

## **General Terms and Conditions of Purchase – Propylenpipeline Ruhr GmbH & Co. KG (PRG)**

### **Materials purchase order**

**1. General** (1) All current and future orders (materials, services and work) are placed subject to the possibly enclosed terms and conditions of purchase of the Purchaser as detailed below. The Purchaser does not acknowledge any terms and conditions of purchase of the Seller that are contrary to or in departure from these terms and conditions unless the Purchaser has given its express consent in writing. The Purchaser's terms and conditions shall also apply if the Purchaser accepts delivery of a consignment knowing of such terms and conditions of the Seller that are contrary to or in departure from these terms and conditions of purchase.

(2) All other arrangements made between the Purchaser and the Seller within the scope of executing this Agreement are to be documented in writing. This requirement as to written form can likewise be amended only in writing.

**2. Order documents** All documentation made available to the Seller by the Purchaser shall remain the property of the Purchaser. Any drawings, designs, etc. prepared by the Seller in accordance with the Purchaser's specifications shall become the property of the Purchaser without this giving rise to special remuneration. The documentation specified above may not be used other than for its intended purposes, duplicated or disclosed to any third party and shall be returned to the Purchaser upon completion and settlement of the order.

**3. Transferability** Purchase orders may not be transferred, wholly or in part, to any third parties without the prior written consent of the Purchaser. The Seller may not transfer any rights and obligations, wholly or in part, arising from the agreement to other companies without the prior written consent of the Purchaser.

**4. Delivery periods** Delivery periods and dates agreed are final and binding. If any circumstances become known indicating that compliance with agreed delivery periods and dates appears to be endangered, the Seller shall notify the Purchaser without delay, stating the reasons and the probable duration of such delay. Failure to effect delivery within a reasonable period of grace shall entitle the Purchaser to rescind the agreement and/or assert claims for damages.

**5. Claims relating to defects** (1) Compliance with state-of-the-art technology, prevailing standards and regulations (e.g. DIN, VDE,

computation rules, UVV, safety rules) relating to deliveries and services shall constitute an integral element of the agreed properties and quality of the object of purchase. The Seller shall comply with the rules and regulations defined in § 2 (1) of the Accident Prevention Rules (General Rules (UVV 1 / VBG1)). Within the scope of the obligations under this Agreement, the Seller shall hold the Purchaser harmless from any claims of third parties.

(2) In the event of any defects, the Seller shall, at its own expense, remedy such defects or deliver the item(s) free from defects, at the Purchaser's option. Should the Seller fail to commence such remedy, the Purchaser may remedy the defects itself or have such remedy performed by third parties, at the Seller's expense. In addition, the Purchaser shall be legally entitled to termination of the Agreement and/or reduction in price and/or damages. In particular, in the event of failure to remedy defects, such rights may be exercised without a reasonable period of grace granted beforehand.

(3) Such claims for defects shall become statute-barred no later than 2 years after the passage of risk.

**6. Product liability** If the Seller is responsible for a case of product damage, it shall undertake to hold the Purchaser harmless from any claims for damages by third parties upon the Purchaser's first request to the extent that the cause of such damage was within the Seller's control and organisation and provided the Seller is liable itself on the basis of the external relationship between the parties.

**7. Assumption of risk** Any risk shall be borne by the Seller until the goods under this Agreement have been actually received by the Purchaser, regardless of the method of delivery; such risk shall pass to the Purchaser once the goods have been handed over to the latter at the place of receipt. To the extent that the law on contracts for work and services applies, the risk shall pass upon acceptance of the goods.

**8. Reservation of ownership** The Purchaser shall not accept reservation of ownership in favour of the Seller, even if the Purchaser fails to expressly object thereto.

**9. Terms of payment** Terms of payment shall commence on the day on which the invoice that corresponds to the purchase order has been received by the purchasing office designated by the Purchaser, but not prior to arrival of the goods at the place of receipt. Should the invoice be returned for reasons beyond the Purchaser's control, any terms of payment shall only commence upon receipt of the amended invoice.

**10. Invoicing** Each delivery shall be invoiced without delay. Corresponding to the purchase order, the invoice shall contain the order number, a description of the individual invoice items marked with the relevant item numbers, point of use, net unit prices for the individual invoice items as well as the place and method of delivery. To the extent that the Purchaser is charged separately for transportation costs, the invoice must be accompanied by the originals and copies of the consignment notes, providing details in respect of the transport route, vehicle number etc. and transit bills; in the case of a combined shipment, such bills shall indicate the weight and partial amount of the goods delivered. The Purchaser may return all invoices that do not conform to this rule as inappropriate.

Lists of materials/time sheets, countersigned and accepted by the Principal, shall be submitted together with the invoice. The countersignature shall merely confirm the hours worked and the materials used, respectively.

**11. Assignment and set-off** The Purchaser shall be entitled to set-off against claims asserted by the Seller. Claims against the Purchaser may not be assigned to third parties without the Purchaser's written consent.

**12. Rescission** The Purchaser shall be entitled to rescind the Agreement, either wholly or in part, if, due to existing or future legal requirements, the purchase or contractual utilization of the goods is not or shall not be permitted or if so, only to a limited extent. The Seller shall have no right to claim damages in such case.

**13. Place of performance, jurisdiction and choice of law** The place of performance for all deliveries and services shall be the place of receipt indicated on the purchase order. The exclusive place of jurisdiction shall be Duisburg. The application of the Uniform Laws on the Purchase and Sale of Goods and the Convention of the United Nations regarding contracts for the international sale of goods (CISG) shall be excluded. This Agreement is subject exclusively to German law with the exception of private international law.

#### **14. Contract for work and services**

In the event of services or work being performed as opposed to the purchase of goods, the clauses cited above shall apply *mutatis mutandis*.

In lieu of No. 5, the following provisions relating to the remedying of defects shall apply:

The service provider/works contractor undertakes to perform the work assigned to it in accordance with the generally recognized technical rules and regulations, specification of work and services and within the specified term.

Should the service provider/works contractor fail to perform such work and services or fail to comply with the time limits agreed despite having been granted an extension or grace period, the Principal shall be entitled to claim damages and/or to rescind the Agreement, wholly or in part. If a work agreement was signed and the work performed is deficient, then the Principal may, at its option, call for such deficiencies to be remedied or do so itself after a reasonable period of grace granted to remedy such deficiencies has expired, and to demand compensation for expenses incurred in this regard or rescission of the Agreement or a reduction in price and/or damages. The remedying of deficiencies shall be performed in such a manner that the service works contractor either eliminates the deficiency or renders a new service. The form and manner in which such remedying is to be performed shall be coordinated by and between the parties unless only one specific form of remedy is deemed to be reasonable.

(1) To the extent that staff deployed must meet special qualification criteria pursuant to statutory, official or prevailing VDE, DIN or similar standards and regulations, the service provider/works contractor shall ensure that its employees are suitably qualified. The service provider/works contractor shall comply with the rules and regulations defined in § 2 (1) of the Accident Prevention Rules (General Rules (UVV1 / BG1) and, when performing work at a plant or for Propylenpipeline Ruhr GmbH & Co. KG (PRG), to observe the safety regulations of such plant or its service partners.

**Propylenpipeline Ruhr GmbH & Co. KG (PRG)**