

Conditions of Purchase of Allied Vision Technologies GmbH as of 12-Sept-2011

I. General

1. The Conditions of Purchase of Allied Vision Technologies GmbH (hereinafter referred to as "AVT") shall apply exclusively; terms and conditions of business partners of AVT, sellers and suppliers (hereinafter: "Suppliers") contrary to or deviating from these Conditions of Purchase are not recognized, unless AVT explicitly gave its written consent.
2. The Conditions of Purchase of AVT also apply, in case the delivery of the supplier is accepted by AVT without reservation even when terms and conditions contrary to or deviating from the Conditions of Purchase are known.
3. The Conditions of Purchase in their current version also apply to future offers and contracts of delivery and service with the same suppliers, without the need for AVT to refer to them in each case.
4. Individually arranged agreements with the seller regarding a specific case (including collateral agreements, supplements and amendments) have priority over these Conditions of Purchase. The content of such agreements shall be determined by a written contract or a confirmation from AVT in text form.
5. The Conditions of Purchase only apply if the Supplier is an entrepreneur (§ 14 BGB), a legal entity under public law or a special fund under public law.

II. Offer

1. In the offer the supplier is obliged to adhere precisely to the inquiry by AVT and is obliged to refer clearly to any possible deviations. Should the supplier be able to offer a technically or economically more beneficial solution regarding the technical request, he will make the appropriate offer to AVT.
2. Offers by the Supplier are free of charge, even when they are made following to a request by AVT and do not justify an obligation on the part of AVT to conclude a contract.

III. Framework Agreements

1. Should AVT have concluded a framework agreement with the Supplier regarding the delivery of objects or the rendering of services, AVT is not obliged to satisfy its need for the contractual products or services continuously or exclusively with the Supplier, unless otherwise agreed in this framework agreement. Order volumes or ordering quantities mentioned in the framework agreement do not represent minimum ordering quantities and do not justify any purchase obligation for AVT, unless otherwise agreed in this framework agreement.
2. Should the framework agreement include order volumes or ordering quantities, AVT will be informed by the Supplier as soon as 80% of the ordering volume has been reached. On request of AVT, the Supplier will increase the order volume or ordering quantities insofar as this is technically possible and reasonable.
3. Within the scope of framework agreements, AVT reserves the right to make changes and cancellations of individual orders. In doing so, AVT will not be charged by the Supplier. The Supplier may contradict the change or cancellation provided that the change or cancellation is unacceptable for him.

IV. Order, Conclusion of Contract

1. Orders and agreements are only binding if they are made or confirmed by AVT in text form.
2. The Materials Management Department of AVT has the sole right to make or confirm orders. Agreements with other AVT employees require a confirmation in text form by the Materials Management Department, unless they are entitled to represent AVT on the basis of an authorization in written form or a representative authority specified in the Commercial Register.
3. The seller is obliged to confirm the order by AVT in written form within an appropriate time period but at the latest within 14 days (acceptance). The date at which AVT receives the declaration of acceptance shall determine whether the acceptance occurred on time. A late acceptance is considered as a new offer and requires the acceptance of AVT.
4. Order releases within the framework of an order and order release planning become binding if the supplier does not object within three working days of receipt thereof.
5. In all confirmations of order, delivery papers and invoices, the order number, the article number, the delivery quantity and the delivery address of AVT have to be indicated. If the information is incomplete what leads to a processing delay within the framework of the day-to-day business of AVT, the payment terms according to Sec. IV Para. 3 are extended by the period of delay.

V. Prices and Terms of Payment

1. The price indicated in the order is binding. Unless otherwise indicated all prices include VAT. If no prices are stated in the order, the current list prices shall apply with the customary deductions of the supplier.
2. Unless otherwise agreed in an individual case, the prices include all services and additional services (e.g. assembly,

mounting) as well as all additional costs (e.g. proper packaging, transport costs including a transport and liability insurance, where applicable). Notwithstanding the aforesaid, the Supplier shall be obliged to indicate the transport costs separately.

3. The agreed price is due for payment within 60 calendar days upon completion of delivery or service (including the agreed acceptance, where applicable) and receipt of a proper invoice. Should AVT pay within 14 days, the Supplier grants a discount of 2% on the net amount of the invoice.
4. The payment term begins upon the complete delivery of the delivery item including the agreed evidences and documents as well as the proper, that is to say, accurate, complete and verifiable invoice. Upon the receipt of a delivery from the Supplier prior to the agreed delivery date, the payment due date is determined by the agreed delivery date. In case of complaints, AVT is entitled to postpone the payment of the invoice with the appropriate amount until full clarification and to deduct a discount even after this period of time.
5. Payment does not indicate acceptance of the delivery item in accordance with the contract.

