



# GENERAL PURCHASE CONDITIONS

## Parker Hannifin Manufacturing

### 1. GENERAL

- 1.1 These General Purchase Conditions apply to all requests for an offer, to all negotiations and to all agreements concerning orders to be placed by us for goods to be supplied to us and/or for services to be carried out for us.
- 1.2 An agreement shall not be concluded until after a contract or quotation has been signed by us or until Contractor has confirmed the receipt of a purchase order issued by us.
- 1.3 By the sole fact of accepting our order to deliver any goods or to provide any services, the Contractor waives and renounces any of his own general or other conditions, whatsoever called, so that all our agreements are exclusively governed by the present General Purchase Conditions.
- 1.4 Where in these General Purchase Conditions mention is made of the Contractor, this shall mean the party who enters into one or more agreements with us concerning the delivery of goods and/or the provision of services to us.
- 1.5 Any supplementary arrangements or agreements, or changes made after the agreement has been concluded or the order confirmation has been sent, including any oral understandings and/or promises, shall not bind us until after an authorised representative of us has confirmed them in writing.
- 1.6 If one or more provisions of the agreement with the Contractor would prove to be invalid, the other provisions of the agreement shall continue to be in full force and effect. The invalid provisions shall then be replaced by provisions that approach the intentions of the parties and the economic result intended by them as much as possible in a legally effective manner.

### 2. PRICES

- 2.1 Unless otherwise agreed upon in writing, all prices shall be fixed and delivered duty paid (DDP, as referred to in and in accordance with INCOTERMS of the ICC), excluding VAT and including proper packing and insurance. Unless otherwise agreed upon in writing or if these General Purchase Conditions stipulate otherwise, all freight charges and transport costs shall be for the account of the Contractor. If the goods are located in a Member State of the European Union prior to their delivery and the Contractor is established in another Member State than the Netherlands, the Contractor shall be responsible for acquiring our VAT number at the time of the order confirmation and for stating the same on the next invoice, and for the correct calculation of the VAT.
- 2.2 Any increases in price as a result of extra or additional deliveries can only be charged to us if they have been accepted by us in writing in advance.
- 2.3 The prices shall be expressed in Euro, unless stated otherwise; any setoff of exchange (rate) differences is herewith excluded.
- 2.4 If the prices are agreed "ex works", deliveries shall nevertheless take place carriage paid to delivery address; in that event the freight charges and any agreed costs of insurance shall be for our account.

### 3. PAYMENT / INVOICES, ETC.

- 3.1 Invoicing shall take place in arrear. Unless we complain about the quality or quantity of the delivered goods or the provided services, net payment shall take place within 60 days after receipt of a correct invoice. In case of payment within 21 days a discount of 3% will be granted on the agreed price, unless agreed otherwise in the order.
- 3.2 Advance payments will not be made by us, unless stated otherwise in the order. In that event the Contractor shall provide a bank guarantee to us.
- 3.3 Invoices that in our opinion contain insufficient information for handling, for example lacking order numbers, etc., or that are incorrect, shall be returned by us for completion or correction. Contractor shall not have the right to suspend his delivery obligations.
- 3.4 If the request as stated in the order to send shipment recommendations or instructions and packing lists along to the obligatory addresses is not met, or if those documents have not been filled out in full with all necessary information, this will lead to delays in payment. In this respect the Contractor shall not have the right to suspend his delivery obligations.
- 3.5 We shall at all times have the right to set off any claims that we may have on the Contractor and that have arisen

for any reason against any claims the Contractor may have on us.

- 3.6 We shall have the right to pay any amount that the Contractor may be due to any company that is associated or affiliated to us to that company in the name of the Contractor in full or in part. We shall be discharged towards the Contractor for the amount of that payment. We shall inform the Contractor in a timely manner when and to what extent we will make use of the aforesaid right.

