

TERMS AND CONDITIONS OF ORDERING OF THE DILAS DIODENLASER GMBH

1. Validity of these terms

(1) All business relations with our business partners and suppliers (together hereinafter: „Suppliers“) shall be carried out exclusively based upon, and in accordance with, the following provisions. These provisions shall particularly apply to contracts to purchase and/or deliver movable goods (hereinafter: “goods”), irrespective whether the Supplier manufactures the goods himself or purchases them from third-party suppliers.

(2) Unless otherwise agreed, these provisions shall also apply to deliveries from other countries as well as to any future business relationship, particularly such to purchase and/or deliver goods, with the same Supplier and without its being necessary for DILAS to refer to these conditions in the individual case again.

(3) Any deviating terms of the Supplier shall not apply, unless we have expressly confirmed them in writing. Our confirmation is always required, even if we, for example, accept deliveries from the Supplier in knowledge of his general terms and conditions.

(4) For the content of individual agreements reached with the Supplier in an individual case (including side agreements, amendments and changes) a written agreement or our written confirmation shall be decisive.

(5) Any legally relevant declarations and notices that have to be given to us by the Supplier after conclusion of the contract (such as setting a deadline, notification of defects, declaration of rescission or reduction) must be made in writing to be valid.

(6) If we refer in the following to current statutory provisions this serves merely for clarification. Even without such clarification the statutory provisions, thus, apply, if and insofar as they are not directly modified or expressly excluded in these terms.

2. Closing of contract

(1) Our order shall be deemed as binding with placing or confirmation at the earliest. Prior to accepting our order the Supplier shall inform us in writing for correction or completion, if our order or ordering documents contain, regarding the ordered goods, obvious mistakes (such as due to calculation errors) or incompleteness, which are not merely insignificant. The contract will otherwise be deemed as not concluded.

(2) The Supplier shall confirm our order in writing within one week upon receipt of the order (order confirmation). A late acceptance shall be deemed a new offer and requires our acceptance. Our acceptance is further necessary if the Supplier's order confirmation deviates from our order.

3. Delivery, security rights of Supplier and safeguarded supply chain

(1) Delivery dates are bindingly stated in our offer. If our offer does not state a delivery date and if a delivery date has not been agreed on otherwise, the delivery time is two weeks after the conclusion of the contract. The punctuality of delivery shall be determined by the date of their receipt at the place of reception specified by us, while the punctuality of deliveries including erection or assembly or services shall be additionally determined by their acceptance. If we did not state or have not otherwise agreed on a place of receipt, delivery is to be made to our place of business in Mainz. The respective place of reception shall, in addition, be the place of performance.

(2) Partial deliveries shall only be permissible following prior written agreement with us.

(3) If a delay of delivery or performance becomes apparent, the Supplier shall notify us immediately in writing, inform us on the reasons and the expected duration of the delay and shall obtain our decision.

(4) If the Supplier is in default, we shall be entitled to demand lumpsum damages for the damages caused by delay in the amount of 1% of the net price per completed calendar week, but not more than 5% of the agreed net order value. We retain the right to prove that we suffered greater damage. The Supplier is entitled to prove that none or a significantly less damage was incurred. We reserve the right to make further claims, particularly concerning rescission and compensation.

(5) Contractual security rights of the Supplier always require a separate written agreement with us.

(6) The Supplier shall transfer ownership of the goods to us unconditionally and irrespective of their payment. If DILAS, in the exceptional case, has accepted a Supplier's conditional offer to transfer the goods by payment of goods, a possible retention of ownership of the Supplier shall expire at the latest upon payment of the delivered goods. Our right to use, resell and transfer the goods prior to payment in the normal course of business remains unaffected thereof. In all other respects retention of ownership is always excluded. This particularly applies to expanded, extended, and transferred retention of ownership as well as to retention of ownership being extended to further processing.

