

**ANDREAS STIHL AG & Co. KG – Purchasing Conditions
for Capital Goods and Services**

1 Scope, supplementary contract documents

- 1.1 Orders and the provision of deliveries and services of the supplier to ANDREAS STIHL AG & Co. KG or its associated companies as defined in Section 15 of the German Companies Act ("Aktiengesetz", hereinafter "AktG") shall be exclusively governed by the Purchasing Conditions below.
- 1.2 These Purchasing Conditions shall apply even in cases where the supplier, in particular on accepting the order or in the order confirmation, makes express reference to the supplier's own business conditions, unless the said conditions are expressly accepted by STIHL.
- 1.3 The supplier's General Business Conditions shall only apply if STIHL has agreed to them in writing. Consent by fax or e-mail is considered equivalent to consent "in writing".

2 Conclusion of contract

- 2.1 STIHL Inquiries and Invitations to Tender are non-binding requests for the supplier to submit an offer.
- 2.2 Offers must be submitted free of charge to STIHL. Unless otherwise specified by the supplier on presentation, the supplier's offers shall be binding for 90 days as from submission. The offer must expressly draw attention to any deviations from the STIHL inquiries. Where applicable, corresponding drawings must also be provided.
- 2.3 An order from STIHL is only binding when it is drawn up in writing by STIHL or, in the case of a verbal, telephoned or telegraphic order, when it has been duly confirmed in writing by an employee of the Purchasing Department. The term "in writing" in the context of the above clause includes an order generated with the aid of an automatic system that does not include a signature and individual name. STIHL shall not be bound by obvious mistakes, typing errors and incorrect calculations in the order.
- 2.4 If required by STIHL, the supplier must immediately, and at the latest within 1 week of receipt of the order, issue in electronic form as a "PDF" file the "acknowledgment of acceptance" attached to the order in duplicate, expressly mentioning the price and delivery date. Any deviations between the content of the order and subsequent contract modifications shall only be considered as agreed if STIHL has expressly confirmed them in writing. Consent by fax or e-mail is considered equivalent to consent "in writing". If the supplier does not observe any discrepancies, an order confirmation is only required if explicitly requested in the order by STIHL. STIHL orders are considered to be tacitly accepted if the supplier does not contest them within a reasonable time.
- 2.5 Stihl has the right to demand deviations from the agreed scope of performance even after the contract has been concluded. In this case, the effects, in particular changed delivery dates and price changes, must be settled by agreement.

3 Prices, terms of payment, extra charging, withholding tax

- 3.1 The agreed prices are fixed prices excluding the legally prescribed value added tax (VAT). Subject to agreements otherwise, the prices are understood DDP (delivery duty paid) to the head office of the ordering company (ICC Incoterms, version dated 2000). All other duties and charges in connection with performance of the order shall be borne by the supplier.
- 3.2 Payment shall be settled after full receipt of the goods or completion of the service and acceptance, and after receipt of the invoice, and with 3% discount in the case of payment after 14 days, 2% discount for payment after 30 days or net in the case of payment after 60 days. The sending of the required sum of money is sufficient proof of compliance with the agreed lead times. The parties may agree other provisions in individual cases.
- 3.3 The products shall be transferred to the full unencumbered ownership of STIHL at the latest with payment. Payments shall be made only to the supplier. Transfer of the supplier's claims to third parties shall be disallowed without express written consent, which may not be refused without good reason.
- 3.4 The supplier is only entitled to charge extra or to have recourse to withholding rights if the relevant counter-claims have been legally established or are undisputed.
- 3.5 Payments by STIHL do not constitute recognition of due contractual performance by the supplier.
- 3.6 In the event of defective delivery or service and if the supplier fails to provide certificates of equipment inspection and/or origin, STIHL shall be entitled to withhold payments.
- 3.7 Extra services of the supplier deviating from the order shall not constitute grounds for additional claims to payment, including from management without mandate or unjustified enrichment.
- 3.8 Payments in advance shall only be granted against appropriate surety.
- 3.9 All withholding taxes of whatever nature on payments under this Agreement shall be borne by the supplier. If and to the extent STIHL is obliged to withhold any withholding tax on payments under this Agreement according to the applicable tax laws, STIHL shall deduct the amount to be withheld from the payments, unless and to the extent the supplier provides STIHL, prior to the payment, with a properly executed tax exemption certificate, which allows STIHL to refrain

