

# General Purchasing Conditions of PRAE-AERO GmbH & Co. KG

## Section 1 Exclusive scope

- (1) These Purchasing Conditions apply to all purchase agreements, contracts to produce a work and other procurement agreements between PRAE-AERO GmbH & Co. KG as the Purchaser/Client and the Supplier/Contractor (hereinafter only referred to as the "Supplier").
- (2) Our contractual declarations, such as tenders and acceptances in particular, shall be made exclusively on the basis of these General Purchasing Conditions (henceforth only "GPC"). The Supplier recognises the applicability of the GPC on the conclusion of an agreement, at the latest on the delivery/execution of the order. Provided we have not agreed anything to the contrary with the Supplier in writing, our GPC apply exclusively. We do not recognise any varying general terms and conditions of the Supplier, including if we do not explicitly reject these in the individual case, unless we had explicitly agreed to their applicability in writing. Our GPC also apply exclusively if we, in awareness of contradictory general terms and conditions or those of the Supplier that vary from these GPC, accept delivery/performance from the Supplier without any special reservations.
- (3) Hereinafter in these GPC the term "Merchandise" always means the performance to be provided to us by the Supplier, regardless of whether this involves, for example, a purchased object, a work or service provision.
- (4) These GPC apply to current business relationships including to all future transactions with the Supplier, including if we do not refer to these GPC once again.

## Section 2 Tenders, orders, concluding agreements and order confirmations

- (1) The Supplier shall prepare drafts, tenders, cost estimates, submit samples and similar to us free of charge and that are non-binding. This also applies if no agreement comes about. In case of doubt our enquiries to the Supplier are only requests to submit an offer to contract (*invitatio ad offerendum*), unless the legally-binding character, in particular, as a result of designation as an "Order confirmation", is clearly recognisable.
- (2) The Supplier is obliged to install and maintain a modern, certified management system, effective throughout all areas of the company, for quality as per currently applicable international standards and guidelines, based at least on the standard EN ISO 9001:2015, or on a system that meets at least all the requirements included in the aforementioned standard.
- (3) Tenders made by the Supplier shall generally be binding, provided these are not explicitly identified as non-binding. If we can expect acceptance of our tender, in particular if our order is made in a current business relationship, after negotiations that provide a basis to conclude an agreement or on the basis of price lists or similar of the Supplier, the Supplier is obliged explicitly to explain in writing any rejection of our tender within three (3) business days. Otherwise, their silence shall be deemed to be acceptance of the agreement.
- (4) The Supplier must comply with the requirements of our enquiry or invitation to tender in its tenders. If the Supplier's declaration of acceptance or order confirmation contains any discrepancies or additional conditions to the enquiry, invitation to tender or order, the Supplier must make clear reference to this. Such discrepancies shall only be effective if we confirm these in writing.
- (5) Our order number, article and commission number, reference and date of the relevant correspondence must be detailed in correspondence, order confirmations and delivery paperwork.

## Section 3 Prices

- (1) All the prices specified are – subject to any explicit agreement to the contrary – as per "DDP" (Incoterms 2020), including the proviso of delivery free to the place of use specified by us and insurance, i.e. including usual commercial packaging, including transport, transport insurance (provided it is agreed that insurance is taken out or this is commercially usual) and including Value Added Tax. Provided any assumption of the freight and/or packaging costs by us is explicitly agreed, these costs shall be disbursed by the Supplier and indicated separately in invoices.
- (2) Unless otherwise agreed all prices are fixed prices, without any escalator clause and denominated in EUROS. Any retrospective price amendments are excluded.

## Section 4 Invoices, payment

- (1) If we have not agreed anything to the contrary with the Supplier, payment shall be made within fourteen (14) days with a 3% discount for early payment, or within thirty (30) days without an early payment discount. The time limit commences on receipt of the contractual performance and a correct and verifiable invoice. In the event of early delivery, the time limit shall commence on the agreed delivery date at the earliest. Payment shall not represent any confirmation of fulfilment of contractual obligations.
- (2) Invoices shall be issued after the Merchandise has been shipped, separately for each order, disclosing our order number, commission and article numbers, as well as the delivery address. Value Added Tax must be disclosed separately.

