

**General Conditions of Purchase
of
FLABEG Brasil Ltda
Indaiatuba**

Version: December 2017

I. General, Scope

1. FLABEG's General Conditions of Purchase below shall apply exclusively for all deliveries and services to FLABEG. Other provisions, in particular the supplier's general terms and conditions, shall not apply, irrespective of whether or not such general terms and conditions have been expressly rejected by FLABEG. These General Conditions of Purchase shall also apply exclusively if FLABEG, having knowledge of other general terms and conditions, accept or effect a delivery or service without reservation.
2. Our General Conditions of Purchase shall apply exclusively to all future deliveries and services from suppliers; our General Conditions of Purchase are valid in their current version and may be obtained in www.flabeg.com.

II. Order and Conclusion of Contract

1. Unless FLABEG's order contains an express commitment period, FLABEG shall be bound by our order for the period of one week of the date of such order.
2. Changes or amendments to our order shall only be effective if confirmed in writing by FLABEG.
3. Drafts, calculations, design templates or other documents that have been made available by the supplier during the execution of the contract are free and non-binding.

III. Delivery, Transfer of Risk

1. Unless expressly agreed otherwise between FLABEG and the supplier, deliveries shall be made DDP (Incoterms 2010) to our premises or to another place of delivery specified by FLABEG. The risk of damage or average shall pass upon delivery of the goods at the place of delivery. Partial deliveries require FLABEG's prior written consent. Each delivery shall be accompanied by the delivery notes (in duplicate), indicating the order data, the precise description of the item and FLABEG's item number. Delivery notes may not contain prices and statements concerning terms.
2. FLABEG may request changes to the goods ordered regarding design, quality and quantity to the extent reasonable for the supplier. The impacts of such changes, in particular regarding higher or lower costs and the delivery date, will reasonably and amicably be regulated.

IV. Delivery Dates, Delivery Default

1. Agreed delivery dates shall be binding and shall be exactly observed. The date of delivery of the goods at our works or another place of delivery specified by us shall be controlling.
2. Our prior written consent is required for any deliveries made outside the normal business hours (working days 7.00 am - 2.30 pm). FLABEG shall be informed in writing when outgoing goods leave the supplier's premises or the point of dispatch.
3. FLABEG will not accept deliveries prior to the agreed delivery date. FLABEG reserves the right to return goods at the supplier's expense and risk. If goods are not returned, FLABEG will store them up to the agreed delivery date at the supplier's expense and risk.
4. If, irrespective of the reason therefore, the supplier is unable to meet a deadline, it shall promptly inform FLABEG of this inability stating the probable duration of the delay. In this case FLABEG may set the supplier a reasonable grace period for delivery.
5. In case of delivery default, FLABEG will be entitled to its statutory claims. FLABEG is in particular entitled, after fruitless expiry of a reasonable grace period, to claim damages in lieu of performance and to rescind the contract. If FLABEG chooses to claim damages, the supplier shall be entitled to prove that it is not responsible for the failure to comply with its duties.
6. In case of delivery default, FLABEG will be entitled to demand from the supplier a contractual penalty equal to 0.2% of the delivery value of the delayed delivery for each working day, but not exceeding a total of 5% of the delivery value. The right to claim compensation for the

damages caused remain unchanged. In this case, the contractual penalty shall be calculated also considering this compensation. In case of amicable changes to delivery dates, the contractual penalty also applies to the newly agreed delivery dates.

7. In case of continuing delivery default, substantial deterioration of the financial situation or insolvency of the supplier or, as the case may be, if there is a bankruptcy filing or bankruptcy grounds are met, we are entitled to rescind the contract and to refuse acceptance of goods and payment.