from the withholding tax deduction or to deduct the withholding tax at a reduced tax rate. If and to the extent STIHL is obliged to deduct withholding tax, STIHL shall, according to its obligation under the applicable tax laws, confirm the supplier such withholding tax deduction. The supplier shall indemnify and hold harmless STIHL from and against all taxes and other claims of any tax authority in connection with the imposition of withholding tax on payments under this Agreement.

4 Exemption from third party rights

The supplier guarantees that no third party rights are breached in conjunction with the delivery. In particular, the supplier guarantees that the use of the articles delivered by the supplier does not contravene the rights of third parties. If a third party lodges any claim against STIHL for a breach of that party's rights, the supplier is obliged to maintain STIHL exempt from these claims. This exemption obligation relates to all costs necessarily incurred by STIHL in connection with a third party claim. At the choice of STIHL, a legal right of use can be established either by obtaining a license at the cost of the supplier or by means of a workaround that does not breach third party rights. If at the free discretion of STIHL it is decided that no use of the products or services without breaching third party rights can be established at reasonable cost, STIHL shall be entitled to withdraw from the contract without prejudice to any further rights.

5 Provision of services in STIHL premises

The supplier remains responsible for the training and supervision of all persons employed by the supplier in the execution of the contract. When the supplier or persons employed by the supplier in the execution of the contract are active inside STIHL premises, they are subject to the STIHL in-house regulations and safety instructions, in particular the "Plant regulations for external companies". These regulations are available at the gates to STIHL premises or from the STIHL website and must be signed by the supplier every year and spontaneously handed in at the gate of STIHL premises. The persons concerned shall be instructed in these regulations by STIHL personnel before they start their work. In the event of breaches of these regulations, STIHL shall be entitled to ban the relevant employees from its premises and to require the supplier to use other qualified employees. The supplier shall be liable for any damage that the supplier or supplier's employees and assistants culpably cause at STIHL premises.

6 Liability, insurance

- 6.1 In cases of minor negligence, any claims of the supplier for compensation on whatsoever legal grounds shall be disallowed. This rejection of liability does not apply to claims for damages based on a breach of essential contractual obligations by STIHL. Furthermore, it does not apply to cases of injury to life and limb.
- 6.2 In cases of minor negligent breaches of essential contractual obligations by STIHL and in the event of gross negligence by individual employees, the liability for damages is limited to the compensation of the typical damage foreseeable on conclusion of the contract.
- 6.3 To the extent that the liability of STIHL is excluded or limited, this exclusion or limitation also applies to the personal liability of the managers, employees, representatives and other persons employed by STIHL in the execution of the contract.
- 6.4 The supplier must take out a liability insurance policy appropriate to the services to be performed and must provide proof of this insurance to STIHL on request.

7 Trademark rights

The relation between STIHL and the supplier does not grant any rights to the supplier over the brand names and trademarks under which STIHL sells the products manufactured by the supplier. If the supplier acquires rights to the marks, the supplier is obliged to transfer all such rights immediately to STIHL. The supplier undertakes not to register as the supplier's own any of the brands or marks under which STIHL sells the products manufactured or supplied by the supplier, nor to enjoin a third party to register the said brands and marks. The use of the STIHL order/business relations for advertising purposes is only permitted with prior written consent.

