

Conditions of Purchase of Allied Vision for International Business as of July 2019

1 General

- 1.1 These Conditions of Purchase of Allied Vision Technologies GmbH or Allied Vision Technologies Canada Inc. (each “AVT”) shall apply to all contracts of AVT with sellers and suppliers (“Supplier”) who have their registered office or the branch entrusted with the contract outside of Germany for purchases of Allied Vision Technologies GmbH or outside of Canada for purchases of Allied Vision Technologies Canada Inc. respectively (cross-border sales). The respective branch or affiliate that concludes the contract in its own name is decisive.
- 1.2 The Conditions of Purchase of AVT shall apply exclusively; terms and conditions of Supplier contrary to or deviating from these Conditions of Purchase are not recognized, unless AVT explicitly gave its consent in text form (e.g. via e-mail or in writing).
- 1.3 The Conditions of Purchase of AVT also apply, in case AVT accepts the delivery of Supplier without reservation even when terms and conditions of Supplier contrary to or deviating from these Conditions of Purchase are known.
- 1.4 Individual agreements with Supplier regarding a specific case (including framework agreements, supplements and amendments) have priority over these Conditions of Purchase. The content of such agreements shall be determined by a contract or a confirmation from AVT in text form.

2 Purpose and Intended Use of Goods, Specification

- 2.1 Products of AVT are camera solutions for industrial inspection, medical and scientific imaging, traffic monitoring and many more applications and include cameras, supporting software and accessories (“AVT Products”).
- 2.2 Goods which are required for AVT’s business but in their usual use will not be part of AVT Products are Non-Product-Related Goods (“Non-Product-Related Goods”).
- 2.3 Any goods bought by AVT are generally used to assemble or produce AVT Products unless the goods are Non-Product Related Goods as defined in sec. 2.2 or are expressly designated as Non-Product Related Goods in the order of AVT.
- 2.4 The Supplier shall deliver goods that are free from material and legal defects and in particular comply with the specification in the order, the samples approved by AVT, the generally accepted technical standards, the valid legal and regulatory regulations (e.g. DIN standards, EU standards and especially the Electrical Act, ROHS, CE conformity, environmental regulations, substance restrictions), the applicable safety specifications and rules and the safety and accident prevention regulations.

3 Quotation

- 3.1 In the quotation the Supplier must adhere precisely to the inquiry by AVT and must indicate clearly any deviations. Should the Supplier be able to offer a technically or economically more beneficial solution regarding the technical request, he will make the appropriate offer to AVT.
- 3.2 Quotations by the Supplier are free of charge, even when they are made following to a request by AVT and do not justify an obligation on the part of AVT to conclude a contract.

4 Order, Conclusion of Contract

- 4.1 Orders and agreements are only binding if they are made or confirmed by AVT in text form.
- 4.2 Agreements with AVT employees require a confirmation in text form, unless they are entitled to represent AVT on the basis of an authorization in written form or a representative authority specified in the Commercial Register.
- 4.3 The contract is closed by order confirmation of the Supplier in answer of AVT’s order. The Supplier must confirm the order by AVT in text form within an appropriate time period but at the latest within 7 days (order confirmation). The date at which AVT receives the order confirmation shall determine whether the acceptance occurred in time. A late order confirmation is considered as a new offer and requires the acceptance of AVT.
- 4.4 Call-offs of an order and call-off planning become binding if the Supplier does not object within three working days of receipt thereof.

5 Necessary information in documents

- 5.1 In all order confirmations, delivery papers and invoices, the order number, the article number, the delivery quantity and the delivery address of AVT have to be indicated. The Supplier shall state the transport costs separately in the invoice even if the Supplier bears such cost.
- 5.2 If the information is incomplete resulting in a processing delay in the business organization of AVT, the payment terms according to sec. 6.3 are extended by the period of delay.

