

WEIDMANN

CONDITIONS OF PURCHASE

Definitions:

In these General Conditions the following definitions apply:

'**Purchaser**': the user of these General Conditions, namely Weidmann Transformer Supplies B.V., with its registered office according to its Articles of Association in Wijchen (Ch. of Comm. no. 09168833);

'**Supplier**': the recipient of the order of Purchaser.

1 General provisions

The following Conditions of Purchase apply to all orders for goods and services of any type, which are placed by Purchaser with Supplier. Purchaser rejects the applicability of any general terms and conditions applied by the Supplier. The acceptance of deliveries or services or payment for the latter by the Purchaser does not mean consent to the terms and conditions of the Supplier. Insofar as special contracts, namely quality assurance agreements (QAA) have been agreed between the Purchaser and Supplier, the provisions of those contracts have priority. They are supplemented through these Conditions of Purchase to the extent that this is required for their interpretation. The Purchaser does not owe any remuneration for quotations submitted by the Supplier. If the latter deviate from the Purchaser's inquiry, express reference must be made to this.

2 Conclusion of the contract

Delivery contracts (framework agreements or orders and order confirmations) and delivery call-offs (based on a framework agreement) as well as their amendments and supplements require the written form. Delivery call-offs can also take place through remote data transmission. The order is to be confirmed in writing immediately by the Supplier. If the Supplier does not reject the order within 10 working days of receipt, then the order is considered to be confirmed. For framework contracts, the quantities and types to be delivered are to be notified by the Purchaser through separate call-offs. These call-offs are binding unless they are rejected by the Supplier within 3 calendar days of receipt (other provisions in the framework agreement remain reserved). Obvious erroneous orders or parts of the latter can be corrected by the Purchaser at any time by means of a written statement. The Purchaser is liable, if applicable, for breach of faith (negative interest in the performance of the contract). The items for delivery will be ordered in accordance with the quotation of the Supplier or in accordance with the specification of the Purchaser. The Supplier must examine whether the descriptions in the order are correct and whether the material satisfies the specific function he is familiar with. If the Supplier has concerns about the suitability of the material ordered for the use intended, the Purchaser must be informed immediately. The Supplier must not pass on order to a third party for performance without the consent of the Purchaser.

3 Prices

The agreed prices are always fixed prices, insofar as nothing to the contrary has been agreed. The value added tax is to be shown separately, insofar as it is incurred. If there are no special agreements, the agreed prices apply DDP premises Wijchen (INCOTERMS 2010).

4 Delivery date

Agreed dates and deadlines are binding and must be complied with exactly. The decisive factor for compliance with the deadline for deliveries of goods is the time when the Supplier provides the delivery in accordance with Section A4 of the applicable INCOTERMS. If it is evident that an agreed delivery date cannot be adhered to, then the Supplier is obliged to inform the Purchaser of this immediately and to indicate the expected duration of the delay in delivery. This does not change the binding nature of the deadline. The Purchaser is not obliged to accept partial deliveries or deliveries before the agreed date. If the Supplier suffers a delay, he owes the Purchaser a penalty for non-performance amounting to 1% of the total order value per started week of the delay, however no more than 5% of the total order value, notwithstanding the right of the Purchaser to receive compensation. In the event of a delay, the Purchaser is entitled to statutory claims. If the Purchaser is prevented from accepting deliveries or services as a result of force majeure as meant in Section 6:75 of the Dutch Civil Code, the date of acceptance will be postponed by the duration of the force majeure. If acceptance is not possible for more than six months owing to force majeure, the Purchaser is entitled to withdraw from the contract. In this case the Supplier is not entitled to claims for compensation.

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5 Delivery and service

The place of performance for deliveries or services is the location determined by the Purchaser; if there is no express indication, it is the premises of the Purchaser in Wijchen, Netherlands. Delivery is to be undertaken DDP premises in Wijchen (INCOTERMS 2010), insofar as no other agreements were made. A delivery note is to be included with every delivery. Apart from the usual information, this delivery note must indicate the exact description, the quantity delivered, the item number and if applicable the reference and order number of the Purchaser. If deliveries take place by train or freight forwarder, the above-mentioned data is also to be shown on all consignment notes and/or other paperwork accompanying the goods and customs documents. For deliveries of hazardous goods, the Supplier must ensure that the relevant regulations are satisfied until the goods arrive at their destination. All the products to be delivered are to be labelled with the relevant item number so that it is easily visible. Different legal concepts do not entitle the Supplier to interrupt performance.

6 Acceptance of the delivery or service

The Purchaser is not obliged to undertake a comprehensive quality control on receipt of the goods. He will examine incoming deliveries for obvious transport damage and check the identity and quantity of the goods and any defects in this respect are to be notified within 10 working days and transport damage immediately to the freight forwarder. The Purchaser will notify any defects which he discovers at a later quality check (generally random checks) within no more than 10 working days after detection. Other or supplementary regulations in the QAA remain reserved.

