delivered. Longer statutory notice periods remain unaffected. In case of replacement delivery or removal of defects the guarantee period for replaced and mended parts begins again unless we had to assume from the behaviour of the supplier that he did not feel committed to this action but carried out the replacement delivery and removal of defects only as a gesture of goodwill or for similar reasons.

IX. Work performed in our factories

Persons who perform work at one of our factories in fulfilment of the contract have to comply with the relevant statutory provisions as well as the respective Kärcher company regulations; in the event of violations we do not accept any liability for accidents occurring within our sphere of control, unless we caused the accident deliberately or through gross negligence. The existing regulations for entering and exiting our factories must be adhered to.

X. Drawings, models, tools

1. Drawings, models, tools, samples, work documents and the like that we make available to the supplier or pay for shall remain or become our property. Any necessary transfer of ownership shall be replaced by the supplier storing the items for us free of charge with the diligence of a prudent businessman.
2. The supplier may neither hand over for inspection nor otherwise make accessible nor duplicate the items specified in subsection 1 without our express written consent. This also applies to documents that we provide for printing orders. The items produced according to the documents may not be supplied to third parties without our express written consent.
3. After completion of the order the items shall be returned to us free of charge without a special request.

XI. Material provided, retention of title

1. Material that we provide for the execution of our orders shall remain our property. It shall be labelled as our property immediately after acceptance by the supplier and stored separately from identical or similar material. The material may only be utilised within the scope of the planned production and not in any other manner.
2. The supplier shall undertake to check the provided material for quality and quantity deviations upon receipt and to not process any defective material provided. If a quality assurance agreement exists between us and the supplier, it must be observed. We must be notified of any quality and quantity deviations immediately. The supplier shall be liable for damage which we incur due to the breach of these obligations. The right of the supplier to prove that he could not detect any quality or quantity deviations of the material provided or that we did not incur any damage remains unaffected.
3. The supplier shall assign to us the title to a new item created as a result of the processing of our material. When processing, combining or blending our material with another item the supplier shall assign to us the joint title to the new item in proportion to the value of our material compared with the value of the other material. The transfer of possession shall be replaced by the supplier storing the item for us free of charge with the diligence of a prudent businessman.
4. The supplier shall notify us immediately of a forthcoming or completed pledge or any another impairment of our rights.
5. The supplier is obliged to insure the material we provide against all the customary risks at his expense.

XII. Place of performance, place of jurisdiction, applicable law

1. The place of performance is the place at which the goods are to be delivered or the service is to be provided in line with our instructions. The place of payment is Winnenden.
2. If the supplier is a merchant, Stuttgart ("Stuttgart-Mitte") shall be agreed as the place of jurisdiction. However, we are also entitled to institute legal proceedings against the supplier at his registered office.
3. If the supplier does not have his place of business in Germany, the United Nations Convention on the International Sales of Goods (CISG) applies even if the supplier's place of business is not located in a state party to the CISG. In addition thereto German law applies exclusively to the exclusion of the incorporation of terms of foreign law in German private international law.

XIII. UN Convention on Contracts for the International Sale of Goods (CISG)

Whenever the United Nations Convention on the International Sales of Goods (CISG) is applied the following applies in addition to the provisions above:

1. Instead of subsection IV.2. clause 2 the following provision applies:
Art. 79 CISG remains unaffected.
2. Instead of subsection VIII.3. the following provision applies:
If the delivery item is not in accordance with the contract, we may at our discretion demand a replacement delivery or rectification of the defects. Instead, we have the right to reduce the purchase price pursuant to Art. 50 CISG. Furthermore, we have the right to demand cancellation of the contract; if the breach of contract is significant, no grace period pursuant to Art. 47 (1) CISG need be set. If we demand rectification of the defects and it fails, we are nevertheless entitled to cancel the contract, demand a proportionate reduction in the purchase price or receive a replacement delivery. In addition to the aforementioned legal remedies we may also demand compensation. We do not lose the right to demand compensation by exercising other legal remedies.
3. Instead of subsection VIII.7. the following provision applies:
We shall examine the delivered goods for quality or quantity deviations within a reasonable period. Notice of the non-conformity is on time provided the supplier receives it within 14 days after detection, but at the latest 2 years after handover of the goods to us. If a quality assurance agreement exists between us and the supplier, the provisions therein on the duty to examine and notify defects shall apply.