6 Prices and Terms of Payment

- 6.1 The price stated in the order is binding. Unless otherwise expressly stated all prices include applicable VAT. If no prices are stated in the order, the current list prices of Supplier shall apply with the deductions agreed between AVT and Supplier.
- 6.2 Unless otherwise expressly agreed, prices include all services of Supplier including additional services (e.g. assembly, mounting) as well as all additional costs (e.g. proper packaging, transport costs including a transport and liability insurance, where applicable).
- 6.3 The agreed price is due for payment within 30 calendar days after completion of delivery or service (including the formal acceptance of the delivered and assembled product, where applicable) and receipt of an accurate, complete (sec. 5.1) and verifiable invoice. Should AVT pay within 14 days, the Supplier grants a discount of 2% on the net amount of the invoice.
- 6.4 If Supplier delivers prior to the agreed delivery date, the payment due date is determined by the agreed delivery date.

Conditions of Purchase of Allied Vision as of July 2019

6.5 In case of non-conformity of the delivered goods or the provided services, AVT is entitled to reduce the price in the same proportion as the value of the non-conformity bears to the values that conforming goods or services would have had. The reduction will only be paid after the non-conformity is remedied by Supplier.

6.6 Payment does not indicate acceptance of the goods and services in accordance with the contract.

7 Delivery time, Delay in delivery

7.1 The agreed delivery dates and periods are binding. The delivery periods starts at the date of the order.

7.2 The delivery is in time if the goods are delivered at the place defined in the order or, insofar as a formal acceptance has been agreed, the successful acceptance is passed on the delivery date or within the delivery period.

7.3 An early delivery is not permitted.

7.4 Notwithstanding the obligation to deliver in time, Supplier has to inform AVT immediately in text form if he becomes aware of any obstacles – even if those obstacles are not caused by the Supplier – that might prevent timely delivery by stating the reasons and the expected duration of the delay.

7.5 If the Supplier does not perform - or only in part – within the agreed delivery period (“**delay**”), the rights of AVT, especially to declare the contract avoided and to claim damages shall be determined in accordance with applicable law. The provisions under sec. 7.6 remain unaffected.

7.6 In case the Supplier is in delay, AVT is entitled, irrespective of further damages, to demand a contractual penalty of 0.5% on the net order value of the delayed goods for each beginning week, but at the most 5% of the order value of the delayed goods. AVT may demand the contractual penalty until the final payment of the order and thus deduct it from the final payment. The contractual penalty is in addition to any damages caused by the delay to be compensated by the Supplier.

7.7 Delay is a fundamental breach of the contract. Thus, AVT is entitled to declare the contract partly or completely avoided at no charge.

8 Delivery, Passing of risk, Place of Performance, Shipping

8.1 Delivery and passing of risk are according to DAP (Incoterms 2010) at the place of delivery stated in the order.

8.2 The place of destination is also the place of performance unless otherwise agreed.

8.3 The Supplier is not entitled to make partial deliveries without the prior consent in text form of AVT.

8.4 Any delivery shall be accompanied by a complete delivery note (sec. 5.1)

8.5 The Supplier shall pack, mark and ship hazardous products according to the relevant national and international regulations.

8.6 If a formal acceptance is agreed, risk will be transferred only upon formal acceptance by AVT.

8.7 If AVT bears the shipping cost, Supplier shall use the shipment service provider determined by AVT.

9 Quality of the Goods, Changes, of Supplier Quality Assurance, Audits

9.1 Provided nothing to the contrary has been agreed, the Supplier shall always deliver goods in accordance with the latest state of technology and shall advise AVT of any opportunities for improvements and technical modifications.

9.2 The Supplier shall regularly check the quality of the goods to be delivered with the diligence of a prudent businessman.

9.3 For goods intended for Products of AVT, the following requirements of sec. 9.3.1 through 9.3.6 shall additionally apply:

9.3.1 The Supplier shall inform AVT in good time prior to changes in production procedures or facilities, materials or supplied parts for the deliveries and/or services, relocations of production sites, furthermore of changes in quality assurance measures, particularly procedures or facilities for testing deliveries and/or services which have an effect on the ordered deliveries and/or services so that AVT may examine whether the changes could have a negative consequence on AVT. This obligation to inform shall not apply, if the Supplier, following a careful review, can verifiably rule out such negative consequences for AVT.

9.3.2 The Supplier must install and maintain an effective quality assurance system and prove this to AVT on request. The quality assurance system shall include the goods and/or services of the sub-suppliers of the Supplier.

9.3.3 If the Supplier maintains a certified system (e.g. pursuant to ISO 9001 or a comparable standard, each as amended from time to time), he shall regularly and on his own accord provide AVT with the respective certificates, i.e. on the occasion of the first delivery and of any update of the certificate.