#### 4. DELIVERY AND DELIVERY PERIOD

- 4.1 Place of delivery shall be the place of our office or branch office with which the agreement has been concluded, unless it has been agreed that the goods have to be delivered elsewhere, or are picked up by or for us, in which case the other agreed address shall be the place of delivery. If the Contractor delivers at the wrong address, the extra freight charges shall be for his account.
- 4.2 If the goods are picked up by or for us, the Contractor shall help loading the goods without charging any costs.
- 4.3 The Contractor shall strictly comply with the agreed delivery period and delivery schedules. In case of any excess of the delivery period, we reserve the right in all cases to rescind the agreement forthwith in full or in part, without any notification of default or judicial intervention being required, and without prejudice to our other statutory rights, all this without us being due any damages in respect thereof.
- 4.4 The risks involved in loading, discharging and transport shall rest with the Contractor, unless expressly agreed otherwise in writing.
- 4.5 Contractor shall notify us no less than 60 days prior to the discontinuation of or change in any good. In the event of any such discontinuance or change, we will have the option to terminate the relevant order without incurring any liability to Contractor as a result of such termination. If any discontinuance or change occurs without prior written notice to us, we can hold Contractor responsible for costs related to such discontinuance or change.

#### 5. FORCE MAJEURE AND FAILURE IN THE PERFORMANCE

- 5.1 If the Contractor cannot perform his obligations towards us (any further) due to force majeure, we shall have the right to cancel the agreement in writing in full or in part, without any judicial intervention being required, also in respect of any already delivered parts. If and in so far as we cannot return that what has already been delivered, a reasonable compensation shall be paid. For the rest we shall not be held to pay any damages.
- 5.2 If the Contractor:
- (a) in spite of a notification of default has failed to perform any obligation towards us in full or properly;
  - (b) is declared bankrupt;
  - (c) has submitted a petition to be granted a suspension of payments;
  - (d) has ceased or transferred his business activities, or an important part thereof, including the contribution of (a part of) his business activities into a legal person that is to be established or that already exists, the Contractor shall forthwith be in default by force of law, and we shall have the right, also in the event of force majeure on the part of the Contractor, to rescind the agreement forthwith in full or in part in writing, without any judicial intervention being required, without any obligation to pay any damages and without prejudice to our other rights.
- 5.3 If we rescind an agreement pursuant to article 5.2 and the Contractor has already performed part of its obligations, the Contractor shall be paid (or we shall setoff) the value that the performance has for us.
- 5.4 If we possess any goods that have been delivered to us by the Contractor after we have rescinded the agreement, we shall have the right to return those goods, whereas the Contractor will be obligated to pay back to us any amounts already paid by us in respect of those goods.
- 5.5 In respect of each attributable failure to perform of the Contractor we shall at all times have the right to claim damages from the Contractor.
- 5.6 In these General Purchase Conditions the term "force majeure" shall mean any circumstance or situation beyond the control of the Contractor - that could not be foreseen by the Contractor - which makes performance of the agreement on the part of the Contractor permanently impossible. Force majeure shall in any case not include strikes, worker exclusions, transport difficulties, fire and other disruptions or logistical problems of whatever nature

in the enterprise of the Contractor or his suppliers.

5.7 If we have any reasonable doubts that the Contractor will not perform his obligations punctually, we shall have the right to demand an (additional) security for the performance. If the Contractor is not willing or able to provide a proper security, we shall have the right to cancel the agreement in writing without any judicial intervention being required, and without being held to pay any damages and without prejudice to our other rights.

## 6. GUARANTEE

6.1 The Contractor guarantees:

- (a) that the goods delivered to us are free from any defects in material, design, construction and manufacture, and are fit for the purpose or use for which they are intended, if that intended purpose or use has been notified to the Contractor or arises from the nature of the agreement;
- (b) that the services provided to us have been or will be carried out properly;
- (c) that the goods delivered and/or services provided are entirely in conformity with the agreed requirements set forth in the agreement or (in the absence of an agreement) in the order confirmation and the specifications, drawings, conditions and/or other information provided by us to the Contractor;
- (d) that the delivered goods meet the legal requirements and government regulations of the country of destination, and that they, in so far as necessary for the health or safety of persons or properties, bear the necessary clear instructions, safety regulations and warnings;
- (e) that the information provided by or on behalf of the Contractor or by third parties called in by the Contractor within the framework of the agreement is correct and complete;
- (f) that no (ownership) rights of third parties are violated with the goods delivered and services provided.

6.2 Upon first request by us the Contractor shall repair on his own account all faults and defects that occur within a period of 12 months after putting in operation or at the latest 18 months after delivery, unless they are the result of normal wear and tear or improper use.

6.3 In case of any failure in the performance of this obligation, we shall have the right to have third parties carry out what is necessary to correct the faults and/or defects. Such corrections shall be carried out at the risk and account of the Contractor.