7 Warranty

The Supplier will assume a warranty of 24 months as of delivery for the use of best quality material, appropriate high quality workmanship, appropriate design and problem-free installation. In the event of the existence of defects, the Purchaser has the right at his discretion to request rectification, alteration or a price reduction, in appropriate cases also a replacement delivery free of charge with perfect materials. In urgent cases the Purchaser is entitled to arrange for a third party to replace and improve damaged parts and rectify damage that has occurred at the expense of the Supplier. In addition, the Purchaser has the statutory entitlement to compensation. Hidden defects are to be notified to the Supplier within 10 working days of their discovery.

8 Invoicing

Invoices are to be submitted to the Purchaser in duplicate and/or in accordance with the provisions mentioned in the order for every delivery or service. Every invoice must also show the exact description, the quantity delivered, the item number and if applicable the reference and order number of the Purchaser, in addition to the normal information. The duration of the payment period (also for a cash discount deduction) is interrupted if the processing of the invoices encounters difficulties because of the lack of this data.

9 Payment

Insofar as nothing to the contrary has been agreed, the Purchaser is permitted to pay the agreed price within a period of 45 days from receipt of the invoice. If he pays within 20 days, he can deduct a discount of 2% from the invoice total and if he pays within 10 days he can deduct a discount of 3%. Payment will be made using the method of payment selected by the Purchaser. Payment does not mean recognition of the delivery or the service as being in accordance with the contract or without any faults. Assignment or offsetting of claims on the part of the Supplier is expressly excluded. Assignment and offsetting with the written consent of the Purchaser remain reserved. If the Purchaser and Supplier have agreed an advance payment by the Purchaser, the Supplier will provide a bank guarantee from a Dutch bank for the corresponding amount when first requested to do so. This is to be scheduled up to 60 days after the delivery.

10 Industrial property rights and confidentiality

The Supplier grants the Purchaser an irrevocable and transferable right of use with regard to any and all industrial and intellectual property rights on the items and/or services provided by the Supplier. The Supplier assures the Purchaser that the items delivered by him do not infringe any Dutch or foreign industrial or intellectual property rights (patents, designs, trademarks, copyright etc.) and guarantees the full freedom and permission of their use and trade in Switzerland and abroad. In the event of a claim being asserted against him by a third party owing to an infringement of Dutch or foreign industrial property rights, the Supplier undertakes to release the Purchaser with regard to the items

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delivered from all claims and to compensate for the losses of the Purchaser. In the event that the Supplier is developing certain items on the instructions of the Purchaser, any industrial and intellectual property rights in this respect will exclusively accrue to the Purchaser. Insofar as necessary, the Supplier will at the first request cooperate with the transfer of the industrial and intellectual property rights to the Purchaser. The remuneration for this is included in the purchase price. Order documentation, drawings, models, samples, etc. which the Purchaser makes available to the Supplier to complete the order, remain the property of the Purchaser and must neither be passed on to a third party nor used by the Supplier for his own purposes without the written consent of the former. They are to be protected from unauthorised inspection or use. The Supplier undertakes to maintain confidentiality regarding the technical data as well as other commercial and technical information, which he becomes aware of through the business relationship with the Purchaser. Such knowledge must be used only in connection the implementation of orders for the Purchaser and be made accessible only to those employees whose involvement is required to implement the order. These employees are to be obliged to maintain confidentiality.

11 Tools / Equipment / Models

Any resources made available by the Purchaser on loan are to be handled with care and returned in a perfect condition without any discussion when the order has been completed. Use by a third party is forbidden. The items handed over are to be stored and maintained appropriately, and insured by the Supplier at his expense against any damage.

12 Material procurement by the Purchaser

Materials made available to the Supplier are and remain the property of the Purchaser. Such materials are to be stored in a clearly arranged manner and separately from other materials as the property of the Purchaser, insured adequately against fire, water, theft and disasters at the expense of the Supplier and must be used only appropriately. The Supplier waives in advance any rights of retention which the Supplier could invoke against the Purchaser.

13 Contractual penalties

Agreed contractual penalties (penalties for non-performance) can be deducted by the Purchaser, insofar as they are due, from the amount invoiced by the Supplier or offset against the accounts receivable of the Supplier.

14 Partial invalidity

Should individual provisions of these Conditions of Purchase be or become ineffective in full or in part, the remaining provisions will remain in effect. The provision that is ineffective in full or in part is to be replaced in this case by a valid provision, which is as close as possible to the economic purpose of the ineffective provision.

15 Agreement for data processing

The Supplier declares that he is in agreement that the data relating to his company can be saved and processed further, insofar as this is necessary for completion of the order.

16 Dissolution

The Purchaser is entitled to dissolve a contract with the Supplier without a notice of default being required, if: - the Supplier does not, not properly or not within due time fulfil any obligation arising for him from the contract(s) or the Purchaser has valid reasons to fear that the Supplier will not fulfil its obligations; - the Supplier has been declared bankrupt or its bankruptcy has been applied for; - the Supplier has been granted a moratorium or its moratorium has been applied for. In the event of dissolution of the contract pursuant to the previous subclause the Purchaser will not owe any compensation to the Supplier. The Purchaser retains the right to claim compensation from the Supplier in the event of dissolution pursuant to the previous subclause.

17 Disputes and applicable law

All disputes which might arise between the Purchaser and the Supplier are exclusively governed by Dutch law and will exclusively be settled by the District Court of Gelderland, situated in Arnhem. The applicability of the Vienna Sales Convention is excluded.

Wijchen, August 2016