9.3.4 Within the scope of his quality assurance system the Supplier shall maintain an appropriate documentation. In particular, the Supplier shall document his quality tests and provide AVT with the records upon request without undue delay and free of charge.

9.3.5 The Supplier shall accept audits by AVT to evaluate the effectiveness of his quality assurance system. Legitimate interests of the Supplier, including, but not limited to his interest to maintain secrecy, shall be taken into account during the audits. Audits shall be announced to the Supplier in good time, but at least two weeks in advance.

9.3.6 The Supplier shall impose the same obligations on his sub-suppliers; furthermore he shall demand compliance with the obligations laid down in this sec. 9 from his sub-suppliers to the best of his abilities.

10 Examination; Notice for lack of conformity

10.1 AVT will visually examine the goods on arrival at AVT's business premises for visually detectable damages including the inspection of delivery papers (e.g. transport damages, mistaken and short delivery).

10.2 AVT will also take an appropriate number of samples for closer inspection of compliance with the contractual requirements (conformity).

10.3 If the goods can only be fully inspected during production, AVT and Supplier will agree on special terms for inspection for those particular products.

Conditions of Purchase of Allied Vision as of July 2019

- 10.4 The notice period for lack of conformity is 7 working days (excluding Saturdays, Sundays and public holidays at AVT's business premises) after discovery of the non-conformity.
- 10.5 AVT loses the right to give notice for lack of conformity only three years after the goods were actually handed over to AVT.

11 Lack of conformity

- 11.1 Provided that the delivered goods lack conformity to the contractual requirements, AVT is entitled to the remedies for breach of contract by law without restrictions.
- 11.2 AVT is entitled to choose the suitable remedy for the lack of conformity (performance, delivery of substitute goods or repair). Lack of conformity of electronical parts or sensors is always considered a fundamental breach of contract.
- 11.3 In case of lack of conformity, Supplier bears all necessary cost (esp. sorting costs, transport costs, infrastructure costs, labor costs, material costs).
- 11.4 If Supplier should fail to remedy the lack of conformity within an appropriate time period determined by AVT, AVT has the right to remedy the defect independently and to demand the reimbursement of the expenses necessary for this purpose or an appropriate advance payment. In case the remedy by Supplier has failed or is unacceptable (e.g. due to particular urgency, threat to operational safety or the possible occurrence of excessive damage) AVT may act immediately; Supplier shall be informed as soon as possible.

12 Third Party Rights; Infringement of Third Party IP

- 12.1 Supplier shall deliver goods which are free from any right or claim of a third party.
- 12.2 In particular, Supplier shall deliver goods and provide services in a quality so that neither the goods or services or delivered work results of services ("**Deliverables**") nor the contractually intended use of the goods, services, or Deliverables infringe on any intellectual or industrial property rights of third parties ("**Third Party IP**").
- 12.3 In case of lack of conformity according to sec. 12.1 and 12.2, Supplier shall take all necessary steps to remedy the lack of conformity of the goods, services or Deliverables (e.g. to rework or provide at his cost the necessary license for AVT) to enable AVT's intended use. This is in addition to the remedies by law, unless the legal remedy used by AVT is incompatible with the remedy of sentence 1 above.
- 12.4 In addition to the remedies by law, should a third party make a claim on AVT due to an alleged infringement of Third Party IP, Supplier shall indemnify and hold harmless AVT from such claims, including necessary cost of legal consultation and representation upon first written request by AVT, unless he cannot be made responsible for this infringement of property rights.

13 Limitation period

- 13.1 The limitation period for lack of conformity is thirty-six months, unless the contracting parties have expressly agreed upon a different limitation period or the statutory limitation period is longer.
- 13.2 Unless otherwise expressly agreed, the limitation period begins upon passing of risk.
- 13.3 Upon Supplier's receipt of the notice for lack of conformity in text form from AVT, the limitation period is suspended.
- 13.4 In case of repair and replacement, the warranty period for repaired and replaced parts shall restart, unless Supplier was not obligated to remedy the defect, but merely performed the repair or replacement as a gesture of goodwill or for similar reasons.