If these disclosures are missing, incorrect or incomplete, or if the invoice does not comply with the requirements of the German Value Added Tax Act, the invoice amount shall not be due for payment. The Supplier shall be responsible for all the consequences of non-compliance with these obligations, insofar as the Supplier cannot prove that it was not responsible for the breach of obligations. Our order number, article and commission number, reference and date of the relevant correspondence must be detailed in the invoice.

- (3) We may demand that the Supplier transmits invoices also or exclusively in electronic form and does so without any additional costs for us. The requirements of section 4 (2) also apply to electronic invoices.
- (4) No maturity interest shall be owed.

#### **Section 5 Amendments to agreements**

- (1) Any retrospective amendments to the content or scope of performance that we request shall be accepted by the Supplier, provided this is reasonable and feasible for the Supplier. If this would result in any additional costs or postponements of delivery dates in contrast with the original order, before commencing the corresponding work the Supplier shall inform us of these consequences in writing.
- (2) In the case of any additional costs or postponements of delivery the amendment to the agreement shall only be effective if we consent to the increase in payment or the change in delivery date in writing or, despite corresponding reference by the Supplier, insist on the amendment to the agreement in writing.

#### **Section 6 Samples and production materials to be procured by the Supplier.**

- (1) If the Supplier supplies sample and production materials, any refund of the manufacturing costs for this purpose (e.g. tools, moulds, templates) requires a separate agreement. In the case of such an agreement the Supplier shall invoice these costs separately. This also applies to production materials that are replaced as a result of wear and tear.
- (2) The costs for servicing, maintenance and proper storage, as well as the risk of accidental damage or destruction of sample and production materials, shall be borne by the Supplier. The Supplier shall store sample and production materials on its premises free of charge for three (3) years after the last delivery to us. Subsequently, it shall request us in writing to make a statement with regard to further use within six (6) weeks. This storage obligation shall end if within these six (6) weeks either no statement is made or no new order is given.
- (3) The Supplier may only use customer-related samples and production materials for deliveries to third parties with our prior written agreement. These materials may not be scrapped, nor made accessible to third parties, nor used for purposes other than the contractually agreed purposes without our agreement in writing and shall be stored by the Supplier with care.

#### **Section 7 Delivery obligation, delivery dates**

- (1) The Supplier shall bear the procurement risk for its performances. The delivery times or dates given in the order/order confirmation are binding.
- (2) If we have concluded an agreement with the Supplier for on-call deliveries, unless anything to the contrary is explicitly agreed, we shall be entitled to calls as required and in any (sub-) quantities. Call-offs shall be binding at the latest if the Supplier does not object to the call in text form within three (3) business days of our call.
- (3) There shall be no obligation to call off certain or equal quantities, or to do so at certain or regular delivery dates. Provided nothing to the contrary is agreed, the call deadline shall correspond to the term of the agreement. The Supplier is not entitled to demand an earlier call. There shall be no obligation to a complete call, provided no fixed acceptance quantity or minimum quantity has been explicitly agreed. Probable acceptance quantities shall only represent non-binding demand expectations. Provided nothing to the contrary is agreed, the Supplier is obliged to keep Merchandise sold on call available immediately and to carry out delivery within three (3) business days or at a delivery date set by us.
- (4) The proper receipt of the Merchandise or the flawless provision of the performance and the handover of the documentation to the point of use specified by us shall be authoritative for compliance with the delivery date or delivery deadline.
- (5) In the event of delivery earlier than agreed we reserve the right to refuse acceptance or to return the delivery at the cost of the Supplier. If no return delivery is made in the event of premature delivery, the Merchandise shall be stored at our premises until the agreed delivery date at the cost and risk of the Supplier.
- (6) If it is recognisable that a delay in delivery or performance will occur, the Supplier must inform us without delay and disclose the grounds and the probable duration of the delay. However, such information shall not rule out the occurrence of arrears.
- (7) In the case of default in delivery or performance of the Supplier we shall be entitled to demand lump-sum default compensation of 1% of the value of the performance per week commenced of the default in which the Supplier is in arrears, however, up to a maximum of 5% of this value. We reserve the right to any further legal claims, in particular the right to assert any higher loss or damage incurred. The lump-sum compensation shall be offset in the event of a higher loss or damage.