(7) DILAS is an authorized economic operator (AEO). The Supplier is obliged to take the necessary organizational instructions and measures, for example by adopting the requirements of internationally recognized initiatives based on WCO-SAFE-Framework of Standards (e.g. AEO), to ensure security in the supply chain. This shall particularly apply to facility protection, business partner security, security in relation to human resources, information security, packaging and transportation. The Supplier shall in particular ensure that production, storage, transport, treatment and processing, loading and unloading of the goods is performed at secured establishments and transshipment points until we take them over. The Supplier shall protect deliveries and services to us from unauthorized access and manipulation and shall only deploy reliable personnel for deliveries and services. The Supplier is obliged to inform any subcontractors or any other third-party engaged by him for delivery or service thereof. He shall oblige them to take corresponding measures and instructions for supply chain security. If the Supplier is not an authorized economic operator (without AEO status), the Supplier shall, prior to the conclusion of contract, provide DILAS with a signed security declaration that is provided by customs and EU.

4. Transfer of risk and shipments

(1) In the case of deliveries which include erection or assembly as well as of services, the risk shall be transferred at the time of acceptance, while in the case of deliveries which do not include erection or assembly the risk shall be transferred at the time of receipt at the place of reception.

(2) The provisions of Sec. 640 Para. 1 Sent. 3 BGB (German Civil Code) and of Sec. 640 Para. 2 BGB (German Civil Code) shall not apply.

(3) Insofar as not otherwise agreed, the forwarding costs shall be borne by the Supplier. If it has been agreed on prices stipulated ex works or ex sales warehouse of the Supplier, the respective most cost-effective means of forwarding must be used, insofar as we did not request a specific means of forwarding. Any additional costs incurred due to failure to adhere to the rules governing forwarding shall be borne by the Supplier. In the case of prices stipulated free recipient, we may likewise specify the means of forwarding. Any additional costs incurred for a possible express delivery required to ensure compliance with a delivery deadline shall be borne by the Supplier.

(4) A package certificate or delivery note detailing the contents and the complete order number, place of origin, item and material number and if necessary the serial number as well as the invoice pursuant to clause 5 of these terms must be enclosed with each

delivery. The dispatch must be notified without delay with reference to the same details.

(5) The Supplier shall pack the goods on his costs carefully with the standard of care exercised by a prudent business person. If the parties have, in deviation of the aforementioned, agreed that the forwarding costs shall be settled separately, the Supplier must list the forwarding costs separately in offer and invoice. The calculation shall be at cost price. The Supplier shall be obliged to take back the packaging at his own expense. He bears the take-back and redemption duty pursuant to Sec. 10 Para. 2 ElektroG (German Electrical and Electronics Equipment Act).

(6) Deliveries are insured by us for transport. The Supplier has to issue the forwarding agents a SLVS-prohibition. He bears possible SLVS premiums.

5. Invoices

Invoices shall identify order references, order number and order date, item and material number, statistical goods number, place of origin as well as packing slip number. The invoices must furthermore specify the origin of the goods and the necessary certificate of origin required for the relevant customs processing must be enclosed. Invoices must be drawn up and submitted in duplicate. Insofar as these details or the invoice duplicate are lacking, invoices shall not be payable. Invoice duplicates must be indicated as such.

6. Payments

(1) Payments, if not otherwise agreed, shall be performed

within 14 days with a 3% discount

within 30 days with a 2% discount

within 60 days net.

(2) The payment deadline shall begin as soon as the delivery or services have been fully performed respectively accepted and the properly drawn-up invoice has been received. Furthermore, discounts may even be deducted if we offset or retain payments to a reasonable level on the grounds of defects; the payment deadline shall commence following the complete rectification of the fault.

(3) If payment is made by bank transfer, payment shall be deemed as made on time if DILAS' bank receives the transfer order before the expiry of the payment period. DILAS is not responsible for delays caused by the banks involved in the payment transaction.

(4) Payments shall not be deemed to indicate recognition of the goods delivered or services rendered as being contractually compliant.

(5) DILAS reserves the unrestricted right to offset and to enforce retention entitlements.

7. Force majeure

(1) Force majeure, labor conflicts, operational disturbances without fault, unrest, governmental measures and other unavoidable, abnormal and unforeseeable events discharge us from our obligation to take punctual delivery for the duration of such event.

(2) During such events and for a one week period thereafter we are entitled, notwithstanding our rights, to rescind from the contract in whole or in part, provided that such events are not temporarily and our requirements are considerably reduced as the goods have to be procured elsewhere as a result thereof.

8. Rights in the event of defects

(1) The Supplier shall provide deliveries and services free of defaults and shall provide guaranteed characteristics. He has to ensure that deliveries and

services meet the state of the art as well as generally recognized technical regulations of competent authorities and professional associations.