14 Product liability, Insurance

- 14.1 If the goods or services provided by Supplier are cause of a product defect according to mandatory product liability law, he shall indemnify and hold harmless AVT on first demand from any claims from injured third parties insofar as the cause results from the Supplier's area of control and organisation. The Supplier shall reimburse AVT for all necessary expenses incurred as a result of or linked to claims by third parties including necessary cost of legal consultation and representation as well as damages to be paid to the third party.
- 14.2 If AVT intends to make a claim against the Supplier in accordance with sec. 14.1 above, AVT shall inform and consult Supplier immediately and comprehensively. AVT shall give Supplier the opportunity to investigate the case of damage and shall consult with the Supplier on the measures to be taken, in particular in settlement negotiations.
- 14.3 Within the scope of his liability under sec. 14.1, Supplier is also obliged to reimburse possible expenses in accordance with the principles of management without mandate or within the framework of tortious joint and several liability which result from or in connection with a recall action carried out by AVT. AVT will inform Supplier - insofar as is possible and reasonable - on content and scope of the recall actions to be carried out and give Supplier the opportunity to comment.
- 14.4 Further statutory claims of AVT shall remain unaffected.
- 14.5 The Supplier shall effect and maintain a product liability insurance with an overall coverage of at least EUR 2,500,000.00 for each personal injury or material damage worldwide.
- 14.6 If Supplier is neither producer nor importer of the goods according to mandatory product liability law, sec. 14.1 through 14.5 above shall not apply subject to sec. 14.7. However, in this case, Supplier shall assign his own rights against the sub-supplier who is producer or importer of the goods to AVT. Supplier shall support AVT in any product liability claim – from contract or law – against the sub-supplier. Supplier shall endeavor to close an agreement with his sub-supplier containing similar terms as the sec. 14.1 through 14.5 above and the sub-suppliers agreement to the assignment.
- 14.7 The exemption of sec. 14.6 shall not apply if the Supplier has opened, impaired or changed the packaging of the goods.

Conditions of Purchase of Allied Vision as of July 2019

15 Documents, Deliverables, IPR

- 15.1 AVT owns and retains all rights and title (including intellectual and industrial property rights “**IPR**”) in all purchase orders as well as plans, formulas, drawings, calculations, descriptions and other documents irrespective if they are in tangible or intangible form.
- 15.2 If Supplier creates documents and/or Deliverables according to the specifications of AVT, AVT shall own such documents and IPR in the documents/Deliverables on their creation irrespective if they are in tangible or intangible form. If the Supplier is initially owner of such documents/Deliverables and IPR, the Supplier will transfer the ownership in the documents/Deliverables and IPR to AVT, as far as this is legally possible, and will store the documents for AVT at no charge for the duration of the contract. AVT accepts the transfer of ownership and rights of use.
- 15.3 Any information, know-how and documents under this sec. 15 may only be used by Supplier to fulfil his contractual obligations to AVT. In particular, he may not copy them or make them available to third parties unless this is necessary to perform the contract.
- 15.4 On request of AVT, all documents and Deliverables irrespective if they are in tangible or intangible form including all copies or duplicates are to be returned or destroyed, on request of AVT. Supplier may keep copies insofar as he is legally obligated to store such copies or in the course of reasonable data storage and back-up schemes. In this case, the copies have to be marked confidential and the access has to be restricted to protect the legal interests of AVT.
- 15.5 Further obligations of Supplier shall be subject to a non-disclosure agreement between Supplier and AVT.

