

Version 09/2016

General Terms and Conditions for Supply and Development Agreements

(Only German version is binding)

The following conditions are relevant for supply and development agreements as well as for other agreements for services concerning work done by IZT concluded with persons acting at the conclusion of the agreement in the course of their commercial or autonomous professional activity (enterprises) as well as corporate bodies or special funds under public law.

1. Relevant Provisions; Written Form and Limited Powers of Employees

- 1.1. IZT's deliveries, services and offers shall exclusively take place on the basis of these conditions. Adverse or divergent conditions of the customer will not be recognised unless IZT agreed to their validity expressly in writing. These General Terms and Conditions apply when IZT carries out deliveries and services without any reservation to the customer despite its knowledge of adverse or divergent conditions of the customer.
- 1.2. The General Terms and Conditions for Supply and Development Agreements also apply to all future business with the customer.
- 1.3. Any amendments or supplementary additions to these terms as well regarding contracts or other agreements between IZT and the customer need to be set out in writing as far as they are agreed with persons who are not authorised employees of IZT.

2. Offers and conclusion of the contract

- 2.1. IZT's offers are subject to alteration and not binding unless expressly designated as binding in writing. They are only an invitation to the customer to place an order with IZT.
- 2.2. The customer's order is a binding offer. IZT has the right to accept this offer within two weeks from its submission. Acceptance is given via written order confirmation, invoicing or carrying out of the delivery or the service.
- 2.3. IZT retains ownership of and the proprietary rights to the bid documentation. Third parties may only have access to the bid documentation with the

prior written consent of IZT.

3. Scope of Work and Condition of the Goods

- 3.1. In the case of sales contracts, the goods owing are of medium type and quality, where IZT's situation and the medium type and quality of its goods are taken as a reference. Unless otherwise agreed, the goods' characteristics can be taken from the product description.
- 3.2. In the case of development agreements, the order confirmation or a binding offer describes the type of problem regarding the specific application, the contents and scope of the work, the processing period as well as the development target.

4. Prices and Terms of Payment

- 4.1. Unless otherwise agreed, all prices are "ex works" (in compliance with INCOTERMS as amended from time to time) without VAT, transport, insurance, customs and other duties. In case of series products (up to € 50 net) shipped in standard packaging, the price includes packaging costs. For the rest, the packaging is calculated separately. The above arrangement shall also apply when delivery "FCA IZT registered office" has been agreed.
- 4.2. In the case of development agreements, the remuneration is a fixed price unless invoicing is expressly effected based on efforts made with an upper cost limit. IZT shall inform the customer immediately when it becomes clear that the development result cannot be achieved within the agreed remuneration. The parties shall then agree to a settlement consensually.
- 4.3. The legal value added tax (VAT) is not included in the prices. It will be shown separately in the invoice in the legal amount on the date of the invoice. In case of deliveries and services within the European Union the customer must inform IZT in time before the agreed delivery date about his tax ID number to prove his VAT exemption; otherwise IZT is entitled to invoice the applicable turnover tax.
- 4.4. Unless the order confirmation indicates something else, the price is due for payment net (without deduction) within 30 days from the invoice date. The deduction of a cash discount requires a separate written agreement.

- 4.5 IZT is entitled to demand an irrevocable letter of credit corresponding to the current ERA from a major bank or a savings bank under public law located in the European Union of the customer as security for the payment of the agreed price. The letter of credit must also permit payments for part deliveries. The costs of the letter of credit must be borne by the customer.
- 4.6 The legal provisions regarding delay in payment apply.
- 4.7 IZT has the right to count payments of the customer against older debts of the latter unless the customer presents comprehensible reasons for another repayment regulation.
- 4.8 IZT has the right to rescind the contract and claim damages under the requirements of Sect. 321, BGBBGB = German civil code, when the solvency of the customer is visibly declining upon conclusion of the contract jeopardising its right to counter-performance. This applies in particular when an application for commencement of insolvency proceedings has been filed.
- 4.9 The customer may only offset against claims of IZT if the customer's claim is uncontested, recognised or established and legally valid. The customer has a right of retention only insofar as his counterclaim is based on the same contractual relationship.
- 5. Time of Delivery and Work, Delay, Part Deliveries**
- 5.1 The deadlines and periods indicated by IZT are not binding unless expressly designated as binding.
- 5.2 The observance of binding deadlines and periods requires that all documents to be supplied by the customer or other services are furnished on time and properly. Delivery periods are deemed observed when IZT has repaired the goods or made them available for collection by the customer or his representative within the agreed period.
- 5.3 Should IZT realise that the planned processing period for development agreements is not sufficient, it shall submit written modification proposals to the customer as a basis for a prolongation of the processing period by mutual consent indicating the reasons.
- 5.4 Delays in delivery and work due to force majeure according to Art. 11.2. or other events for which IZT is not responsible, prolong the agreed periods commensurately. IZT shall inform the customer about such events immediately.
- 5.5 Should IZT be in default, the customer may – if he