(2) DILAS shall enjoy full statutory entitlements in the event of defects.

(3) We are entitled to rectify the defect ourselves or by a third party at the expense of the Supplier, if the Supplier does not commence rectifying the defect within the set reasonable deadline to remedy it and if he is not entitled to refuse it. DILAS is entitled to request advanced payment from the Supplier for the expenses necessary for this.

(4) In case of particular urgency or imminent risks associated with a delay we are entitled to rectify the defects ourselves without prior notice at the expense of the Supplier.

(5) The commercial duty to examine and to notify defects shall be governed by statutory provisions (e.g. Sec. 377 HGB - German Commercial Code) on the following terms: DILAS will examine goods upon arrival within ten days for externally visible defects regarding quantity, identity and, on a random basis, for transport damages and will notify any defects within that period. Insofar as an immediate more intensive examination of the goods is feasible in the ordinary course of business, DILAS will without delay examine the goods more intensively. We will notify defects that are discovered by a more intensive examination immediately after discovery. Likewise, we will notify concealed defects immediately after discovery. The notification of a concealed defect shall be deemed immediately, if it is made within two weeks after discovery. When examining the goods the examination on a random sample basis is sufficient.

(6) The Supplier shall bear the costs incurred to us through delivery of defective goods, such as transport, infrastructure, work and material costs. He further bears costs and risk of returning defective goods.

(7) If the Supplier is responsible for a product damage, DILAS may claim instead of compensation that the Supplier indemnify, and hold harmless, us from any claims by third parties. The indemnification also covers contingent claims as well as legal and extrajudicial costs. The Supplier shall also bear any costs incurred to us as a result or in connection with a claim by third parties, including for recall actions carried out by us. DILAS shall inform the Supplier as far as it is possible and reasonable about content and scope of recall actions and shall give the Supplier the opportunity to comment. If we set a deadline for indemnification and the Supplier fails to indemnify us within the set deadline or if he seriously and finally refuses the release, in whole or in part, DILAS may satisfy the claims by third parties. In that case the Supplier shall reimburse to us the payments to third parties, bear expenses and costs incurred to us in connection with claims by third parties and shall compensate any further damages or loss resulting therefrom. Our right to satisfy third party claims directly remains unaffected, including our associated claims against the Supplier. Clause 8 (7) of these terms does not affect our further, in particular statutory, claims.

(8) The Supplier shall conclude and maintain a proper product liability insurance with an adequate lump-sum coverage. The Supplier shall, at our request, present proof of it.

(9) The regular limitation period for claims based on defect in quality or defect in title is 3 years upon transfer of risk. In case of deliveries to locations where we carry out orders outside our plants or workshops, the regular limitation period starts with acceptance by our client. In case of defects in title the statutory limitation period for claims in rem for the restitution of property by third parties shall remain unaffected. There is no time limit on claims arising out of defects in title for so long as the third party can still assert the right – particularly due to no time limit – against DILAS. Liability under the Produkthaftungsgesetz (German Product Liability Law) shall remain unaffected

9. Passing on orders to third parties

The passing on of orders to any third party shall be subject to our written consent, and shall entitle DILAS to rescind wholly or in part from the contract as well as to demand compensation.

10. Provision of materials

(1) Materials which have been provided, including tools, moulds, samples, models, profiles, drawings, standard sheets, print designs and instructions and any other documents and items provided, shall remain our property. We reserve our copyrights. Provided materials must be stored separately, labeled and administered free of charge. They may only be used for the orders of DILAS. These must be kept protected from unauthorized access or utilization. Save as stipulated by further rights, we may demand their surrender at any time. In the event of a fall in their value or their loss, the Supplier shall be obliged to pay compensation. This shall also apply to the calculated assignment of order-related material. The Supplier shall not enjoy any right of retention with respect to the materials.

(2) Processing or moulding of the material shall be performed for DILAS only. DILAS shall be direct owner of the new or moulded object. Should this not be possible for legal reasons, then DILAS and the Supplier agree that DILAS shall be the owner of the object at any moment of processing or moulding works. The Supplier shall hold the new object in safekeeping on behalf of us free of charge with the diligence of a prudent businessman.

(3) Clause 10 (2) of these terms shall also apply in case of mixing or combination (further processing) of provided materials as well as in case of further processing of the delivered goods by us, with the result, that DILAS is deemed as manufacturer in these cases as well.

