

06 Procurement Policy

General Terms and Conditions of Purchase

I. Conclusion of contract/form requirements

1. The following terms and conditions shall apply exclusively to the legal relationship between the supplier and us. Supplier's terms and conditions and deviating agreements shall only apply if we have acknowledged them in writing. Neither our silence nor the acceptance of the performance or its payment shall be deemed to be acceptance.
2. These Terms and Conditions of Purchase shall apply to all future transactions and contracts with the supplier in the version applicable at the time of the respective subsequent transaction even if we do not expressly refer to them again in the future. The respective current version can be viewed and accessed by the supplier on our website under the menu "General Terms and Conditions of Purchase of the Hanomag Lohnhärtereier Group". Supplier's deviating terms and conditions shall not have any effect even if we do not separately object to these terms and conditions.
3. The delivery contract as well as any amendments, ancillary agreements, declarations regarding its termination as well as other declarations and notifications must be made in text form, unless otherwise stipulated in these terms and conditions. If the supplier does not accept an order within two weeks of receipt, we shall be entitled to cancel the order at any time after the expiry of this period.

II. Scope of delivery/changes to the scope of delivery/spare parts

1. The supplier shall ensure that it is aware in good time of all data and circumstances relevant to the fulfilment of its contractual obligations as well as of our intended use of its deliveries. In the event of any ambiguity, the supplier is obliged to obtain all information necessary for this purpose before commencing its activities. The supplier warrants that its deliveries include all services that are necessary for proper, safe and economic use, that they are suitable for the intended use and that they correspond to the state of the art of science and technology. When providing the services, the supplier shall observe all relevant standards, laws and legal provisions, in particular the relevant environmental protection, hazardous substances, hazardous goods and accident prevention regulations, and shall comply with the generally recognised safety and occupational health rules. The supplier is obliged to provide us with all necessary information on the composition of the respective delivery item at our request, insofar as this is necessary for the fulfilment of official requirements at home and abroad. The supplier shall inform us about the necessary official permits and notification requirements for the import and operation of the delivery items.
2. The supplier shall ensure that a continuous supply of the delivery items or parts thereof as spare parts is available on reasonable terms for a period of 10 years after termination of the supply relationship. The resulting consequences - e.g. on the cost situation - shall be settled by mutual agreement between the parties. If an amicable settlement cannot be reached within a reasonable period of time, which, subject to special circumstances, is regularly 10 days, a right of determination to be exercised by us within the meaning of Section 315 of the German Civil Code shall apply, taking into account equitable discretion. The supplier shall implement the changes within a reasonable period of time.
3. The supplier shall immediately notify us in writing of any reservations on the part of the supplier regarding the manner in which the performance owed by the supplier is to be carried out as requested by us, at the same time stating any changes which the supplier deems necessary.
4. The supplier shall ensure that a continuous supply of the delivery items or parts thereof as spare parts is available to us on reasonable terms for a period of 10 years after termination of the supply relationship.

III. Prices/Terms of payment

1. The prices shown in the order are fixed prices. This stated price also includes the costs for delivery to us "free domicile", insurance, customs duties, packaging, preservation and, if applicable, material testing procedures. In the case of additional deliveries and/or services, the supplier can demand additional payment only if a written agreement and order of the additional deliveries and/or services has been made with us in advance. Additional claims above and beyond the total fixed price are excluded.
2. Unless otherwise agreed, payment shall be made after delivery/service and receipt of invoice within 14 days with 3% discount or within 30 days without deduction. In the event of acceptance of early deliveries, however, the period shall commence at the earliest on the agreed delivery date. By way of derogation, a separate payment plan may also be agreed.
3. Invoices are to be sent to the mail address stated in the order, stating the order number. They shall only become due within the above periods if they comply with the legal requirements - in particular the Value Added Tax Act -, can be allocated by stating the order number, are auditable and all contractually required documents are available.
4. The supplier is not entitled to assign claims against us to which it is entitled or to have them collected by third parties. The provision of Section 354a of the German Commercial Code (HGB) remains unaffected.