proves to have incurred damage – request compensation for every completed week of default within a global compensation for damage resulting from delay totalling 0.5 %, altogether no more than 5 % of the value of that part of the total delivery which cannot be used in time or in accordance with the contract due to the default. Regarding the assertion of further claims for damage, the limitations of liability under Art. 10 apply.

- 5.6 In the case of delay in work, the customer may only rescind for the purpose of the legal provisions as far as IZT is responsible for the delay. Upon the request of IZT, the customer is obliged to declare within a reasonable period of time whether he rescinds the contract due to the delay or insists on its performance.
- 5.7 Part deliveries are admissible as far as reasonable for the customer.

6. Passing of Risks

The risk of damage and loss passes to the customer if the INCOTERMS "ex works" have been agreed as soon as IZT has informed the customer that the goods are ready to be picked up at the business premises. If the INCOTERMS "FCA" have been agreed, the risk of damage and loss passes to the customer as soon as IZT hands over the goods at the location designated to the forwarding agent commissioned by the customer.

7. Title to the Development Result

- 7.1 Depending on the type of problem, the customer obtains a non-exclusive usufruct of the results, proprietary rights and applications for proprietary rights emerging from the development.
- 7.2 In addition, the customer obtains a non-exclusive usufruct of the results protected by copyright and the expertise emerging from the carrying out of the order.
- 7.3 If already existing copyrights and proprietary rights from IZT are used, and if these are necessary for the exploitation of the development result by the customer, the customer will obtain a non-exclusive usufruct.
- 7.4 Exclusive usufructs are only granted upon separate written agreement.

8. Warranty of Merchantable Quality

- 8.1 The customer's rights regarding defects of the supplied goods require the customer to examine the goods immediately after delivery by IZT as far as practical in compliance with the proper course of business and give notice to IZT immediately should

a defect show.

As far as defects are visible upon delivery, they shall be asserted with regard to IZT immediately in writing, however, not later than 14 days upon receipt of the goods by the customer. If the customer fails to give notice, the goods are deemed to have been accepted unless there is a defect that was not visible during the examination.

Defects which are not visible upon delivery shall be notified immediately upon their visibility; otherwise the goods are deemed to be accepted even in consideration of this defect.

In order to safeguard the customer's rights, it is sufficient to dispatch the notice in time.

If IZT concealed the defect maliciously, it cannot invoke these provisions.

- 8.2. In as far as there is a defect of the goods or the work performed, IZT is obliged, at its discretion, to subsequent performance in the form of correction or delivery of a new object free of defects or provision of performance free of defects. Any further warranty rights to subsequent performance, price reduction, rescission or claim for damages are excluded unless the subsequent performance does not take place despite the grant of a reasonable respite, has failed, has been seriously and definitely refused by IZT or is unreasonable for the customer, or there are particular circumstances justifying the immediate assertion of a claim when weighing the reciprocal interests (sections 281 (2), 323 (2) BGB). Art. 10 applies to any claims for damage.
- 8.3. In the case of correction, IZT bears all expenses essential for the correction, in particular transport, travelling, work and material costs as far as these are not increased by the fact that the object has been taken to another place different to the customer's main offices or the agreed place of delivery/work unless the transfer is in accordance with the intended use.
- 8.4. There are no warranty rights in the case of minor deviations from the agreed condition and minor impairment of the usability.
- 8.5. Details and agreements regarding the condition do not represent any guarantee unless expressly agreed in writing. Any possibly agreed guarantee is given on the provision that the legal consequences described under Art. 8 shall finally apply in the event of guarantee.
- 8.6. Warranty rights and claims for defects lapse after 12 months from the start of the statutory limitation