(4) The Supplier is obliged to conduct at his own expense and in good time any necessary maintenance and inspection works as well as any service and repair works. He must report any possible malfunctions to DILAS without delay. Should he culpably fail to do this, then he shall be liable to pay compensation to us. The Supplier is obliged to insure the provided materials adequately at his own expense and at new value and he shall, at our request, present proof of it. At the same time, the Supplier shall hereby assign to DILAS in advance all compensation entitlements arising out of this insurance, and DILAS shall herewith accept this assignment.

11. Industrial property rights

(1) The Supplier shall transfer ownership of the goods and services exempt of any third-party rights. The delivered goods and services shall particularly be free of any copyrights, patent rights, trademark rights, sign right and other rights connected to intellectual property of third parties.

(2) The Supplier shall grant DILAS the right - unlimited in territory, time and subject matter - to use the delivered goods and services, to integrate them into other products and to distribute them worldwide.

(3) In the event that the Supplier does not comply with clauses 11 (1) or 11 (2) of these terms, the Supplier shall compensate us any damage and loss of whatsoever nature connected thereto.

(4) DILAS may also request the Supplier to indemnify, and hold harmless, DILAS from any claims by third parties arising from and in connection with an infringement of clauses 11 (1) or 11 (2) of these terms. The indemnification also covers contingent claims as well as legal and extrajudicial costs. The Supplier is, at his own expense and risk, obliged to reach an agreement with the respective rights holder to exclude any infringements of industrial property rights. The Supplier shall also bear potential licence fees. If it is not possible for the Supplier to indemnify from claims he is responsible for, e.g. as a result of regulatory requirements, the Supplier shall compensate us any damages or any further loss resulting therefrom. If we set a deadline for indemnification and the Supplier fails to indemnify us within the set deadline or if he seriously and finally

refuses the release, in whole or in part, DILAS may satisfy the claims by third parties. In that case the Supplier shall reimburse to us the payments to third parties, bear expenses and costs incurred to us in connection with claims by third parties and shall compensate any further damages or loss resulting therefrom. Our right to further satisfy third party claims directly remains unaffected, including our associated claims against the Supplier. Clauses 11 (2) and 11 (3) of these terms do not affect our further, in particular statutory, claims.

(5) DILAS' claims are excluded in so far as DILAS is responsible for the infringement of the industrial property right or if the infringement of the industrial property right is caused by special requirements by DILAS, by an application not predictable by the Supplier, or if the infringement was caused by the fact that the delivered goods were altered by DILAS or a third party or used together with products not delivered by the Supplier. Our claims are further excluded if they result from the fact that DILAS has used or sold the delivered goods after DILAS was properly informed by the Supplier that the use of the delivered goods infringes patent rights or copyrights of third parties

12. Assignment of claims

Any assignment of claims and collecting receivables by third parties is only permitted with our prior written consent. Sec. 354a HGB (German Commercial Code) remains unaffected.

13. Import and export restrictions, Compliance

(1) The Supplier shall comply with existing data protection requirements. This shall particularly apply to personal data from DILAS or from our company/field. Data protection requirements are, in particular, such of the BDSG (German Federal Data Protection Act) and the European directive on data protection. The Supplier shall collect, process and use personal data only to the extent necessary to fulfill the contract. Any other collection, processing or use is not permitted.

(2) Unless otherwise explicitly stated in the order, the goods must meet the origin requirements under the preferential trade agreements of the EU. The Supplier shall unsolicited inform DILAS in writing in its business documents (at least in its offers, order confirmations or invoices) if the goods are mentioned: (a) in the Export Control List (Annex AL of the German Foreign Trade and Payment Regulation) and/or (b) in Annex I of Regulation (EC) 428/2009 (dual-use regulation) and/or (c) in Annex IV of the dual-use regulation. The information shall also include the export classification number, the number of the applicable export licence, state of origin of the goods and their components (including technology and software), if the goods were transported through or via the USA, if the goods were manufactured or stored in the USA, if the goods were manufactured using U.S. American technology, the statistical goods number (HS code) as well as contact details of the Supplier's contact person for queries. Upon our request, the Supplier shall without undue delay provide further foreign trade information on the goods and their components in writing. The Supplier shall unsolicited inform us without undue delay in writing on any changes in information already provided.