IV. Delivery conditions

1. Deliveries shall be made DDP (Incoterms as amended from time to time) to the place designated by us, unless otherwise specified, including packaging and preservation. Each delivery shall be accompanied by a delivery note in duplicate. The delivery note must be provided with our order number. Invoices shall be sent to the email address stated in the order, stating the order number. They shall only become due within the above periods if they comply with the legal requirements - in particular the Value Added Tax Act -, can be allocated by identifying the order number, are auditable and all contractually required documents are available. In the event of delivery

06 Procurement Policy

General Terms and Conditions of Purchase

"ex works" agreed in exceptional cases, the dimensions and weight of the consignment shall be notified to the carrier specified in our order. The transport is then carried out on our behalf and is commissioned and coordinated by the supplier. Transport insurance premiums are not reimbursed because we are self-insured. When preparing the shipping documents, the supplier must take into account that customs clearance takes place at our plant and that we are exempt from the obligation to present the goods.

2. For deliveries from preferential countries, the supplier shall enclose the proof of preference with each delivery. The long-term supplier's declaration pursuant to Art. 5 III of Regulation (EC) No 1207/2001 shall be submitted once a year. Furthermore, the supplier is obliged to comply with the relevant export control regulations and to notify us without being requested in written form of the export control labelling of the contractual products, in particular in accordance with EU and US law, at the latest with the delivery.
3. The delivery items are to be packed in a customary and appropriate manner. We are entitled to prescribe the manner of packaging to the supplier. If we return reusable packaging to the supplier carriage paid, we are entitled to a refund amounting to the value of the packaging.
4. Hazardous substances shall be packaged and labelled in accordance with the applicable laws, and the relevant latest versions of the safety data sheets shall be supplied. Likewise, dangerous goods must be packed, labelled and transported in accordance with the applicable laws of the respective countries (including transit countries); the dangerous goods classification or, if applicable, the note "no dangerous goods" shall be indicated on the delivery note.
5. Unless otherwise agreed, the CE mark must be clearly visible; the declaration of conformity and the hazard analysis must also be supplied.
6. Packaging should always be recyclable reusable packaging and made of environmentally friendly materials. Packaging materials should be produced without CFCs, be chlorine-free, chemically inactive, groundwater-neutral and non-toxic in combustion. The packaging must be labelled with recognised recycling symbols, such as RESY, or substance symbols, such as PE. The supplier is obliged to dispose of its waste, packaging etc. on its own responsibility and free of charge for us. Failing compliance with this agreement, we will carry out the disposal at the supplier's expense without setting a further deadline.

V. Deadlines/Delay

Agreed dates and deadlines are binding. The receipt of the goods by us or by the recipient specified by us shall be decisive for compliance with the delivery date or the delivery period. The supplier shall notify us immediately in writing of any recognisable delay in its performance, stating the reasons and the expected duration of the delay. The supplier may only invoke causes of delay beyond its responsibility if it has complied with the duty of notification. In the event of culpable delay in delivery, we are entitled to demand a contractual penalty from the supplier. This penalty shall amount to 0.5 % for each week or part thereof of the delay, but in total not to more than 5 % of the total value of the order. The agreement of the contractual penalty or its enforcement shall not affect the statutory claims for default to which we are entitled. Any contractual penalties paid shall be offset against claims for damages. The contractual penalty may be claimed until payment of the goods delivered late. Acceptance by us of a delayed delivery or service shall not constitute a waiver of claims for compensation.

VI. Confidentiality/Information/Protection rights

1. The supplier undertakes to treat the information provided by us, such as drawings, documents, findings, samples, means of production, models, data carriers, etc., as confidential, not to make them accessible to third parties (including sub-suppliers) without our written consent and not to use them for purposes other than those determined by us. This applies accordingly to reproductions. The duty of confidentiality also applies to personal data. This obligation does not apply to information which was already known to the supplier in a lawful manner without an obligation of confidentiality upon receipt, or which subsequently becomes known to the supplier in a lawful manner without an obligation of confidentiality, which - without a breach of contract by one of the parties - is or becomes generally known or for which it has been granted permission in writing to use it for other purposes. The supplier may not advertise its business relationship with us without our prior written consent.