period. This does not apply in the case of injury to life, body or health, in the case of gross negligence or intentional breach of duty or malicious concealing of a defect. The statutory rules about the limitation of defects of a structure or of goods, used according to their usual manner and caused the defects of a structure, as well as the legal provisions regarding the lapse of claims under a right of recourse (section 479 BGB), tolling, interruption and re-commencement of the time periods remain unaffected.

- 8.7. The customer has claims under a right of recourse under sections 478, 479 BGB, against IZT only insofar as the customer did not make any agreements with his purchaser going beyond the legal warranty claims. Art. 8.3 applies mutatis mutandis regarding the extent of claims under a right of recourse of the customer against IZT under section 478 (2) BGB. The customer shall notify IZT immediately if his purchasers assert warranty claims which the customer cannot satisfy himself by subsequent performance so that IZT can make available the corresponding goods or reworked tasks. If the notification is omitted and the subsequent performance in the relations between the customer and his purchaser consequently fails, the customer can nevertheless only proceed by way of recourse in accordance with the provision under Art. 8.2.

9. Warranty of Title

- 9.1. Unless otherwise agreed, IZT is obliged to perform the delivery free of industrial property rights and copyrights (hereinafter: proprietary rights) only in the country of the place of delivery. Should a third party raise justified claims against the customer for the infringement of proprietary rights by deliveries/services performed by IZT, used as stipulated in the agreement, IZT will be liable to the customer within the period defined under Art. 8.6 as follows:
 - 9.1.1. IZT shall, at its discretion and cost, obtain a usufruct for the deliveries/services in question, change them so that the proprietary right is not infringed or replace them. Should this not be possible for IZT to reasonable conditions, the customer will be entitled to the legal warranty rights.
 - 9.1.2. IZT's above-mentioned obligations only exist insofar as the customer informs IZT immediately in writing about the claims asserted by third parties, does not recognise an infringement and leaves all defensive measures and conciliation negotiations to IZT. Should the customer stop the use of the

delivery for reasons of minimising the loss or other good reasons, he is obliged to notify the third party that the stopping of the use does not involve any acknowledgement of having infringed the proprietary right.

- 9.2. Claims of the customer are excluded as far as he is responsible for the infringement of the proprietary right.
- 9.3. Claims by the customer are further excluded in as far as the infringement of the proprietary right is caused by specific requirements of the customer, by an application not to be expected by IZT or by the fact that the delivery has been modified by the customer or is used together with products not supplied by IZT.
- 9.4. Incidentally, in the case of infringements of the proprietary right, the provisions of Art. 8.2 apply mutatis mutandis for the claims by the customer settled under Art. 9.1.1.
- 9.5. In the case of other legal imperfections in title, the provisions of Art. 8 apply mutatis mutandis.
- 9.6. Further claims of the customer against IZT and its vicarious agents for legal imperfection in title or claims different from those laid down in these articles are excluded.
- 9.7. The above provisions do not involve a modification of the burden of proof to the disadvantage of the customer.

10. Liability and Claim for Damages

Unless a different liability regime has been agreed somewhere else in these terms, IZT is only obliged as follows to compensate damage incurred by the customer directly or indirectly due to default by IZT, faulty delivery/services or any other legal grounds to be ascribed to IZT:

- 10.1. In principle, liability for damage is only given if the fault of the damage caused lies with IZT or if IZT is responsible for breach of duty.
- 10.2. Liability for damage caused by any use of the delivery/services not in accordance with the requirements is excluded.
- 10.3. There are only claims for compensation for other damage than that from injury to life, body or health (regardless of Art. 10.4) if IZT can be accused of gross negligence or intentional violation of duty.
- 10.4. In the case of infringement of an important contractual obligation, IZT is furthermore liable for ordinary negligence. A material contractual obligation is the main obligation to perform or any

other responsibility, the fulfilment of which is necessary to implement the agreement at all in due form, on the observance of which the customer relies or may rely regularly, or the non-observance of which jeopardizes the achievement of the purpose of the agreement. In these cases, only the damages typical for the agreement which can be reasonably expected up to an amount of no more than 2.5 million euros shall be compensated, but no damage normally not incurred or more remote, in particular no lost profit nor other property loss of the customer. This also applies when another upper limit of liability has been agreed.