8 Software, IPR

- 8.1 If the foreseeable use of the supplied product(s) after the contract requires the use of the supplier's intellectual property of whatsoever nature, in particular patents, utility patents, industrial designs, know-how or software, then STIHL shall be granted, on conclusion of the contract, a non-exclusive, geographically and temporally unlimited right to use this property, with the possibility of granting sub-licenses.
- 8.2 The supplier shall if necessary provide the information required for the maintenance of the software supplied by the supplier, including passwords. At the request of STIHL, the source code of the software developed or otherwise supplied by the supplier shall be stored with a notary designated by STIHL in accordance with a trustee agreement drawn up at the free discretion of STIHL.

9 Transfer of orders to third parties

The supplier may only place subcontracts with the prior written consent of STIHL. Any extra costs thereby incurred shall in all cases be borne by the supplier. The parties may agree other provisions in individual cases. The provision of services by subcontractors is permitted in all cases where the agreement between the parties concerns a service for the product that the supplier offers in the same form to many customers.

10 Confidentiality, data protection

- 10.1 The parties undertake to treat all unpublished commercial, technical and other information that may become known to them concerning the other party and the other party's associated companies or business partners as industrial secrets.

- 10.2 Drawings, models, templates, samples and similar articles may not be handed over or otherwise made accessible to unauthorized third parties. The copying of such articles is only permitted within the framework of operational requirements and copyright provisions.
- 10.3 Subcontractors must be bound by similar undertakings.
- 10.4 The divulging of information by either party in advertising or in other forms of communication to the public or to the authorities concerning the business relation or concerning the other party shall only be permitted with the said other party's prior written consent, unless this information is required by binding legal provisions.
- 10.5 As part of the business relation with the supplier, the handling of personal data is required. The supplier hereby consents to this handling and agrees that STIHL may pass this data on within its group for the purpose of developing and maintaining the business relations.
- 10.6 The supplier must comply with the legal provisions on data protection. Personal data may only be processed to the required extent for the performance of the relevant individual order. The forwarding of personal data by the supplier to third parties (e.g. to subcontractors) is prohibited without the prior written consent of STIHL. Before the supplier shall be permitted to process a large amount of personal data, the supplier must conclude a detailed data protection agreement with STIHL.

11 Items provided by STIHL

- 11.1 If STIHL provides components to the supplier, STIHL reserves ownership of the said products. Processing or conversion of these parts by the supplier is conducted on behalf of STIHL. If the STIHL-reserved product is processed together with articles not owned by STIHL, co-ownership of the new product shall be acquired by STIHL in proportion to the value of the STIHL products (purchase price plus VAT) compared to the other processed products at the time of processing.
- 11.2 If the product provided by STIHL is inseparably mixed together with articles not owned by STIHL, co-ownership of the new product shall be acquired by STIHL in proportion to the value of the STIHL reserved products (purchase price plus VAT) compared to the other mixed products at the time of mixing. If mixing uses a method by which the article of the supplier is considered as the main product, it is hereby agreed that the supplier shall transfer co-ownership to STIHL in due proportion; the supplier shall preserve the sole ownership or co-ownership on behalf of STIHL.
- 11.3 STIHL reserves ownership of samples, models, drawings, printed specifications, technical instructions and production equipment such as tools (hereinafter referred to as samples and production equipment). The supplier undertakes to use the samples and production equipment exclusively for the manufacture of the products ordered by STIHL and is prohibited from passing them on to third parties. The supplier further undertakes to insure the tools, models etc. belonging to STIHL against damage by fire, water and natural elements and against theft, at the supplier's own cost and at their replacement value by equivalent new products. At the same time, the supplier cedes as of now all rights to claim compensation from this insurance; STIHL hereby accepts the transfer of these rights.
- 11.4 If STIHL pays for tools, models etc., these items immediately become the property of STIHL and shall be preserved free of charge by the supplier on behalf of STIHL. These payments shall not fall due until STIHL has performed a sample test and has issued written approval.
- 11.5 The supplier is required to carry out any necessary servicing and inspection of STIHL tools and all maintenance and repairs in good time and at the supplier's own costs. The supplier must immediately notify any faults or damage to STIHL. Culpable failure to do so shall not have any effect on damage compensation claims.
- 11.6 The supplier undertakes to treat all received samples and production equipment and all documents and information received from STIHL as strictly confidential. Third parties may only be informed with the express consent of STIHL. This confidentiality obligation shall remain in force even after termination of the contract. It shall only expire when and to the extent that the manufacturing knowledge obtained from the provided illustrations, drawings, calculations and other documents becomes generally known.
- 11.7 All documents on the construction or manufacture of STIHL products that STIHL has made available to the supplier during purchase negotiations but that have not led to a purchase order must be returned to STIHL on termination of the purchase negotiations.

