

ANDREAS STIHL AG & Co. KG
Postfach 1771 71307 Waiblingen
Phone (07151) 26-0
hereinafter referred to as "STIHL"

General Terms of Purchase of ANDREAS STIHL AG & Co. KG for Machines and Equipment

These general terms of purchase supplement the General Terms of Purchase for Capital Goods and Services of ANDREAS STIHL AG & Co. KG.

1 Authoritative documents

- 1.1 The following documents are integral parts of the contract:
 - 1.1.1 The purchase order from STIHL with the list of supplies and services (contract specification) including preliminary remarks and implementation documentation,
 - 1.1.2 The General Terms of Purchase for Machines and Equipment consisting of:
 - the General Terms of Purchase for Capital Goods and Services, last revised in May 2009
 - these general terms of purchase
 - 1.1.3 All national and EU regulations (laws, ordinances, directives, German Institute for Standardization norms, etc.) concerning both the materials to be used in performing the contract as well as the end product, the machine and/or equipment ready for use,
 - 1.1.4 The plant regulations for outside companies
- 1.2 In the event of contradictions between these documents, they shall be valid in the order stated above.

2 Offers

- 2.1 The supplier shall find out about all details of the invitation of tenders and the planned work on supplier's own responsibility. By submitting the offer, the supplier acknowledges that supplier has been informed about all necessary facts and conditions, in particular the content of the invitation of tenders, the local conditions, the place of installation / delivery and the traffic conditions. In case of doubts concerning the plausibility / correctness of the data provided by STIHL, the supplier shall consult STIHL immediately. It is incumbent on the supplier to check the description of the (sub-) project that is to be handled by the supplier for objective correctness and completeness.
- 2.2 Within the scope of what can reasonably be expected, STIHL shall be entitled to demand changes in design and execution of the order / object of delivery. Reasonable arrangements regarding the effects, especially with regard to additional expenses and reduced expenses as well as delivery deadlines, shall be made by mutual agreement.

3 Scope of performance

- 3.1 Within the contracted periods, the supplier shall deliver and install a complete machine / equipment, and/or make the other contracted deliveries / provide the other contracted services in such a manner that these contain all parts that are necessary for flawless operation, even if individual components that are necessary for this are not itemized separately. In this respect, the scope of performance particularly includes:
 - The construction and commissioning of the machine / equipment as well as the realization of trial operation,
 - The setting up, supervision, maintenance and proper clearing of the construction / installation site,
 - The provision and maintenance of all machines, tools and supplies, transportation and removal carriage paid to/from the construction / installation site, unloading and transport to the place of use, as well as storage of the same.
 - The instruction and training of STIHL employees, so that independent, flawless operation of the equipment by STIHL is guaranteed.
 - The handing over of all detailed plans and technical documentation necessary within the scope of the contract.
- 3.2 Machine elements and machine parts are to be designed and arranged so that they can be serviced, inspected and replaced easily and quickly. Wearing parts must have a long service life.
- 3.3 The supplier warrants that supplier will comply with the statutory and other regulations applicable at the contracted place of use. Failure to comply with them shall result in the contract being deemed to have not been fulfilled by the supplier. These regulations are - in so far as applicable - in particular:
 - The respectively valid version of the Equipment and Product Safety Act
 - Statutory ordinances regarding the Equipment and Product Safety Act in the respectively valid versions
 - The Act on Electromagnetic Compatibility of Equipment
 - All applicable industrial safety and accident prevention regulations
 - The EU Machinery Directive including amendments,

- Other applicable EU community directives,
 - All applicable harmonized European standards, in particular the European standards published in the official gazette of the EU.
- 3.4 The obligation pursuant to Item 3.3 encompasses all certifications and proof that must be produced at the respective place of installation. This means in particular, that
- the CE mark is attached to equipment that is ready for use,
 - an EU declaration of conformity that must comply with Appendix II A of the EU Machinery Directive is enclosed with equipment bearing the CE mark,
 - a certificate from an approved testing and certification authority as well as, if applicable, proof of the EU type approval is produced for technical working equipment pursuant to Appendix IV of the EU Machinery Directive,
 - saving an agreement to the contrary in an individual case, a user manual in German shall be included with a machine
 - for a machine, technical documentation pursuant to Annex V: EU Machinery Directive is kept.
- 3.5 The supplier shall use sufficiently trained and expert personnel to deliver supplier's goods and services. The supplier represents and assures that the supplier will properly fulfill supplier's legal obligations to pay taxes and contributions to all social insurances and comparable institutions. The supplier undertakes in particular to comply with all legal and official regulations for assignment of employees, in particular reporting of the staff used to the respectively responsible Accident Prevention and Insurance Association as well as the provisions of the Employee Assignment Law.
- 3.6 For each purchase order, before work commences, the supplier shall designate a project manager who shall be available to STIHL as a constant contact person and obtains the information that is necessary for execution of the work from the supplier as well as seeing to it that decisions at the supplier's that are necessary for the progress of the work are made, in important cases in writing. Additionally, the supplier shall designate one or several deputies of the supplier's project manager. Replacement of employees used in the project by the supplier must be approved by STIHL in writing in advance. STIHL is not entitled to refuse such consent without reason.
- 3.7 Where storage of materials of all kinds is concerned, the supplier must comply strictly with the statutory and official regulations regarding environmental protection. In particular where storage of materials and substances that are likely to contaminate or otherwise adversely affect soil and water is concerned, the supplier shall take precautions on supplier's own responsibility against any spillage, etc.