- 10.5. Should the customer be held liable under a right, which is not disposable to third parties due to strict liability, IZT is liable insofar as it would also be liable directly. Regarding compensation for damages between the customer and IZT, the principles of section 254 BGB, apply mutatis mutandis. This also applies if IZT is directly held liable.
- 10.6. Claims of the customer are excluded as far as the damage is a result of breach of duty to be ascribed to the customer. IZT is liable for damage defensive measures of the customer in as far as it is legally bound.
- 10.7. The customer shall inform and consult IZT in detail without delay should he wish to hold it liable under the above-mentioned provisions. He must give IZT the opportunity to examine the damage instance. The parties to the agreement shall reach an understanding about the measures to be taken, in particular in the case of conciliation negotiations with third parties.
- 10.8. Regarding the amount of compensation, the economic conditions of IZT, type, extent and duration of the business relations as well as the value of the supplied goods shall be considered appropriately in good faith in favour of IZT.
- 10.9. The liability of IZT's legal representatives as well as its vicarious and commissioned agents is limited in the same way as IZT's liability under the above-mentioned provisions.
- 10.10. The above provisions do not involve a modification of the burden of proof to the disadvantage of the customer. Furthermore, IZT's liability under a right, which is not disposable, in particular under the product liability act, shall remain unaffected.

11. Impossibility, Force Majeure

- 11.1. As far as the delivery/service is impossible, the customer is entitled to claim damages unless IZT is not responsible for the impossibility. The customer's

claim for damage is limited to 10 % of the value of that part of the delivery/service, which cannot be performed due to impossibility. This limitation does not apply to cases of intent, gross negligence or injury to life, body or health with compulsory liability. This does not involve a modification of the burden of proof to the disadvantage of the customer. The customer's right to rescind the agreement remains unaffected.

11.2. Definition of Force Majeure

This Clause provides the parties with a remedy which is meant to be exclusive in nature.

"Force Majeure" shall mean all events which are beyond the control of the Parties to this Contract, and which are unforeseen, unavoidable and insurmountable, and which prevent total or partial performance by either of the Parties. Such events shall include, but not limited to, earthquakes, typhoons, epidemic, flood, fire, embargo, export controls, war, strikes, riots, acts of governments, changes in law or the application thereof or any other instances which cannot be foreseen, prevented or controlled, including instances which are accepted as Force Majeure in general international commercial practice.

For the purposes of this clause, it is not necessary that the performance of the obligation in question should have become physically impossible. It is sufficient if the impediment has rendered performance economically more burdensome so long as the effect on performance is, according to common sense, equally serious as a case of physical impossibility.

Consequences of Force Majeure

(a) If an event of Force Majeure occurs, a Party's contractual obligations affected by such an event under this Contract shall be suspended during the period of delay caused by the Force Majeure and shall be automatically extended, without penalty or liability, for a period equal to such suspension. (see Art. 5.4)

(b) The Party claiming Force Majeure shall promptly inform the other Parties in writing and shall furnish within fifteen (15) days thereafter sufficient proof of the occurrence and duration of such Force Majeure. The Party claiming Force Majeure shall also use all reasonable endeavours to terminate the Force Majeure.

(c) In the event of Force Majeure, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable

endeavours to minimize the consequences of such Force Majeure.