V. Prices, Invoices, and Payments

1. The prices indicated in the supplier's offer or in FLABEG's order are fixed prices for the delivery of the goods DDP - Delivery Duty Paid (Incoterms 2010) to our FLABEG's premises or to another place of delivery specified by FLABEG. The then current statutory value-added tax shall be included in the price.
2. Price increases, irrespective of the reason therefore, will only be acknowledged if these were previously accepted by us in writing.
3. Invoices shall be issued in duplicate, quoting our order data. Copies must be identified as such. Invoices may not be attached to any shipments of goods.
4. At FLABEG's discretion, payments shall be made within 14 days with a 3% discount or net no later than within 60 days after delivery and receipt of the invoice.
5. In case of default for remuneration claims the interest rate shall be of 1% (one percent) per month.
6. FLABEG shall have the right to set off and retain payments to the extent permitted by law. Set-off and exercise of a right of retention by the supplier due to contested counterclaims or counterclaims which are not definitive (that is, without an unappealable decision) are excluded.

VI. Inspection and Claims for Defects

1. Apparent defects shall be deemed to be on time if they are notified by us within thirty days of delivery of the goods. Apparent defects are external defects that can be clearly detected, such as damage occurred during the transportation, as well as obvious divergences in the identity or quantity of the goods. Furthermore, if the defect, by its nature, may be only known later, the term of law of procedural right to argue shall start from its knowledge, with a maximum term of 180 days.
2. FLABEG shall be entitled to the unrestricted statutory claims for defects. In case of serial defects (defects of the same type which occur in at least 5% of the goods delivered) FLABEG shall be entitled to reject the entire delivery as defective and to assert the statutory claims for defects in respect of the entire delivery.
3. The limitation period for claims for compensation for damages caused by defects shall be three years from delivery of the goods.
4. In case subsequent performance in the form of replacement, the limitation period shall restart from the moment of the replacement, as long as subsequent performance does not appear to be inferior in terms of volume, durability or costs, and as long as the supplier has not made the subsequent performance by mere liberality. The same applies to a subsequent improvement, provided that the its purpose was the correction of the same defect or the consequences of an unsuccessful improvement attempt.
5. If the supplier or a third party has given a guarantee (guarantee as to condition or durability) our claims under such guarantee shall remain fully in place.
6. Should the supplier fail to fulfil its legal obligation to make subsequent performance within a reasonable period as set by us, we shall be entitled to perform ourselves the required acts to rectify the defect at the supplier's expense, or to have such acts performed by third-parties at the supplier's expense. In case of special urgency, due to which it is not possible to inform the supplier of the defect and the imminent loss, and to set the supplier an, even brief, period to perform itself the acts required to rectify the defects, FLABEG shall be entitled to perform itself the acts required to rectify the defects at the supplier's expense, or to have the same performed by third-parties at the supplier's expense; FLABEG will inform the supplier thereof.

7. The supplier undertakes to bear all costs arising from the subsequent performance, specially the costs of transport, routes, workforce and materials, as well as installation and disassembly costs. The site in which the subsequent performance shall be made is the current site of the goods.

VII. Product Liability, Indemnity, Liability Insurance Coverage

1. In the event that claims are asserted against FLABEG for infringement of product liability laws and regulations for such defects in FLABEG's products that stem from the delivery of defective goods, the supplier shall hold FLABEG harmless against such claims to the extent that the damage caused originates from the sphere of responsibility or the organisation of the supplier, and the supplier itself is liable in the external relationship.
2. Within the scope of the supplier's liability as set out in Clause VII.1, the supplier shall likewise be obliged to reimburse FLABEG for any expenses, which FLABEG incurs in connection with any recall activities conducted by us, considering a limit of reasonableness, as well as other legal product safety measures. The same shall apply if one of FLABEG's customers is conducting a recall. We will inform the supplier - to the extent possible and reasonable - about the nature and scope of the recall activities or other legal product safety measures to be conducted and give the supplier an opportunity to comment. Any other statutory claims shall remain unaffected.
3. The supplier shall maintain product liability insurance coverage in the equivalent in Brazilian Reais of Euro 2.5 million per incidence of personal injury or damage to property - blanket coverage - and present proof thereof; further-reaching claims by us shall remain unaffected.