## 7. LIABILITY

7.1 The Contractor shall be liable for all damage arising from or caused by delivered goods and/or provided services as a result of faults or defects therein.

7.2 The liability shall also include liability for any damage to goods of us or of third parties, any loss of profits, other indirect damage, personal injury or immaterial damage, incurred by us or by any third parties. The Contractor shall indemnify us against claims of third parties in respect of such damage.

7.3 The Contractor shall be held to cover his liability as referred to hereinabove sufficiently by means of an insurance.

## 8. DEVOLUTION OF RISK AND OWNERSHIP

8.1 The devolution of the ownership and risk shall take place at the time we have received the goods.

8.2 If we have disapproved or rejected goods, the risk with regard to those goods shall devolve upon the Contractor as per the fourth day after we have sent the notification of rejection to the Contractor.

## 9. INSPECTION AND TESTING

9.1 Before sending the goods, the Contractor shall carefully examine and test whether the goods correspond to that what has been agreed upon, and in particular whether the goods have the guaranteed qualities and properties as referred to in article 6. Upon our request the Contractor shall inform us in a timely manner of such testing; we shall have the right to be present at such testing. The Contractor shall provide a certified copy of his test reports at each delivery.

9.2 If this has expressly been agreed upon, we shall have the right to inspect and test the goods during the processing, manufacture or storage. If we exercise this right, the Contractor shall make available or have others make available such facilities as may reasonably be demanded by us for such purpose.



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9.3 If we, as a result of any investigation, the reports or the inspection or testing referred to in the articles 9.1 or 9.2 conclude that the goods do not correspond with that which was agreed and/or do not have the guaranteed qualities or properties, or that this will probably be the case at the completion of the processing or manufacture, we shall have the right to rescind the agreement forthwith in writing in full or in part, without judicial intervention being required, and without having any obligation to pay any damages in respect thereof and without prejudice to our other rights.

## 10. IDENTIFICATION OF GOODS

All identification regulations stated in the order or on drawings or item lists provided by us must be complied with strictly, and identification notices have to be affixed clearly; if the Contractor fails to comply with this, he may be held by us to carry out such identification for his own account at the delivery address.

## 11. MAKING AVAILABLE GOODS

11.1 All goods that are made available by us to the Contractor for the performance of an order shall be sent carriage paid, shall under all circumstances remain our property and will immediately after having been used be returned to us carriage paid.

11.2 Any damage to the goods made available by us shall be for the account of the Contractor.

## 12. INFORMATION AND MATERIALS MADE AVAILABLE; SECRECY

12.1 All drawings, moulds, know-how, technical data, software, etc. made available by us shall continue to be our property and will immediately be returned to us carriage paid after the manufacture.

12.2 The Contractor shall not be allowed to use them or let others use them otherwise than for the performance of our order.

12.3 The intellectual property rights in the drawings, moulds, know-how, technical data, software, etc. that have been made available shall be vested in Parker Hannifin or in third parties, and the Contractor shall not (have others) infringe those rights.

12.4 The Contractor shall observe strict secrecy and shall impose strict secrecy upon his employees and third parties called in by him, regarding any drawings, moulds, know-how, technical data, software and other confidential company information of whatever nature made available by us to him.

## 13. SUBCONTRACTING AND TRANSFER

13.1 The Contractor shall not be permitted to transfer or subcontract the order in whole or in part to third parties, without our prior written permission.

13.2 Any permission given by us may be made subject to conditions and shall not release the Contractor from any obligations under the agreement executed with us.

## 14. CERTIFICATES, INSTRUCTION HANDBOOKS

If certificates and/or instruction handbooks are required in the order, the Contractor shall see to it that these will be in our possession as soon as possible, however the latest within 10 days after the delivery of the goods; failing this, our obligations towards the Contractor will be suspended.

## 15. INDUSTRIAL / INTELLECTUAL PROPERTY

The Contractor guarantees that the goods to be delivered and the services to be provided to us do not infringe any industrial/intellectual property rights of third parties, and to indemnify us against any claims of third parties in respect thereof. The Contractor shall reimburse all costs, damages and interests that arise from such claims of third parties to us.