12. Reservation of Title

Until satisfaction of all claims to which IZT is entitled against the customer and his group member-companies for any legal grounds now or in future, IZT shall have the following rights:

- 12.1. The goods remain the property of IZT (hereinafter: reserved goods). The customer keeps the IZT reserved goods free of charge.
- 12.2. The customer only obtains the usufruct under Art. 7 with complete payment.
- 12.3. Pledging or transfer of ownership by way of security is inadmissible. In order to provide collateral, the customer fully assigns to IZT right now all claims arising from resale or other legal grounds regarding the reserved goods. IZT accepts the assignment. Until revoked, IZT authorises the customer to collect the claims assigned to IZT for its account in his own name. Without prejudice to IZT's right to object, the direct debit instruction shall become void if one of IZT's claims against the customer has not been satisfied upon maturity.
- 12.4. Should IZT lose the title to the reserved goods by fitting them into another object, the customer shall transfer the co-ownership of the new object to IZT according to the share of the reserved goods in the new object in terms of value.
- 12.5. In the case of seizure of the reserved goods by creditors of the customer or unauthorised third parties, the customer shall make reference to the property of IZT and inform the latter immediately.
- 12.6. As far as the value of all security rights to which IZT is entitled exceeds the amount of all secured claims by more than 20 %, IZT shall release at its discretion a corresponding part of the security rights upon request of the customer.
- 12.7. In the case of breach of duty of the customer, in particular in the case of delay in payment, IZT is entitled to rescission and taking back of the reserved goods upon unsuccessful expiry of a reasonable time-limit for payment given to the customer. The legal provisions about the dispensability to fix a time-limit remain unaffected. The customer is obliged to restitution. Should IZT have rescinded the agreement, it will be entitled to enter the space where the reserved goods are stored for the purpose of taking them back. Upon rescission, IZT may request the assignment of restitution claims of the customer against third parties.

12.8. If reservation of title in accordance with the above-mentioned provisions cannot be agreed effectively in compliance with the laws of the country where the goods are, the customer and IZT shall agree to a corresponding security which accommodates the laws of the corresponding country regarding form and content. The customer shall support IZT in every way in all acts necessary to achieve the purpose of the security.

13. Export Licence

The customer is obliged to export the goods and technologies delivered by IZT in compliance with relevant export regulations and to impose the same obligation on his own purchasers. The customer is obliged to comply with the respective, valid national and European foreign trade law as well as the embargo regulations. If export or other transactions by IZT should require an export licence of the competent authority, the contract shall be deemed concluded subject to the condition precedent that the licence will be obtained. In addition, the regulation of Force Majeure according to Art. 11.2 applies.

14. Secrecy, Data Protection

14.1. During the term and upon termination of the contractual relationship, IZT and the customer shall not make accessible to third parties technical or business information communicated to each other declared classified. This does not apply to information generally accessible, or the confidential treatment of which IZT or the customer waived in writing.

14.2. The data of the customer necessary for IZT's business activity shall exclusively be used for mutual business matters and is not accessible to third parties.

15. Governing Law, Place of Jurisdiction, Arbitration Agreement, Partial Nullity

15.1. The substantive law of the Federal Republic of Germany excluding its remittal regulations of the private international law applies to all legal relations between IZT and the customer. The application of the CISG (The United Nations Convention On Contract For The International Sale Of Goods) is

also excluded.

15.2. The place of performance is Erlangen.

15.3. If the customer is a businessman with his registered office in the European Union or the European economic area, the place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship is Erlangen. However, IZT is entitled to take legal proceedings against the customer at any other legal place of jurisdiction as well.

15.4. If the customer has his registered office outside of the European Union or the European economic area, the parties to the contract agree that all disputes arising out of or associated with the agreements concluded by the parties or regarding the validity of the agreements shall be finally settled in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC) by one or several arbitrators appointed in accordance with the Rules of Arbitration of the International Chamber of Commerce. The arbitration proceedings shall be carried out in English.

15.5. Should any provision of these terms of business or any provision within the framework of other agreements between the contracting parties be or become invalid, the validity of all other provisions or agreements shall not be affected. The contracting parties undertake to make a legally valid settlement for the invalid clause coming as close as possible to the economic effects of the contents of the invalid clause.

The customer confirms that he took note of the above-mentioned conditions and agrees with their validity.

Date, place

Signatures