## **Section 8 Delivery, transfer of title and risks, offsetting, Supplier's right of retention**

- (1) All deliveries must be made to the point of use given in the order or, if no particular point of use has been agreed, to our registered office. The Supplier is obliged to comply with the requirements we have notified for the shipping paperwork.
- (2) The Merchandise must be correct, packed and labelled. The Supplier is obliged to transport the Merchandise to the point of use at its cost and to take out transport insurance at its cost, provided such insurance can usually be taken out commercially for the Merchandise to be delivered.
- (3) If software has been specially developed for us, the Supplier is obliged to surrender the program documents, in particular the source code.
- (4) At least one, and at our request, two delivery notes must be enclosed with the delivery. In the event of deliveries from a foreign customs jurisdiction the Supplier shall contact us in good time with regard to customs clearance and import processing. We must have all original documents seven (7) business days at the latest before the arrival of the Merchandise. All losses and additional costs incurred as a result of delayed customs clearance and import processing shall be borne by the Supplier, unless the Supplier was not responsible for the delay.
- (5) Over-, short- or part-deliveries are only permitted with our explicit written consent.
- (6) On delivery the Supplier transfers to us the non-exclusive, transferable, unlimited temporal and territorial, free of charge right, including the right of use of commercial property rights and/or the know-how of the Supplier embodied in the Merchandise, in order to use the Merchandise without restrictions. The Supplier grants us this right of use to all types of use, including to works protected by copyright that belong to the Merchandise, in particular software, including the accompanying documentation.
- (7) If the Merchandise is based on a development by us or a joint-development, adaptation or evaluation, this Merchandise and its components may not be delivered to third parties without our written consent.
- (8) On our demand the Supplier is obliged to take back or collect the packaging material free of charge.
- (9) The transfer of risks shall always occur, regardless of whether the Supplier carries out transports itself, commissions third parties with transport or, in exceptions, we assume transport ourselves, only after unloading and acceptance at the delivery location.
- (10) If our employees support the transport person or the Supplier during loading or unloading, without the inclusion of unloading or unloading in our contractual obligations our employees shall only act as assistants to the transport person or the Supplier. For this purpose, any liability of ours for damage during loading or unloading is excluded – except in the event of intent and gross negligence or for the causation of death, personal injury or injury to health.
- (11) Ownership shall pass to us on the handover of the Merchandise. The Supplier shall have no right of retention unless we have explicitly agreed anything to the contrary with the Supplier.
- (12) The Supplier is only entitled to offsetting and/or retention of deliveries or performances if their claim is undisputed or has been legally established.

## **Section 9 Conduct of orders, quality assurance and documentation, accompanying documents**

- (1) The Supplier shall comply with the performance features of the Merchandise to be manufactured or delivered with the greatest precision. The Supplier warrants the quality of the Merchandise delivered. In particular, the Supplier shall assume a warranty that the Merchandise is state-of-the-art and does not have any material defects and/or defects of title.
- (2) The Supplier assures us that the Merchandise meets all statutory and technical regulations (e.g. device and product safety regulations). The Supplier is obliged to comply with all relevant quality standards, in particular DIN, VDE and VDI standards, and generally recognised technical, technical-safety and occupational health regulations, as well as occupational safety, accident prevention and emission prevention regulations, and all additional acts, regulations, directives and notices that have been enacted by legislators, by the competent supervisory authorities, umbrella associations and technical supervision associations. Any protective equipment required pursuant to accident prevention regulations shall also be delivered. With its deliveries the Supplier shall in addition and in particular – insofar as is relevant – comply with the requirements of the REACH Regulation (Regulation (EC) No. 1907/2006), the German Electrical and Electronic Appliance Act (ElektroG), the German Electrical and Electronic Substance Ordinance (ElektroStoffV) and the Old Vehicles Ordinance (Alt-fahrzeugV) as German implementations of the EU Directives 2011/65/EU (RoHS 2), 2012/19/EU (WEEE Directive) and EU Directive 2000/53/EC, and all associated successor regulations.
- (3) Electrical appliances, machinery, devices etc. must comply with the VDE regulations and bear both the VDE radio interference mark and the CE mark.
- (4) For production or processing orders the Supplier shall be responsible for fault-free manufacturing.
- (5) If we provide parts or material, or issue requirements with regard to material and/or production/processing procedures, if the Supplier has any doubts about the foreseen type of execution, about the suitability or quality of the substances or components supplied by us or about the performance of another company, the Supplier must inform us in writing without delay – if possible before the commencement of work. In such cases the Supplier may only execute the order if, despite the written notice from the Supplier, we explicitly adhere to the requirements in writing. In the event of any breach of the preceding obligations the Supplier cannot appeal to the aforementioned circumstances.