VIII. Industrial Property Rights, Licences

1. The supplier is responsible that in connection with its deliveries no third parties' rights be infringed, and shall hold FLABEG harmless against any claims by third parties. The supplier's indemnity includes any expenses FLABEG incurs and any damages FLABEG suffers due to or in connection with any claims by third parties.
2. The exclusive rights of exploitation and the intellectual property rights for any illustrations, drawings, product descriptions and data sheets are hereby transferred to FLABEG to the extent they have been generated or made on behalf of FLABEG. FLABEG shall have the exclusive right to the exploitation and use of such results. The supplier shall not be entitled to use such objects outside the scope of the order without our written consent. The supplier shall be entitled to keep them in custody until recalled. The supplier shall mark such objects in a way that our right of ownership is indicated also to third parties.

IX. Reservation of Title, Provision, Tools

1. If required by the supplier, the reservation of title shall only become part of the contract if it ceases at the time the price agreed for the delivered goods subject to reservation of title is paid and, therefore, if we are authorised to resell, develop and reprocess the goods in the ordinary course of business.
2. FLABEG reserves title in all items we provide the supplier with. Any processing or reworking by the supplier shall be performed for FLABEG. If the items to which FLABEG reserved title are processed together with other items which are not FLABEG's property, FLABEG shall acquire co-title in the new thing in the proportion of the value of our items to the other items processed at the time of such processing.
3. If the items FLABEG provided are inseparably commingled with other items which are not FLABEG's property, FLABEG shall acquire joint title in the new thing in the proportion of the value of the items to which we reserved title to the other commingled items at the time of commingling. If the commingling takes place in such a way that the thing of the supplier is considered to be the principal thing, it is hereby agreed the supplier transfers to FLABEG joint title in the new thing in the proportion of the value of FLABEG's items to the other commingled items; the supplier shall keep the sole title or co-title in custody for FLABEG.
4. FLABEG reserves title in any tools made on our behalf or provided by FLABEG. The supplier shall use such tools exclusively for the manufacture of the goods ordered by FLABEG, and shall identify them as FLABEG's property. The tools shall be returned upon termination of the contract for whatever reason.
5. The supplier shall maintain at its costs insurance coverage for FLABEG's tools against fire, water damage, and theft at replacement value. It shall carry out in due time and at its own costs, any necessary maintenance and inspections. Any incidents shall be promptly notified to FLABEG. If the supplier culpably fails to do so, damage claims remain unaffected.

X. Confidentiality

1. The supplier shall keep confidential all documents, information and data, including samples, drawings and calculations which FLABEG, orally or in writing, mark or designate as or presume to be 'confidential' and which are made available to it or of which it gains knowledge on the basis of the co-operation ("**Confidential Information**"). Confidential Information includes, in particular, any technological, commercial and similar knowledge about FLABEG's and its companies' processes and business methods, knowledge of data and other information relating to the financial situation and human resources management of FLABEG as well as any information on details of project handling. The supplier shall treat the Confidential Information in the same way as its own confidential information, but at least with the due care of a prudent businessman.
2. Any disclosure of Confidential Information to third parties requires FLABEG's prior written consent. Disclosure of Confidential Information to employees and agents is permitted only to the scope required for the performance of the obligations incumbent on the supplier towards FLABEG. The supplier shall also impose the confidentiality undertaking it has entered into on all persons or companies entrusted by the parties with Confidential Information or that, due to the agreement executed with FLABEG, become aware of them.
3. The foregoing obligations shall not apply to information (i) which had been known to the supplier before it received the same from FLABEG, (ii) which the supplier developed itself, independently, without recourse to or use of FLABEG's information, (iii) which the supplier lawfully obtained from third parties who, to the knowledge of the supplier, were not subject to any confidentiality undertaking vis-à-vis FLABEG and such third parties, in turn, did not acquire the information through the infringement of protective provisions in favour of FLABEG, (iv) which became known to the supplier without violation of these provisions or any other regulations on the protection of our business secrets or are or were publicly known, or (v) which the supplier must disclose based on statutory, official or judicial order. In the (v) case, the supplier shall inform us prior to the disclosure, and shall restrict as far as possible the scope of such disclosure.
4. Confidential Information shall remain FLABEG's property and may be neither copied nor reproduced without FLABEG's prior written consent unless this is imperative for the performance of the obligations incumbent on the supplier under the agreement executed with FLABEG.
5. This confidentiality obligation shall survive the termination of the cooperation with the supplier.