VI. Delivery time, Delay in delivery

1. The agreed delivery dates and deadlines are binding and must therefore be complied with by the Supplier. The delivery deadlines shall begin to apply from the order date. Compliance with the delivery deadline or delivery period is determined by the date of receipt of the goods at the place of delivery or the place of use defined by AVT or, insofar as an acceptance of the goods has been agreed to be necessary, the timeliness of the successful acceptance. An early delivery is not permitted.
2. The Supplier has to inform AVT immediately in written form if he is unable to satisfy his contractual duties regarding the delivery times - irrespective of the cause of the delay - by stating the reasons and the expected duration of the delay. The obligation to comply with the agreed delivery dates is not affected by this.
3. If the Supplier does not perform or does not perform within the agreed delivery period or if he is in default, the rights of AVT, especially concerning revocation and damages shall be determined in accordance with legal requirements. The provisions under Para. 4 remain unaffected.
4. In case the Supplier is in default, AVT reserves the right, irrespective of further damages, to demand a contractual penalty of 0.5% on the net order value of the delayed goods for each beginning week, but at the most 5% of the order value of the delayed goods. The reservation of the contractual penalty according to § 341 BGB can still be exercised by AVT until the final payment of the underlying order. The contractual penalty is to be added to the damages caused by delay to be compensated by the supplier.
5. AVT has the right to partly or completely cancel the concerned deliveries at no charge, provided that AVT cannot use the deliveries anymore due to the delay.

VII. Delivery, Passing of risk

1. In accordance with the location indicated in the order shipping is performed free to the place of delivery within Germany. If the destination is not specified and unless otherwise agreed, the delivery is to be made to the AVT Head Office in Stadtroda. The place of destination is also the place of performance unless otherwise agreed.
2. The Supplier is not entitled to make partial deliveries without the prior written consent of AVT.
3. The delivery items have to come with a delivery note upon delivery. All shipping documents have to include the order number and the complete information stated under Sec. IV Para. 5.
4. The Supplier shall pack, mark and ship hazardous products according to the relevant national and international regulations.
5. Until the delivery of the delivery item to AVT or the recipient designated by AVT, the Supplier bears the risk of deterioration or accidental loss. Insofar as an acceptance procedure was agreed, the risk will be transferred upon such acceptance. Incidentally, the legal regulations applicable to contracts for services shall apply mutatis mutandis for acceptances.
6. If it was agreed that the shipping costs are to be borne by AVT, the Supplier is obliged to use the shipment service provider determined by AVT. If this should not be possible, the Supplier must choose the most cheapest transport solution.

VIII. Quality Assurance, Assessment

1. The supplier must constantly orientate the quality of his products to state-of-the-art technology and inform AVT of improvements and any technical optimization and changes.
2. The Supplier is obliged to install and maintain a quality assurance system according to the current state-of-the-art technol-

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ogy. He generates controlled records and documents, particularly on quality inspections, and provides them to AVT on request.

3. In consideration of the exception below AVT is entitled to subject the Supplier to quality audits at regular intervals to ensure that the Supplier is performing the delivery according to the contract. To this end AVT is entitled to participate in quality audits of the Supplier and to carry them out independently. AVT is entitled to demand that quality audits shall be performed in the presence of AVT's customers. However, the number of audits is limited to one quality audit per calendar year. In case of quality problems that fall under the area of responsibility of the Supplier, AVT is entitled to carry out quality audits more frequently to an appropriate extent. In case of the assignment of subcontractors, the Supplier is obliged to ensure that the subcontractor grants AVT the same right to collect information and to carry out audits to the aforementioned extent. The audits do not release the Supplier from Guarantee and Liability.
4. AVT and the Supplier each bear the material and personnel costs of the audit incurring in their particular case. If the object of examination cannot be audited at an agreed inspection date, all costs are borne by the Supplier, insofar as he is made responsible for this delay. If further or repeated audits are necessary due to defects, the Supplier bears all incurring costs.