Further, the Supplier shall indemnify us for all losses resulting from any breach of the aforementioned obligations unless the Supplier was not responsible for the breach of obligations.

- (6) The Supplier is obliged to carry out appropriate quality checks of the delivered Merchandise and to maintain a state-of-the-art, documented quality management system. The results of quality checks must be documented in writing. We are entitled to demand to inspect quality-check records at any time. Further, the Supplier is obliged to conduct material tests, test runs and to produce "pilot series" to an appropriate extent.
- (7) The Supplier may only employ subcontractors to fulfil its obligations after we have given prior written consent. We may refuse our consent in the event of material grounds or also withdraw consent after it has been issued. We must be notified of planned subcontractors in good time before an agreement is concluded. Even if we consent to the commissioning of subcontractors, the Supplier remains responsible towards us.
- (8) We are entitled to conduct quality audits to assess the effectiveness of the quality assurance system or to have such an audit conducted by an officer commissioned by us.
- (9) We are entitled at any time to demand information about the status of the performances and to review orders given for their contractual execution. We have the right in particular at any time during production to monitor the execution of performances at the Supplier's premises, to object to improper execution and to reject faulty parts or execution before delivery. We shall be granted access to workplaces, workshops and storage rooms in which Merchandise is, or parts to be delivered are manufactured, or substances intended for these are stored, within hours of business or operations. On request, execution documents shall be submitted to us for inspection. We shall be provided with samples, including of interim products, to a reasonable extent. If the Supplier acts as a subcontractor, we shall also be entitled to grant our client corresponding control and inspection rights at the Supplier's premises without any lapse in our control and inspection rights as a result. However, we shall have no obligation to carry out monitoring. The conduct of such control actions shall have no influence on the obligations of the Supplier, in particular to its warranty and liability. We shall treat all knowledge of manufacturing or business secrets thus acquired confidentially. The Supplier shall not be entitled to any claims to costs, refunds of expenses, compensation or any other claims as a result of such information and control actions. We shall bear our own expenses for information or control actions if routine samples are involved that are taken without any concrete signs of a breach of obligations by the Supplier. If there are indications of a breach of obligations or if defects were identified during previous checks, the costs of the check/repeated check shall be borne by the Supplier.
- (10) Detailed accompanying documents in German (and in English at our choice), in particular Supplier documents, shall be co-delivered with the Merchandise free of charge, if necessary, in digital or easily-duplicated form. The accompanying documents must comprehensively describe the function of the Merchandise delivered. The Supplier is also obliged to provide us in good time with documents that enable the proper assembly, operation, repairs, replacement procurements and maintenance of the object of performance and all information and documents necessary to obtain any approvals required. We are entitled to use these drawings and documents to manufacture spare parts as well as to carry out modifications on the object of performance – and also through commissioned third parties.
- (11) The Supplier shall on our request transmit without delay all information and records that we require to check the Merchandise or the contractual relationship with the Supplier for compliance with sanctions and other foreign trade regulations of the Federal Republic of Germany, the European Union, the United Nations or the United States of America. This relates in particular to certificates of origin for the Merchandise and parts of the Merchandise, any subcontractors involved and transport persons or financing banks commissioned by the Supplier.
- (12) In the event of delivery of dangerous goods, the Supplier shall provide us with the relevant safety sheets unsolicited.
- (13) The Supplier is obliged carefully to examine any merchandise delivered to it by third parties for faultlessness. The Supplier shall not use any upstream supplier that the Supplier is aware is not completely reliable.
- (14) The Supplier warrants the availability of spare parts and replacement products for its Merchandise for a period of at least ten (10) years.

#### **Section 10 Inspection on receipt/acceptance**

- (1) We shall check the Merchandise delivered for a purchase agreement or works contract for transport damage and quantity discrepancies within an appropriate deadline. A complaint shall be timely in every case if in the event of obvious defects, it is made within fourteen (14) days of receipt of the Merchandise at the latest, in the event of hidden defects or on others than quantity discrepancies and transport damages (e.g. quality defects), within fourteen (14) days of their discovery at the latest.
- (2) Any acceptance without reservations or the issue of delivery acknowledgements/delivery notes by us does not represent any waiver of possible claims or rights due to delayed or non-contractual performance and shall be provided with the reservation of subsequent checks as per the preceding paragraph.
- (3) For contracts to produce a work and contracts to produce a work and materials the performance of the Supplier requires formal written acceptance by us. If trial operations are planned, acceptance shall be declared in a joint acceptance report after a flawless test run.