The supplier continues to be bound by confidentiality after the execution or failure of a contract. Such obligation shall only expire if and to the extent that the information contained in the documents provided has become generally known in a way that is not based on a breach of the duty of confidentiality.

We retain ownership and all other rights (e.g. copyrights) to the information we provide. Reproductions may only be made with our prior written consent. The reproductions become our property upon being made. It is hereby agreed between the supplier and us that the supplier shall keep the reproductions for us. The supplier shall carefully store, maintain and insure the documents and items made available to it as well as copies thereof at its own expense and shall surrender or destroy them at any time upon our request. A right of retention by the supplier is excluded, irrespective of the reason. The complete return or destruction must be declared in writing.

2. In the event of a breach of the obligations under Chapter VI paragraph 1, a contractual penalty of € 25,000.00 shall be due immediately for each case of breach. The supplier reserves the right to have the appropriateness of the amount of the contractual penalty determined by the courts. Any contractual penalties paid shall be offset against claims for damages.
3. The supplier guarantees that no third-party rights are infringed in connection with its delivery to us. Should a claim be made against us by a third party in this connection, the supplier shall be obliged to indemnify us immediately against all claims resulting therefrom at our first request and to defend against such claims. The indemnification obligation also comprises all expenses necessarily incurred by us from or in connection with the claim by a third party. This also includes the costs of legal representation. The supplier is obliged to take out insurance against this type of risk to a sufficient extent and in accordance with customary practice.

VII. Quality management/Incoming goods inspection

1. The supplier shall constantly monitor the quality of its deliveries and services. For this purpose, the supplier shall, within the scope of its possibilities, establish and further develop a management system in accordance with IATF 16949, but at least in accordance with ISO 9001, and undertakes to observe the relevant quality assurance agreement as amended from time to time. Changes to the delivery item require our prior consent. The supplier shall record in writing, for all products delivered to us, when, in what manner and by whom the defect-free manufacture of the delivery was ensured. The details are regulated in the applicable quality assurance agreement. Pre-suppliers shall be obligated accordingly. The contractual partners shall inform each other about the possibilities of quality improvements. Furthermore, the supplier shall observe the principles of our "Quality/Environment/Energy Policy".
2. An incoming goods inspection is only carried out by us with regard to externally recognisable damage and externally recognisable deviations in identity and quantity. We shall give notice of such defects in writing without delay. We reserve the right to carry out a more extensive incoming goods inspection. Furthermore, we shall give notice of defects as soon as they are discovered in the ordinary course of business. In this respect, the supplier waives the objection of delayed notification of defects. If defects are detected, we are entitled to return the entire delivery.

VIII. Compliance, social responsibility and environmental protection

1. Within the business relationship with us, the supplier undertakes not to offer or grant benefits or to demand or accept benefits that violate applicable anti-corruption regulations, neither in business dealings nor in dealings with public officials.
2. The supplier undertakes not to enter into any agreements or concerted practices with other companies within the business relationship with us which have the purpose or effect of preventing, restricting or distorting competition as stipulated by the applicable antitrust legislation.
3. The supplier assures compliance with the respective applicable laws regulating the general minimum wage and to obligate sub-suppliers commissioned by it to the same extent. Upon request, the supplier shall provide evidence of compliance with the above assurance. In the event of a breach of the above assurance, the supplier shall indemnify us against claims by third parties and shall be obliged to reimburse any fines imposed on us in this connection.
4. The supplier shall comply with the respective legal regulations on the treatment of employees, environmental protection and occupational safety and shall work to reduce adverse effects on people and the environment in its activities. To this end, the supplier shall establish and further develop a management system in accordance with ISO 14001 within the scope of its possibilities. Furthermore, the supplier shall observe the principles of the Code of Conduct.
5. In the event of a suspected infringement of the obligations under clauses 1. to 4., the supplier shall immediately investigate possible infringements and inform us of the investigation measures taken. If the suspicion proves to be justified, the supplier must inform us within a reasonable period of time of the internal measures it has taken to prevent future violations. If the supplier does not comply with these obligations within a reasonable period of time, we reserve the right to withdraw from contracts with the supplier or to terminate them with immediate effect.
6. In the event of serious violations of the law by the supplier and in the event of violations of the regulations in clauses 1 to 4, we reserve the right to withdraw from existing contracts or to terminate them without notice.