12 Force majeure, blacklists, minimum wage

- 12.1 If STIHL is prevented from performing its contractual obligations, in particular from accepting the goods, due to force majeure, STIHL shall be exempted from its duties for the duration of the impediment with the addition of a reasonable start-up time, without the supplier having any right to withdraw from the contract or to claim compensation.
- 12.2 Unforeseeable circumstances not imputable to any fault by STIHL, making the performance of its obligations unacceptably difficult or provisionally impossible shall be considered equivalent to cases of "force majeure". Examples of such circumstances include industrial conflict, government action, energy shortage and major operating disturbances such as the destruction of an entire plant or of important departments.
- 12.3 If STIHL, at its own discretion, determines that STIHL for legal reasons (e.g. listing of the SUPPLIER on a legal blacklist) may be prevented from completing this contract, the obligations of STIHL deriving from this agreement shall remain on hold for a trial period. STIHL shall inform the SUPPLIER of this trial period and of its termination without delay.
- 12.4 If these obstructions last for longer than four months, both parties have the right to withdraw from the contract.
- 12.5 The SUPPLIER guarantees that it and its own suppliers or subcontractors pay the statutory minimum wage in effect on time and in full. Should claims be asserted against STIHL by employees of the SUPPLIER or its own suppliers or subcontractors under the German Minimum Wage Act (Mindestlohgesetz), the SUPPLIER shall compensate STIHL for any and all losses as a result. The statutory rights of STIHL vis-à-vis the SUPPLIER remain unaffected thereby.

STIHL shall be entitled to demand evidence from the SUPPLIER of payment of the minimum wage by the SUPPLIER and its own suppliers and subcontractors in the form of meaningful documents or certificates. The SUPPLIER shall agree this right of STIHL to demand such evidence in favor of STIHL with its own suppliers or subcontractors. Should the SUPPLIER or its own suppliers or subcontractors fail to furnish this evidence within 2 weeks of being called upon to do so, or if STIHL has reasons to suspect that the SUPPLIER or its own suppliers or subcontractors are not paying the minimum wage, STIHL may terminate the contractual relationship with immediate effect for cause.

13 Withdrawal, cancellation

- 13.1 Without prejudice to other cancellation rights, STIHL is entitled to cancel the contractual relationship with the supplier and to withdraw from ongoing orders if an application for the opening of bankruptcy proceedings concerning the assets of the supplier is registered or if the supplier has suspended payments not only briefly. Other legal rights of withdrawal from the contract are not affected by the above provisions.
- 13.2 The right of STIHL to claim for compensation for damages is also unaffected.

14 Written form, place of performance, applicable law, place of jurisdiction

- 14.1 Changes and/or additions to these conditions must be in writing. This provision also applies to any decision to cancel this obligation for all contract stipulations to be in writing. If individual parts of these conditions are or become invalid, the validity of the remaining provisions shall be unaffected. The invalid provisions shall be replaced by provisions that are judged to come as close as possible to the original economic intent.
- 14.2 The place of performance for delivery and services is the head office of the STIHL ordering plant. The place of performance for payments is Waiblingen.
- 14.3 If the supplier is an individual businessman, the exclusive place of legal jurisdiction shall be Waiblingen. STIHL also reserves the right to lodge complaints before courts having jurisdiction over the head office of the supplier.
- 14.4 All relations between the supplier and STIHL shall be exclusively governed by German law. Application of the provisions of the UN Agreement on International Commerce is excluded.

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