#### **Section 11 Defect rights**

- (1) The Supplier shall be liable for defects of title and material defects of the Merchandise in accordance with statutory provisions. The Supplier warrants the careful and proper fulfilment of the agreement, e.g. compliance with the set specifications and our other execution regulations as state-of-the-art, as well as the quality and practicality of the Merchandise as regards material, design and execution, and of the documents accompanying the Merchandise (drawings,

plans etc.). We shall be entitled to the statutory provisions in the event of defective performances without limitations.

- (2) The Supplier shall bear all expenses incurred in connection with identifying defects and rectifying defects, in particular, examination and inspection costs, demounting and assembly costs, packaging, transport, travel, work, material, downtime and set-up costs. This also applies if the costs are incurred on our premises. The Supplier shall also bear these costs if there was not actually any defect, unless the defect report made by us was prepared with gross negligence or intent. The risks and costs for any return shipment necessary shall be borne by the Supplier. The Supplier warrants for the replacement parts delivery and repair work as for the Merchandise.
- (3) If the Merchandise is defective, we may choose between rectification of the defect or delivery of a new defect-free item. For purchase agreements and contracts to produce a work we shall be entitled after the fruitless expiry of an appropriate deadline or, in urgent cases, also without setting a deadline, to rectify defects ourselves or have these rectified by third parties at the cost of the Supplier (substitute performance). Any further statutory rights remain unaffected.
- (4) Even in the event of any minor deviation from the agreed properties and condition or minor impairment of usability we shall be entitled to the right to withdraw from the agreement and to compensation in place of the entire performance.
- (5) The warranty period shall be thirty-six (36) months, provided the law does not provide for longer limitation periods. This period begins – including in the event of acceptance of part-performance – on the delivery or acceptance of the entire merchandise. The period of limitations shall be suspended as long as the performance is being inspected due to a defect or defect rectification is being carried out. The period of limitations shall run again from the point in time at which the defect is rectified or the Contractor justifiably refuses to continue rectification. In the event of replacement delivery or defect rectification with regard to repaired parts, the legal period of limitations for defect claims recommences.
- (6) If our customers make claims against us due to a defective delivery, the Supplier shall at its cost and without delay issue to us all information and documents required or relevant to legal defence.

#### **Section 12 Third-party rights, property rights, advertising material**

- (1) The Supplier warrants no third-party rights are breached by or in connection with its delivery within the Federal Republic of Germany, in countries in which the Supplier manufactures, or has manufacturing carried out, if the delivery item or parts thereof and in countries in which the Supplier could recognise that we distribute the products.
- (2) If claims are made against us by a third party in accordance with section 12 (1), the Supplier shall be obliged to indemnify us of these claims at first request. In such cases we shall also be entitled, at the cost of the Supplier, to bring about the required approval from the holder of the right, if and insofar as the Supplier does not procure these rights within an appropriate deadline set by us and the cost for this process would not exceed the costs to be borne by the Supplier for claims pursuant to (1). The obligation of the Supplier to indemnify also relates to all expenses we necessarily incur from or in connection with any claim made by a third party and defence against this.
- (3) If within the scope of the order or its preparation patentable know-how or know-how that may become a registered design emerges to which we have contributed, we and the Supplier shall act as joint applicants to register the property rights.
- (4) The Supplier may only refer to business relationships in advertising material with our explicit written consent.

#### **Section 13 Claims to compensation, withdrawal and cartel violations**

- (1) Statutory provisions apply to our claims to compensation for loss or damages and our rights of withdrawal.
- (2) If the Supplier, or any company affiliated with it in accordance with sections 15 et seq. German Stock Corporation Act (*Aktiengesetz - AktG*), in connection with the Merchandise to be delivered to us, is involved in agreements between companies, resolutions of associations of undertakings, or types of conduct coordinated with each other that violate applicable cartel law or competition law regulations (hereinafter also "Violation of Cartel Law") and if the Violation of Cartel Law is legally established by a government agency or court ruling, the Supplier shall pay us 10% of the net invoice amount of the scope of performance affected by the Violation of Cartel Law as lump-sum compensation. This obligation also continues to apply in the event of any termination or fulfilment of the agreement. Otherwise, we reserve the rights and claims to which we are entitled due to a violation of cartel law.