IX. Warranty, Requirement to give notice of defects, Property rights

1. The Supplier warrants that the delivery item is free from material and legal defects and complies with the terms indicated in the order, the approved samples of AVT, the generally accepted technical standards, the valid legal and regulatory regulations (e.g. DIN standards, EU standards and especially the Electrical Act, ROHS, CE conformity, environmental regulations, substance restrictions), the appropriate safety specifications and rules and the safety and accident prevention regulations.
2. Provided that the deliveries are defective, AVT is entitled to demand damages and claims for defects without restrictions.
3. In view of the commercial duty to examine and the requirement to give notice of defects (§§ 377, 381 HGB), the duty to examine on the part of AVT is limited to defects that are revealed at the goods inwards inspection limited to an external inspection including the inspection of delivery papers or that are revealed at an inspection by taking samples (e.g. transport damages, mistaken and short delivery). The requirement to give notice of defects on the part of AVT remains unaffected. The complaint is considered to have been made on time if it is submitted within two weeks. In case of obvious quality and quantity deviations, the time limit begins upon the realization of the delivery or service to AVT and in case of hidden quality and quantity deviations upon its discovery.
4. In case of claims for defects that are justified, the Supplier bears all incurring costs for the remediation of the defect (esp. transport costs, infrastructure costs, labor costs, material costs).
5. If the Supplier should fail to meet his obligation to cure, at the option of AVT through the remediation of the defect (remediation) or supply of an object free of defects (replacement), within an appropriate time period determined by AVT, AVT has the right to remedy the defect independently and to demand the reimbursement of the expenses necessary for this purpose or an appropriate advance payment. In case the cure by the Supplier has failed or is unacceptable (e.g. due to particular urgency, threat to operational safety or the possible occurrence of excessive damage) there is no need to set a time limit; the Supplier is to be informed as soon as possible.
6. The Supplier is responsible for ensuring that the use of delivery and service according to the contract does not infringe the property rights of third parties. Should a third party make a claim on AVT due to an alleged infringement of property rights, the Supplier shall be obligated upon first written request by AVT, to release AVT from these claims from third parties, unless he cannot be made responsible for this infringement of property rights.

X. Statutory limitation

1. Claims for defects are statute-barred after thirty-six months, unless the contracting parties have agreed upon a different limitation period or the statutory limitation is longer. The statutory limitation begins upon the passing of risk (Delivery or acceptance, as the case may be).
2. Upon receipt of the defect notification in text form from AVT by the Supplier, the statutory limitation of warranty claims is suspended. In case of remediation and replacement, the warranty period for remedied and replaced parts shall restart, unless AVT must assume that the Supplier did not feel obliged to undertake this measure judging from his behavior, but

merely performed the replacement delivery or remediation of defects as a gesture of goodwill or similar reasons.

XI. Product liability, Insurance

1. In case the Supplier is responsible for a product defect, the latter is obliged to release AVT from claims from third parties insofar as the Supplier or his subcontractor caused the product defect that triggered the liability. The Supplier is obliged to reimburse AVT for all expenses incurred as a result of or linked to claims filed by third parties including product recalls performed by AVT. As far as possible and reasonable, AVT will notify the Supplier of the content and extent of the recall action and shall give him the opportunity to comment. Further legal claims shall remain unaffected.
2. The Supplier is obliged to effect and maintain a product liability insurance with an overall coverage of at least EUR 2,500,000.00 for each personal injury or material damage.

XII. Documents, Confidentiality

1. AVT retains title or copyrights on all purchase orders as well as plans, formulas, drawings, calculations, descriptions and other documents. Should the Supplier create documents according to the specifications of AVT, then AVT is entitled to the ownership and copyright. Provided that the Supplier is initially entitled to the ownership and copyright of such documents, the Supplier will transfer the ownership and rights of use to AVT, as far as this is possible, and will store the documents for AVT at no charge. AVT accepts the transfer of ownership and rights of use.
2. All information and documents stated according to Para. 1 above may not be used by the Supplier for other purposes, duplicated or made available to third parties. The obligation of secrecy only expires if and as soon as the know-how provided in the documents has become generally known.
3. On request of AVT, all documents stated according to Para. 1 above including all copies or duplicates are to be returned or destroyed, when they are not needed anymore by the Supplier for the fulfillment of the contracts concluded with AVT or if there is not going to be an order. Exceptions to this rule are only the storage within the framework of legal storage obligations as well as the storage of data for security purposes with the framework of common data protection.
4. A transfer of the aforementioned information and documents by the Supplier requires the explicit written consent of AVT. In any case, the Supplier is obliged to conclude a comparable non-disclosure agreement with the subcontractors corresponding to the way he is affected as described above.