16 Ownership of Provisions and Tools

- 16.1 Insofar as AVT provides materials and goods to Supplier (“**Provisions**”), the Provisions shall remain in the ownership of AVT as far as they are not processed, mixed or inseparably connected with other objects of Supplier, shall be stored separately by the contractor and shall only be used for the order of AVT.
- 16.2 Supplier and AVT agree that during processing, mixing or combination of the Provisions with objects, which are not property of AVT, AVT is entitled to a co-ownership share in the new object created in proportion of the value of the Provisions to that of the other processed goods or objects. The same applies, if Provisions are directly delivered to Supplier by third parties for processing on behalf and for the account of AVT. When determining the co-ownership share of AVT, manufacturing cost, overhead cost and other imputed cost remain disregarded.
- 16.3 Supplier will store Provisions and co-owned objects free of charge for AVT.
- 16.4 Forms, tools, reproductions, plans, samples and the like (hereinafter “**Tools**”), which were produced by Supplier or sub-suppliers at the costs of AVT or handed over to the Supplier by AVT, shall be transferred to or remain in the ownership of AVT at the time of production.
- 16.5 The Supplier shall visibly and unmistakably mark the Tools as owned by AVT, and keep them carefully maintained, insured against all types of damages and use them only for contractual purposes. The cost for maintenance and repair are split equally between the AVT and Supplier, unless otherwise agreed in text form.
- 16.6 If Supplier does not need the Tools to fulfil contractual obligations toward AVT, he shall hand over the Tools to AVT in a proper state upon AVT’s request.
- 16.7 The Supplier is liable for any damage or loss of Provisions and Tools. Therefore, Supplier shall provide adequate cover for damage and loss of Provisions and Tools under his commercial liability insurance.
- 16.8 Supplier shall immediately inform AVT in case of damage and loss of any Provision or Tool.
- 16.9 If applicable law at Supplier’s production plant requires further acts or filings by AVT to secure ownership in the Provisions or Tools, Supplier shall inform AVT accordingly and support AVT with any necessary

17 Ownership of Delivered Goods

- 17.1 The transfer of ownership in the delivered goods to AVT takes place as early as possible under applicable law.
- 17.2 Any retention of title declared by Supplier only applies until AVT paid the price for the particular goods.
- 17.3 AVT does not agree to further provisions of retention of title, in particular so-called extended retentions of title or group reservations of title.

18 Advertisement

The Supplier may mention the business relationship with AVT only with the prior approval of AVT in text form.

19 Transfer of rights and obligations, Retention, Set-off

- 19.1 Supplier may transfer or assign his rights and obligations from a contract as well as any claims against AVT only with the prior agreement of AVT in text form. AVT will not unreasonably withhold the consent.
- 19.2 AVT shall be entitled to set-off, to exercise the right of retention as well as refuse performance based non-performance by Supplier or lack of conformity.
- 19.3 Supplier is entitled to set-off and to exercise the right of retention only in case that the respective claims or receivables result from the same contractual relationship with AVT, or are undisputed by AVT or established as final by a court of law.

20 Termination of Contract; Information about Insolvency

- 20.1 Each party may terminate a contract without notice for good cause. A good cause in particular is given if insolvency proceedings are initiated for the assets of one contracting party, if such a proceeding was opened or rejected due to lack of assets. Good cause for termination is also if Supplier failed to fulfil a delivery obligation twice in a row.

Conditions of Purchase of Allied Vision as of July 2019

- 20.2 If an insolvency, receivership or other proceeding due to indebtedness is opened regarding Supplier's assets or if the Supplier request a memorandum of Supplier's creditors, Supplier shall immediately inform AVT of such fact.
- 20.3 Further legal or contractual claims of revocation from or termination of a contract shall remain unaffected.

21 Supplier Code of Conduct

AVT is a member of the TKH Group. As reflected in the TKH Code of Conduct, TKH and its subsidiaries ("**TKH Group**") stands for responsible business. TKH Group has a 'zero tolerance' policy when it comes to unethical business behavior.

AVT expects all of its suppliers to conduct their business ethically. Supplier must comply with all applicable laws and regulations, the requirements set out in this sec. 21 and Supplier's contractual obligations to AVT. This sec. 21 defines the main principles underlying Supplier's business activities as one of AVT's suppliers.

More specific guidance, and where to go for questions, is available on <http://www.tkhgroup.com/en/csr>.

21.1 General

- 21.1.1 Supplier is committed to act fairly and with integrity towards its stakeholders and to refrain from unethical conduct.
- 21.1.2 Supplier is expected to comply with all relevant international legislation as well as the applicable national rules and regulations of the countries in which he operates.

21.2 Conduct towards environment

- 21.2.1 Supplier complies with all applicable national laws, regulations and standards to protect the environment.
- 21.2.2 Supplier is expected to establish and maintain a suitable Environmental Management System (in accordance with ISO 14001, or national equivalent) to minimize environmental impact and hazards, and to improve environmental protection in his every-day operations.