#### **Section 14 Producer liability, insurance**

- (1) If claims are made against us as a result of domestic or foreign product liability regulations, the Supplier shall be obliged, on our first request, to indemnify third-party claims to compensation in this respect, insofar as the Supplier is responsible for the product fault that causes liability. The Supplier shall label the Merchandise so that it is permanently recognisable as its products. Statutory regulations with regard to joint and several compensations remain unaffected.
- (2) In this case the Supplier shall also refund all expenses, including the costs of any recall actions. Further statutory claims remain unaffected.
- (3) During the term of the agreement, however, until the expiry of the warranty period for its products at least, the Supplier is obliged to maintain product liability insurance that also covers the costs of a recall action – both by us and also our customers. This insurance must have a lump-sum cover total of at least €10 million per case of personal injury/damage to property. The Supplier is obliged to prove the existence of a corresponding insurance policy unsolicited.

## **Section 15 Documents, proof of origin and prohibition of reverse engineering**

- (1) We reserve all rights to all documents, drawings, models, plans, descriptions or other information that we surrender or notify to the Supplier before or after the conclusion of an agreement, in particular the right of ownership and copyright.
- (2) The Supplier shall provide any proof of origin required pursuant to statutory regulations or requested by us, including all the required disclosures, properly signed and without delay. The Supplier shall inform us unsolicited, in writing and without delay, if the disclosures in the proof of origin for the Merchandise delivered are no longer accurate. The same applies to evidence relating to value-added tax law for foreign and community deliveries.
- (3) The Supplier is obliged to comply with all applicable export control provisions. The Supplier shall inform us without delay if a delivery is subject, in full or in part, to export restrictions pursuant to German or any other law. In this case the Supplier shall procure any export approvals required.
- (4) The Supplier warrants the security of the supply chain and shall comply with corresponding legal requirements. The Supplier is obliged on our request to provide sufficient evidence of this, for example, through certificates or declarations from internationally-recognised initiatives (e.g. AEO, C-TPAT), to support us within the scope of official audits and to take comparable care towards its business partners. The Supplier is obliged to notify us of any foreseeable changes or any danger to this status.
- (5) The Supplier is obliged to keep strictly secret all documents provided to it, as well as operational methods and figures and all other business and operational secrets that are not generally known, for example, technical or commercial information, of which the Supplier becomes aware in connection with the agreement or contractual negotiation, and shall also retain such secrecy after the termination of the agreement. The Supplier shall store physical information properly and in particular shall ensure that third parties cannot view this information. Documents and information may only be used for the contractually foreseen purpose in particular, they may only be made available to the Supplier's personnel and vicarious agents on a need-to-know basis for the performance of the contract. These documents and this information must not be copied, duplicated, surrendered to third parties or otherwise published without our written consent. These documents and this information shall be returned to us without delay on request. Sub-suppliers must be subject to the same obligation.
- (6) In particular, it is prohibited for the Supplier to obtain confidential Information by means of reverse engineering samples or production material provided to it. Reverse engineering in this context includes all actions, including observations, testing, examinations, dismantling and re-assembly, with the aim of obtaining confidential information.
- (7) In the event of any breach of the secrecy obligation as per section 15 (5) or the prohibition of reverse engineering as per section 15 (6) the Supplier shall, for each infringement, pay us a contractual penalty in every single case to be set at our discretion (section 315 German Civil Code (*Bürgerliches Gesetzbuch - BGB*)), unless the Supplier was not responsible for the breach of obligations. The contractual penalty may not exceed a total of € 50,000 in an individual case. Our right to demand further compensation for loss or damages remains unaffected. Any forfeited contractual penalty shall be offset against such compensation, if the contractual penalty and compensation protect our same legal interests.