4 Technical Documentation

At the latest at the time of acceptance, the supplier shall hand over to STIHL complete technical documentation of the equipment. This consists in particular of drawings, calculations and other technical documentation corresponding to the actual execution. In particular, the supplier shall hand over the documentation of the control system and the control software incl. any source code.

5 Invoices and contractor's lien

- 5.1 Invoices shall be submitted in duplicate. In order to become due, they must fulfill the following conditions: They must comply with the statutory regulations, showing in particular the remuneration (net invoice amount) and the amount of tax due on the remuneration separately. It must be possible to assign the invoices to the STIHL purchase order unequivocally using the purchase order number and the invoices must reflect the agreed terms of payment.
- 5.2 STIHL shall be entitled to avert any existing contractor's lien on the part of the supplier by providing an unlimited and absolute guaranty, free of charge, by a major German bank.

6 Dates and breaches of obligation

Contracted dates and time limits are binding. Saving an agreement to the contrary, the authoritative date for compliance with the delivery dates is the receipt of the machine/equipment and/or performance of the contracted service at STIHL. The installation work at STIHL subsequent to delivery shall be agreed on with the responsible STIHL contact person.

7 Warranty

The supplier's warranty shall be governed by statutory regulations, subject to the following:

- 7.1 The supplier guarantees that all deliveries made and services rendered correspond to the latest state of the art, the pertinent statutory regulations and the regulations and directives of authorities, accident prevention and insurance associations and trade associations. In addition, the supplier guarantees compliance with all requirements documented in the contract specification.
- 7.2 The warranty period is 2 years. The warranty period depends on the individual contractual arrangements and/or on the relevant commitments of the supplier. The periods begin with acceptance and are valid for multi-shift operation of the equipment.
- 7.3 For delivered parts that do not remain in operation during the investigation and/or remedying of a defect, the existing period or periods shall be extended by the duration of the interruption in operation.
- 7.4 The supplier commences work to remedy defects immediately in each case. Correspondingly qualified employees shall be used for this.

- 7.5 If STIHL demands that a defect be remedied and the supplier fails to comply within a reasonable period of time set by STIHL, STIHL can take the necessary steps itself or have them taken by qualified third parties at the supplier's expense and risk – without prejudice to continuing warranty / guarantee obligations. Furthermore, in urgent cases, (e.g., jeopardization of operational safety, risk of default on the part of STIHL in relation to other contractual partners, etc.), STIHL shall, after coordination with the supplier, be entitled to eliminate the defect immediately or have it eliminated by qualified third parties and demand reimbursement for necessary expenditures from the supplier. The same shall apply if high damages are imminent. The above shall not affect further claims as well as existing warranty / guarantee obligations on the part of the supplier.
- 7.6 Claims due to defects can also be asserted after expiration of the statute of limitations if the corresponding defects have been reported to the supplier in writing before expiration of the period.

8 Software

As far as software is included in the scope of supply, STIHL shall be granted the right to use the software and software documentation without restriction in terms of time and place. STIHL may transfer this right to third parties or grant a license to third parties in the course of transference of ownership of the machine/equipment.

9 Acceptance

- 9.1 After delivery and installation of the machine / equipment to be built, the supplier shall notify STIHL of completion. Then STIHL shall have the opportunity to verify, within a reasonable period, whether the supplier has fulfilled supplier's obligations in accordance with the contract. Acceptance exists only if STIHL acknowledges that the delivery is in accordance with the contract through a written declaration within this period or fails to make such a declaration through gross negligence or malice although it is evident that delivery has been made in accordance with the contract. Upon request by STIHL, the parties shall carry out acceptance during a joint appointment and document the result. In the event of refusal of acceptance, STIHL shall notify the supplier of the defects found. Notification by the supplier that the defects have been eliminated starts an additional reasonable period of time.
- 9.2 The fact that the equipment has been started up or used with the supplier's approval or that formal approval does not take place within a certain period shall not be interpreted to mean that fictional acceptance has taken place.

10 Spare parts

- 10.1 Upon completion of the equipment, the supplier shall extend an offer for a spare parts package to STIHL. The spare parts package must contain all parts that can lead to a production breakdown at STIHL in the event of failure and have longer delivery times.
- 10.2 The supplier undertakes to supply STIHL with all spare parts during the whole period of use of the equipment delivered, at least however, for a period of 10 years, calculated from the time of purchase.
- 10.3 The warranty time for spare parts– regardless of the warranty periods – shall be 2 years from first use.

11 Transfer of risk

The material risk and risk of loss or destruction shall pass to STIHL upon final acceptance.

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