IX. Liability for defects/reimbursement of expenses/period/insurance

1. If the delivery item is defective, our claims shall be governed by the statutory provisions, unless otherwise stated in the following provisions. Furthermore, the supplier guarantees that the goods and deliveries comply with the applicable statutory regulations - such as the respectively valid packaging ordinance. This also applies with regard to compliance with the RoHS directive for goods and deliveries that are subject to this directive or the Act on the Marketing, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment, the Battery Ordinance and the EU Chemicals Ordinance ReACC.
2. If the operational safety is endangered, if there is a risk of unusually high damage or in order to maintain our ability to deliver to our customers, we may carry out the rectification ourselves or have it carried out by third parties after informing the supplier. Any costs arising from this shall be borne by the supplier. The supplier shall be liable for all damage and expenses incurred by us directly or indirectly due to defects in the item. The expenses for an incoming goods inspection exceeding the usual scope shall also be liable for compensation if at least parts of the delivery were identified as defective. This also applies to a partial or complete inspection of the deliveries received in the further course of business at our or our customers' site. If the supplier uses third parties for the performance of the service, it shall be liable for them in the same way as for vicarious agents.
3. The supplier shall also reimburse expenses incurred by our customers or us in the run-up to or in connection with defect liability events for the early prevention, defence or reduction of damage (e.g. recall campaigns).
4. The supplier shall reimburse the expenses which we are legally obliged to bear vis-à-vis our customers and which are attributable to defects in the delivery obtained from it.
5. Unless otherwise mandated by law, the supplier shall be liable for defects occurring within 36 months from receipt of the delivery by us or from acceptance (if such acceptance is stipulated by law or contract). In the event of subsequent performance, the period shall be extended by the time during which the delivery item cannot be used in accordance with the contract. The same deadlines shall apply to

06 Procurement Policy

General Terms and Conditions of Purchase

subsequent performance. The limitation period for claims due to defects shall commence at the earliest two months after the claims of the end customer have been fulfilled. This suspension of expiry ends at the latest 5 years after delivery to us.

6. The supplier is obliged to maintain adequate insurance cover for the **risks listed in IX**, for the duration of the supply relationship. Proof must be provided at our request.

X. Liability for damage

1. Product damage resulting from the supplier's responsibility obliges the supplier to indemnify us against claims for damages by third parties at our first request if the cause lies within the supplier's sphere of control and organisation and the supplier itself is liable in relation to third parties. This obligation also includes all expenses necessarily incurred by us as a result of or in connection with claims asserted by third parties, including the costs of legal representation. The supplier is obliged to insure these risks to the extent customary in the trade.
2. In cases of damage due to injury to life, body or health, we shall be liable in accordance with the statutory provisions in the event of intent and gross negligence, including that of one of our legal representatives or vicarious agents. This also applies to damage that falls under a guarantee or warranty granted by us. In case of only slight negligence on our part, our liability shall be limited to compensation for foreseeable damage typical of the contract and only insofar as compliance with this obligation has enabled the proper fulfilment and performance of the contract and the contractual partner could rely on compliance with this obligation in the sense of a cardinal obligation. Any further liability is excluded to the extent permitted by law.