XI. Compliance, Security Information, Auditing

1. The supplier undertakes to comply with all applicable legal provisions, with any other applicable regulatory requirements, as well as judicial decisions and determinations from public bodies. The supplier undertakes to request on time all approvals, authorizations and licenses, especially those necessary for the sale and supply of the good.
2. The supplier guarantee that the goods will be in compliance with all applicable legal provisions, as well as the applicable regulatory requirements, judicial decisions and determinations from public bodies.
3. The supplier also guarantees that it will comply with the anti-corruption legal provisions, including (if applicable) the UK Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act (FCPA).
4. The supplier undertakes to observe and follow the ten principles of the UN Global Compact Initiative (www.unglobalcompact.org). The supplier is also obliged to observe and follow the General Safety Conditions of Flabeg GmbH & Co. KG Germany in deliveries or in the performance of other works in the premises of FLABEG or in another place of delivery by us.
5. The supplier undertakes to inform FLABEG in case it intends to hire subcontractors in the context of the commercial relations with FLABEG. The supplier shall have extreme caution when choosing its sub-suppliers. The supplier shall devote itself to the extreme so that said subcontractors comply with all applicable legal provisions, applicable regulatory requirements, judicial decisions and determinations from public bodies.
6. The supplier undertakes to make complete records on the performance of the contract and is obliged to keep them for the period stipulated in the relevant legal determinations, however, observing the minimum period of 6 years.
7. In the event of a request from FLABEG, the supplier shall inform it of its current ISO certificates and present copies of those certificates to FLABEG.
8. If FLABEG is sued by third parties, as a result of non-compliance with the obligations referred to above in this Clause XI, the supplier is obliged to release it from such claims. FLABEG may also terminate the contract and refuse to accept the good as well as deny its payment when there is a proven suspicion that the supplier breached or is likely to substantially breach the obligations referred to above in this Clause XI, or if all the permissions, authorizations and licenses have not been arranged, and provided that this fact is not the fault or responsibility of FLABEG.

9. The supplier undertakes to allow our access as well as the access of a third party contracted by us and subject to a non-disclosure obligation to its premises at normal working hours, and allow us to verify accounting books and records, in the way necessary to ensure the compliance with the requirements previously mentioned in Clause XI. FLABEG shall have the right to exercise the auditing right previously mentioned (i) immediately upon the occurrence of the proven suspicion that the supplier breached or will breach the obligations of Clause XI, or otherwise: (ii) with a prior notice of six weeks to the exercise of auditing right. Business' and company's secrets are excluded from the auditing right. Parts of the text that contain confidential business or company information may be marked in black so that they become unreadable before the documents are made available.

XII. Place of Jurisdiction, Governing Law

1. Exclusive place of jurisdiction for any claims arising from this contract shall be the place of general jurisdiction of FLABEG's head office. However, FLABEG shall be entitled to sue the supplier in the place of general jurisdiction of its head office.
2. The laws of the Federal Republic of Brazil shall apply. The application of the provisions on Contracts for the International Sales of Goods (CISG - Vienna UN Convention) shall be expressly excluded.

XIII. Final Provisions

1. Without FLABEG's prior written consent, the supplier shall not, in part or in whole, assign its rights and obligations. FLABEG may assign its rights and obligations.
2. Should any of the provisions of these general terms and conditions be invalid by any reason, the validity of the remaining provisions remains unaffected thereby.
3. The Portuguese version of these General Conditions of Purchase shall alone be controlling.