## **Section 16 Duties of care and retention of title for material, samples and production material provided**

- (1) Production material and documents (which also includes samples and data) that we provide to the Supplier remain our property.
- (2) The Supplier is responsible for proper storage, safeguarding, insurance and use of provided materials and/or workpieces. The Supplier is obliged to label our property and to store and administer it separately. Our property must be stored carefully and protected against external influences and third-party access in particular. The Supplier is obliged at its cost to insure objects that are our property at new value against damage caused by fire, water and theft. The Supplier hereby assigns to us all and any claims to compensation from the insurer or third parties. We accept the assignment.
- (3) We reserve ownership of all provided materials. Any processing or reformation carried out by the Supplier shall be carried out for us as the manufacturer. If items we provide are combined or processed with other objects that do not belong to us, we shall acquire co-ownership to the new item in relationship to the value of the reserved object (purchase price plus Value Added Tax) to the other processed objects at the point in time of processing. If the Supplier acquires sole ownership pursuant to statutory regulations, the Supplier assigns to us pro rata co-ownership at the amount of the quota that results from the relationship of the invoice amount for the reserved goods to the other main item.
- (4) The Supplier shall inform us without delay of any accesses or interventions made by third parties to our property, in particular seizures, confiscations or damage, and shall provide us with all the information and documents necessary for an intervention. The Supplier shall be liable for the costs we incur to revoke the access, in particular by filing third-party claim proceedings, insofar as these costs cannot be obtained from the collecting creditor.

## **Section 17 Compliance, environment, social responsibility, energy efficiency**

- (1) The Supplier is obliged to comply with the relevant statutory regulations with regard to dealing with employees, environmental protection and occupational safety and to work towards reducing detrimental effects on people and the environment from its activities. For this purpose, the Supplier shall set up and further develop a management system within the scope of its possibilities. The Supplier shall also comply with the principles of the Global Compact Initiative of the UN. This largely relates to the protection of international human rights, the right to collective bargaining, the abolition of forced labour and child labour, the elimination of discrimination in recruitment and employment, responsibility for the environment and the prevention of corruption. Further information about the Global Compact Initiative of the UN is available under [www.unglobalcompact.org](http://www.unglobalcompact.org).
- (2) The Supplier is obliged to pay its employees appropriately and punctually. In particular, the Supplier is obliged to pay its

employees any applicable statutory minimum wage (e.g. pursuant to the German act to regulate a general minimum wage (German Minimum Wage Act – *Mindestlohngesetz - MiLoG*) of 11<sup>th</sup> August 2014 (BGBl. I S.1348) or any differing country-specific regulations).

- (3) The Supplier shall use the necessary resources (e.g. materials, energy and water) effectively and minimise the effects on the environment (e.g. waste, waste water, air and noise pollution). This also applies to logistics/transport effort. If the Merchandise contains rare earths and/or materials such as tantalum, wolfram, tin or gold, the Supplier is obliged to ensure that these materials originate from responsible sources that act in accordance with UN resolutions and that are not involved in the financing of armed conflicts. The Supplier shall on request disclose to us all the necessary information about the origin of such materials.
- (4) If the Supplier is entitled to employ subcontractors pursuant to section 9 (7), the Supplier is equally obliged to impose the same obligations from this section 17, in particular from (2), on its subcontractors.
- (5) If a Supplier or one of its subcontractors repeatedly and/or despite an appropriate warning conducts itself in breach of the law and does not prove that the breach of the law has been rectified as far as possible and appropriate precautions have been taken to avoid future breaches of the law, we reserve the right to withdraw from existing agreements or to terminate these without notice.

#### **Section 18      Concluding provisions**

- (1) German law applies to this contractual relationship with the Supplier with the exception of conflict of laws and the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- (2) The exclusive court of jurisdiction for all disputes resulting from or in connection with this contractual relationship is Walsrode. However, we are also entitled at our choice to file a lawsuit against the Supplier at its general court of jurisdiction.
- (3) Provided we have not explicitly agreed anything to the contrary with the Supplier, the place of performance for all performances to be provided by the Supplier is the agreed delivery location.
- (4) Should any provisions of this agreement be or become ineffective or void this shall not affect the effectiveness of the remainder of the agreement. Any ineffective or void provision is deemed to be replaced by a provision that comes as close as possible to the sense and purpose of the ineffective or void provision in a legally-effective manner. The preceding regulation applies accordingly to any omissions. Should the ineffective or void provision be a General Business Condition in accordance with section 305 BGB, in variance from the preceding section 306 (1) and (2) BGB shall apply.
- (5) No action taken by us, apart from an explicit written waiver, shall represent any waiver of any right to which we are entitled or to any claim to which we are entitled. Any delay in cognisance does not apply as a waiver either. Any one-off waiver shall not be deemed to be a waiver in any other matter.