(3) The obligation to provide information as set out in clause 13 (2) of these terms also applies if the export or re-export of the goods is subject to other export laws and provisions and/or require authorization.

(4) The Supplier shall comply with U.S. American and European provisions on combating terrorism. He shall, in particular, comply with Regulation (EC) 81/2002 of 27.05.2002 and Regulation (EC) 2580/2001 of 27.12.2001, each in the latest version, and shall not have a business relationship, whether directly or indirectly, to persons listed in the Regulations. The Supplier shall further comply with safety-related issues pursuant to the EU guidelines for Authorized Economic Operators (AEO) – Regulation (EC) 648/2005 and Regulation (EC) 1875/2006. He shall notify DILAS immediately in writing if changes occur and if non-compliance with the aforementioned provisions can be expected.

(5) The Supplier shall conduct its business in accordance with the principles of sustainable development and shall observe internationally recognized, fundamental standards for occupational safety, health and environmental protection, labor and human rights as well as for responsible corporate management. The Supplier shall ensure that the goods to be delivered to us are not subject to the scope of the prohibition of substances of Directive (EC) 2011/65/EC (RoHS). He ensures that the substances of the goods to be delivered and their use are either already registered or that they do not need to be registered pursuant to Regulation (EC) 1907/2006 (REACH regulation) and that, if necessary, the authorization pursuant to the REACH regulation has been granted. The Supplier shall oblige any subcontractors or any other third party engaged by him for delivery or service to comply with corresponding standards.

(6) In the event that the Supplier does not comply with clauses 13 (1) to 13 (5) of these terms, the Supplier shall compensate us any damage and loss of whatsoever nature connected thereto.

(7) DILAS may also request the Supplier to indemnify, and hold harmless, DILAS from any claims, regardless of type and legal basis, by third parties arising from and in connection with the circumstance that the Supplier does, whether in whole or in part, not or not in a timely manner comply with his obligations as set out in clauses 13 (1) to 13 (5) of these terms. The indemnification also covers contingent claims. If we set a deadline for indemnification and the Supplier fails to indemnify us within the set deadline or if he seriously and finally refuses the release, in whole or in part, DILAS may satisfy the claims by third parties. In that case the Supplier shall reimburse to us the payments to third parties, bear expenses and costs incurred to us in connection with claims by third parties and shall compensate any further damages or loss resulting thereof. Our further right to satisfy third party claims directly remains unaffected, including our associated claims against the Supplier.

(8) Clauses 13 (6) and 13 (7) of these terms do not affect our further claims.

14. Confidentiality

(1) The Supplier shall treat the order and its content as confidential. He shall keep non-public commercial, economical, technical and any other information received in context of the contract confidential and shall use it solely for implementing the contract. The Supplier shall not pass on such information to third parties, shall not make it available to third parties in any other way, shall take appropriate measures to protect the information, shall oblige its personal and any engaged third party to confidentiality in writing and shall take at least such actions with which the Supplier protects particularly sensitive information regarding his own company.

(2) The Supplier shall not use the information to gain a competitive commercial advantage over us or a third party or to circumvent obligations under the contract or to otherwise prevent them.

(3) The Supplier shall not mention our corporate name or trademarks in advertising material, references or other publications without our prior written consent.

15. Severability clause

If one or several provisions are, in whole or in part, invalid or unenforceable, the validity of the remaining terms and conditions and of the contract itself shall remain unaffected. The invalid or unenforceable provision shall be deemed to be substituted by a suitable and equitable provision which, to the extent legally permissible, comes closest to the economic intent of the parties had they considered invalidity or unenforceability. The same shall apply in the event of unintentional incompleteness.

16. Place of jurisdiction, applicable law

(1) Insofar as the Supplier is a merchant, except if the nature and scale of his enterprise is such that it does not require a commercially structured

organization, a legal entity under public law or special fund under public law, the exclusive – and also international – place of jurisdiction for all disputes arising directly or indirectly out of the contractual relationship shall be Frankfurt am Main. DILAS shall also be entitled to have recourse to the court of jurisdiction at the Supplier's legal domicile.

(2) The contractual relationship and all disputes arising directly or indirectly therefrom shall in every instance be governed by the laws of the Federal Republic of Germany subject to the exclusion of all conflict-of-laws provisions, including the UN Convention on Contracts for the International Sale of Goods (CISG).

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