21.3 Conduct towards human rights

Supplier respects and complies with the fundamental rights granted to all employees under applicable national statute. Furthermore, AVT expects Supplier to fully recognize the labour standards issued by the International Labour Organization (ILO), taking into due account the applicable laws and regulations in different countries and at different sites. This includes, but is not limited to, the following subjects:

- 21.3.1 Employment should be freely chosen in accordance with the Universal Declaration of Human Rights.
- 21.3.2 AVT expects Supplier to prohibit and refrain from any kind of forced or child labour within Supplier's organization.
- 21.3.3 AVT expects that Supplier promotes equal opportunities and equal treatment. Furthermore, AVT expects Supplier to prohibit any form of discrimination in recruiting, promoting or selecting employees for basic or advanced training programs. Within the organization of Supplier, no employee may be discriminated against based on his or her gender, age, ethnicity, nationality, sexual orientation, disabilities, union membership, political affiliation or religious conviction.
- 21.3.4 AVT expects Supplier to respect employee's rights with regard to collective bargaining and freedom of association.
- 21.3.5 AVT expects Supplier to fully comply with applicable national statute on working time. Furthermore, AVT expects that the employees of Supplier receive a remuneration which is in line with applicable national statute.

21.4 Conduct towards occupational health and (consumer) safety

- 21.4.1 AVT expects Supplier to ensure a safe working environment and therefore to fully comply with applicable national statute governing health and safety at work.
- 21.4.2 Furthermore, AVT expects Supplier to establish and maintain an appropriate occupational health and safety management system (in accordance with OHSAS 18001, or national equivalent).
- 21.4.3 AVT expects Supplier to protect the health and safety of employees and contract labour and minimize any adverse work conditions.
- 21.4.4 AVT expects Supplier to take all the necessary actions to ensure consumer safety. Supplier will ensure that his products will not be made of hazardous substance as defined in EU Directive Restriction of Hazardous Substances.

21.5 Conduct towards ethical conduct

- 21.5.1 AVT expects Supplier to have zero-tolerance for corruption and to ensure compliance with all United Nations (UN) and Organisation for Economic Co-operation and Development (OECD) conventions against corruption, and with all governing anti-corruption laws.
- 21.5.2 In particular, AVT expects Supplier to ensure that their employees, subcontractors and agents do not offer, promise or grant any advantages to any AVT employees or related parties thereby securing an order award or any other form of preferential treatment in their business transactions.

21.6 Continuous improvement

Supplier will start preventive actions if any non-conformity issues are found on the above principles. Supplier's management system shall include written performance objectives, targets and implementation plans to improve Supplier's social, labor, ethical and environmental performance, including a periodic assessment of Supplier's performance in order to achieve fundamental improvements:

- 21.6.1 AVT may assess compliance with this Code by visiting Suppliers' site.
- 21.6.2 AVT may reconsider its relationship with Supplier if Supplier does not comply with this Code.
- 21.6.3 Supplier who cannot (fully) comply with this code will inform AVT in detail on his non-compliance and indicate whether he will comply in the future and when.
- 21.6.4 Upon request Supplier will deliver, within a reasonable time frame, relevant information to AVT pertaining to the issues in this Code.
- 21.6.5 Supplier will help AVT in maintaining this Code by communicating abovementioned principles to their executives, employees and subcontractors.

Conditions of Purchase of Allied Vision as of July 2019

22 Applicable law and place of jurisdiction.

- 22.1 The contractual relationship is subject to the UN Convention on Contracts for the International Sale of Goods (CISG); any matter not addressed therein or interpretable in the framework of CISG shall be governed by the laws of Germany if the purchaser is Allied Vision Technologies GmbH, or by the laws of Canada if the purchaser is Allied Vision Technologies Canada Inc.
- 22.2 For purchases of Allied Vision Technologies GmbH, the place of jurisdiction for all rights and obligations of the contracting parties is Jena (Federal Republic of Germany), if the Supplier is a merchant according to the German Commercial Code, a legal entity under public law or a special fund under public law. The same applies if the Supplier has no business seat in Germany.
- 22.3 For purchases of Allied Vision Technologies Canada Inc., the place of jurisdiction for all rights and obligations of the contracting parties is Burnaby (Canada).
- 22.4 However, AVT is also entitled to bring action against the Supplier with the competent court that has general jurisdiction over the Supplier.