XI. Provisions

Materials, parts, containers, special packaging, tools, measuring equipment or similar items provided by us (provisions) shall remain our property. In the event of processing, combination or mixing of materials provided, we shall receive co-ownership of the new product in the ratio of the value of the materials provided to the value of the overall product. Reproductions of provisions may only be made with our prior written consent. The reproductions become our property upon being made. A right of retention by the supplier, for whatever reason, is excluded in respect of the materials provided. Provisions as well as copies thereof may not be made available to third parties (including sub-contractors) and may not be used for purposes other than those agreed.

XII. Tools

Notwithstanding any other agreements, we shall receive full or co-ownership to the extent that we share in the proven costs of tools for the manufacture of the delivery item. The tools shall become our (co-)property upon payment. They remain on loan with the supplier. The supplier is only authorised to actually or legally dispose of the tools, to relocate them or to render them permanently inoperable with our approval. The tools shall be marked by the supplier as our (co-)property. The supplier shall bear the costs for the maintenance, repair and replacement of the tools. Replacement tools shall be our property in proportion to our share in the original tool. In the event of co-ownership of a tool, we shall have a right of first refusal to the supplier's co-ownership share. The supplier shall use tools which are (co-)owned by us exclusively for the manufacture of the delivery items. Upon termination of the delivery, the supplier shall immediately return the tools to us upon request; in the case of tools in co-ownership, we shall reimburse the supplier for the current value of the supplier's co-ownership share after receipt of the tool. A right of retention by the supplier is excluded under any circumstances. The obligation to surrender shall also apply to the supplier in the event of an application for insolvency against it or in the event of a longer-term interruption of the supply. The supplier shall insure the tool to the agreed extent and, if no agreement has been made, to the usual extent.

XIII. Software

Insofar as non-standard software is included in the scope of delivery, the supplier agrees for a period of 5 years from delivery of the delivery item to make changes/improvements to the software according to our specifications against reasonable reimbursement of costs. Insofar as the software originates from sub-suppliers, it shall obligate them accordingly.

XIV. Force majeure/long-term delivery hindrances/withdrawal from the contract

1. Industrial disputes, unrest, official measures and other unforeseeable and unavoidable events shall release the supplier and us from our performance obligations for the duration of the disruption and to the extent of its effect.
The party concerned shall immediately inform the other party comprehensively and shall do everything within reason to limit the effect of such events. The party concerned shall inform the other party immediately of the end of the disruption.
2. In the event of a long-term delay in delivery resulting from force majeure and leading to the ordered delivery being unusable, we shall be released from the obligation to accept the ordered delivery in whole or in part and shall be entitled to withdraw from the contract to this extent. A mutual right of withdrawal with regard to the contract not yet fulfilled shall apply in cases of suspension of payments or the opening of insolvency proceedings, the rejection of the fulfilment of such proceedings for lack of assets or the initiation of comparable proceedings against one of the contracting parties. If the supplier is affected by one of the above events, it shall support us to the best of its ability in relocating the production of the delivery item to us or to a third party, incl. licensing of industrial property rights necessary for the production at conditions customary in the industry.

XV. General provisions

1. The place of performance for deliveries and services is the destination specified by us.
2. The contractual relationship shall be governed by German law to the exclusion of the UN Convention on Contracts for the International Sale of Goods of 11 April 1980. The place of jurisdiction is Hanover. We may also bring an action before the courts having jurisdiction for the supplier's registered office or before those courts before which third parties bring an action against us for circumstances which are causally connected with deliveries, services and other obligations of the supplier.
3. Should any provision be or become invalid, this shall not affect the validity of the other provisions.
4. We would like to point out that we store personal data in compliance with the statutory provisions and process it in connection with business transactions.

Hanover, 03 January 2022
Hanomag Lohnhärtereier Gruppe

Release and version tracking

Index	Date	Description of changes	Created/ Changed by
1	03/01/2022	New creation/first issue	HHC/Sonnenfeld