XIII. Securing of ownership

1. Provided materials and goods, as far as they are not processed, mixed or inseparably connected with other objects, shall remain in the ownership of AVT, shall be stored separately by the contractor and shall only be used for the order of AVT.
2. The combination, intermixture and processing of provided materials is performed for AVT. In any case, AVT becomes the owner of newly produced objects. If third parties retain the right of ownership in case of combination, intermixture and processing, AVT obtains co-ownership in relation to the value of the materials provided by AVT to the other objects.
3. Forms, tools, reproductions, plans, samples and the like (hereinafter "**Tools**"), which were produced at the costs of AVT or handed over to the Supplier by AVT, shall be transferred to or remain in the ownership of AVT at the time of production. They are to be recognizably designated as the ownership of AVT, carefully maintained, insured against all types of damages and used only for contractual purposes. The costs for maintenance and repair are split equally between the contracting parties, for lack of another agreement. Upon request, the Supplier is obliged to hand over the tools to AVT in a proper state, provided he does not need them anymore for the fulfillment of the contracts concluded with AVT.
4. The Supplier is liable for damages or the loss of provided materials and tools. All provided materials and tools are to be sufficiently insured by the Supplier through liability insurance. The Supplier will immediately inform AVT about all damages made to these objects.
5. The transfer of ownership in the goods delivered by the Supplier to AVT takes place unconditionally and regardless of the payment of the price. A retention of title possibly declared effective by the Supplier only applies until the goods delivered to AVT have been paid for and only for these.

XIV. Advertisement

The Supplier may mention the existing business relationship only with the prior written agreement of AVT.

XV. Transfer of rights and obligations, Retention, Set-off

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1. Only with the prior written agreement of AVT, the Supplier is entitled to the transfer of his rights and obligations as well as the assignment of claims against AVT. AVT will not unreasonably withhold the consent. § 354a HGB remains unaffected.
2. AVT shall be entitled to set-off, to exercise the right of retention as well as the defense of unperformed contract. The Supplier is entitled to set-off and to exercise the right of retention only in case that the respective claims or receivables are undisputed or established as final by a court of law.

XVI. Termination of Contract

1. Each party may terminate a contract without notice in the case of a compelling reason. A compelling reason in particular is given if insolvency proceedings are initiated for the assets of one contracting party, if such a proceeding was opened or rejected due to lack of assets.
2. Beyond that, AVT is entitled to revoke the contract or terminate future already agreed deliveries, in case similar delivery items were completely defective or showed significant defects in two sequential deliveries, unless the Supplier can prove that through incorporating a change in his business operations, especially the establishment of a quality assurance system, such defects can be prevented in the future.
3. Further legal or contractual claims of revocation from the contract shall remain unaffected.

XVII. Compliance, Human rights, Work safety and environmental protection

1. The Supplier is obliged to refrain from all actions that can lead to criminal liability of persons or other third parties employed by the Supplier due to fraud or disloyalty, insolvency offenses, offenses against competitors, granting of benefits or corruption. The Supplier is obliged to comply with all laws and regulations concerning him and the business relationship with AVT (Compliance). Actions of persons working for the Supplier are attributed to the Supplier if these persons become active within the area of responsibility of the Supplier.
2. In his environment, the Supplier is obliged to work towards securing human rights, social standards according to Para. 3 and the respect for the environment and to refrain from measures that contradict these objectives and to prevent them if possible. The Supplier will immediately and without further prompting report any infringements of the above regulations, also on the part of its suppliers, to AVT.
3. The Supplier will strive to achieve humane working conditions through an appropriate limitation of working hours, compliance with minimum wages, health protection and will refrain from infringements hereof (social standards). The seller will especially take measures against child and forced labor.
4. The Supplier is obliged to comply with the legal requirements on the protection of the environment and take measures for protecting the environment. The Supplier is obliged to introduce an environmental management system. Each delivery has to be carried out by means of a product-specific packaging in consideration of relevant environmental standards. In this respect, an environmentally friendly packaging form and the use of reusable packaging (Euro pallet) is to be chosen.

XVIII. Applicable law and place of jurisdiction.

1. The contractual relationship is subject to the laws of the Federal Republic of Germany. The application of the UN Convention on Contracts for the International Sale of Goods (CISG) is excluded.
2. As far as the customer is a merchant according to the German Commercial Code, a legal entity under public law or a special fund under public law, the place of jurisdiction for all rights and obligations of the contracting parties resulting from business deals of any kind is Jena (Federal Republic of Germany). However, AVT is also entitled to bring action against the Supplier with the competent court that has general jurisdiction over the Supplier.

Stadtroda 09/2011