## 16. COMPLIANCE WITH LAWS, EXECUTIVE ORDERS AND REGULATIONS

16.1 Contractor warrants that goods and services supplied under an order will have been produced or provided in compliance with, and Contractor will comply with, all applicable laws, orders, rules, regulations, ordinances and conventions, including without limitation, those that relate to equal employment opportunity, wages, hours and conditions of employment, discrimination, occupational health/safety motor vehicle safety, environmental matters, and anti-bribery. At our request, Contractor shall certify in writing its compliance with the foregoing. Contractor shall



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indemnify and hold us harmless from and against any loss, cost, damage, expense or liability claim (including attorney fees and other costs of defense) arising from or relating to Contractor's violation of this article.

16.2 No goods supplied under an order shall contain any mineral that directly or indirectly finances any armed group that has been identified as a perpetrator of human rights abuses, including without limitation those defined as conflict minerals in the rules issued under Section 13(p) of the US Securities Exchange Act of 1934 (Dodd-Frank Act).

## 17. ANTI-CORRUPTION COMPLIANCE

Contractor warrants that:

17.1 Contractor has not paid, offered, promised to pay, or authorized, and will not pay, offer, promise to pay, or authorize the payment directly or indirectly of any monies or anything of value (services, gifts, gratuities, kickbacks, or otherwise) for the purpose of obtaining or rewarding favorable treatment as a supplier to us.

17.2 Contractor has not paid, offered, promised to pay, or authorized and will not pay, offer, promise to pay, or authorize the payment, directly or indirectly of any monies or anything of value to (1) any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, or (2) any government official or employee or any political party or candidate for political office or a political party official, for the purpose of influencing any act or decision or inducing or rewarding any action in order to secure any improper advantage in the conduct of business.

17.3 Contractor has not made, and will not make, any improper payments, directly or indirectly, including without limitation facilitation payments, bribes or kickbacks.

17.4 Contractor has established and will maintain an effective business ethics and compliance program and procedures to prevent corruption and insure compliance with all applicable laws and regulations pertaining to corruption and bribery.

17.5 Contractor will promptly disclose to us in writing all pertinent facts regarding any violation, or alleged violation, of the aforementioned representations.

17.6 At our request, Contractor shall certify in writing its compliance with the foregoing. Contractor shall indemnify and hold us harmless from and against any loss, cost, damage, expense or liability claim (including attorney fees and other costs of defense) arising from or relating to Contractor's violation of this article.

17.7 Contractor shall include this article, or provisions of equivalent effect, in any lower tier subcontracts under any order.

## 18. INSURANCE

18.1 Contractor represents that it has and will maintain the following types and amounts of insurance coverage and agrees to furnish certificates of insurance showing that Contractor has insurance coverage in the following minimum amounts:

(a) Workers Compensation or local equivalent - Statutory limits for the country(ies) in which the work will be performed;

(b) General/Products Liability – not less than the local currency equivalent of USD 7,000,000 per occurrence. This limit requirement can be met through the combination of primary and umbrella liability insurance;

(c) Required only when Contractor's vehicle will enter any of our premises or if this is a contract for the provision of transportation services: Automobile Liability - not less than the local currency equivalent of USD 1,000,000 (per any one accident);

(d) Required only for an order for the provision of Aerospace products: Aircraft Product Liability - not less than the local currency equivalent of USD 10,000,000 aggregate.

18.2 Said certificates of insurance shall set forth the amount of coverage, the number of the policy and the date of expiration. Upon our request, Contractor shall name us or our affiliated companies as an additional insured on its policies. If Contractor is a self-insurer for workers compensation purposes, Contractor shall provide us with a copy of the self-insured certificate issued by the country(ies) where work will be performed. Compliance by Contractor with the insurance requirements stated in this article shall not in any way affect Contractor's duty to indemnify us.



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## 19. PLACE OF PERFORMANCE / COMPETENT COURT / GOVERNING LAW

- 19.1 The place where all obligations have to be performed shall be the place of our office or branch office with which the agreement has been concluded.
- 19.2 The competent court shall - at our own choice - be the competent court in Arnhem, the Netherlands, or the court of the place of domicile or residence of the Contractor.
- 19.3 All our agreements are governed by the law of the Netherlands. Where Dutch law makes reference to another law, that reference shall not apply. The United Nations Convention on Contracts for the International Sale of Goods 1980 ("CISG") is excluded.