

## Conditions of purchase of Konrad Haluk Industriebedarf GmbH

### I. General facts and scope of validity

- (1) All orders, contracts and delivery schedules of Konrad Haluk Industriebedarf GmbH, hereinafter known as **Haluk**, are based exclusively on the following conditions of purchase. The conditions of purchase of Haluk apply only to legal persons responsible for public law or special assets covered by public law or entrepreneurs (hereinafter known as **Supplier**). Entrepreneurs under these conditions are natural or legal persons, or legal partnerships with whom a business relationship has been entered into, who perform a commercial or self-employed professional activity (§ 14 BGB). Conflicting conditions / conditions which deviate from these terms and conditions which are on the part of the contract partner (hereinafter known as **Supplier**) shall not be recognised by Haluk, unless Haluk has already expressly agreed to their validity in writing. The conditions of purchase of Haluk shall apply even if Haluk accepts the supplier's deliveries unconditionally while being aware of conflicting conditions / conditions which deviate from those of Haluk which are on the part of the supplier.
- (2) The conditions of purchase of Haluk also apply with all future business with the supplier.
- (3) Legal statements and notifications of the supplier in relation to the contract (e.g. deadline, reminder, withdrawal) must be submitted in writing i.e. in written or text form (e.g. postal letter, email, telefax). This does not affect statutory form regulations and other proof of validation, especially in case of doubt of the legitimacy of the declaring party.

### II. Offer and conclusion of contract

- (1) The supplier must accept Haluk's offers within a period of two weeks.
- (2) All agreements (in particular: orders, contracts and delivery schedules) entered into between Haluk and the supplier for the purpose of the execution of this contract, as well as changes and additions thereto, must be established in writing in this contract. Verbal agreements must be confirmed in writing by Haluk in order to be valid. Verbal collateral agreements shall have no validity.
- (3) Haluk reserves all proprietary rights and copyrights related to invoices, figures, plans and other documents; they may not be made accessible to third parties without the express written consent of Haluk. They are to be used only in connection with production as per the order of Haluk; after the order has been completed, they must be returned to Haluk gratuitously. They are to be kept secret from third parties – Regulation IX (4) also applies in this regard.
- (4) Supplier's cost estimates are binding and they are not to be remunerated by Haluk unless expressly agreed otherwise.

### III. Prices and payment conditions

- (1) The price stated in the order is binding. The delivery price shall be "free location", including packaging and customs, unless otherwise agreed in writing.
- (2) Statutory VAT is included in the price.
- (3) Unless otherwise agreed in individual cases, the price shall include all the supplier's services and fringe benefits (e.g. assembly, installation) as well as all additional costs (e.g. proper packaging, transportation costs incl. possible transportation and liability insurance).
- (4) Invoices can be processed by Haluk only if the order number stated in the order has been specified; the supplier shall be liable for all consequences resulting from failure to comply with this obligation unless they can evidence that the liability lies not with them.
- (5) Unless otherwise agreed in writing, Haluk shall pay the supplier's invoices within 14 days (calculated from delivery / provision of service and receipt of invoice; in which case with 3% discount) or within 30 days after receipt of invoice (net).
- (6) Haluk shall be entitled to set-off and retention rights, and to make pleas regarding the scope of the contract unfulfilled, to the extent that it is legally valid.
- (7) The supplier shall have a right to set-off and retention only with legally established or indisputable counterclaims.
- (8) Upon the payment of the purchase price the contractual goods shall become the property of Haluk.
- (9) Price adjustment clauses, price retention clauses or other cost clauses of the supplier shall be binding for Haluk only if they have been agreed on separately.

### IV. Delivery time and delivery delay

- (1) The delivery time specified in the order is binding. Unless otherwise agreed, Haluk's receipt of the goods in full shall be decisive for compliance with the delivery time.
- (2) The supplier must immediately inform Haluk in writing should any circumstances develop / come about which mean that the agreed-on delivery time cannot be met.
- (3) In the event of a delivery delay, Haluk shall be entitled to appropriate legal claims. In particular, after a reasonable grace period that has proven fruitless, Haluk shall be entitled to demand compensation in place of the service and withdraw from the contract. If Haluk demands compensation, the supplier shall be entitled to provide evidence that they are not responsible for violation of the obligation.

### V. Delivery, service, transfer of risk – delivery documents

- (1) The supplier is not entitled to have the service expected of him performed by third parties (e.g. subcontractors) without the prior written consent of Haluk. The supplier shall bear the procurement risk recognised with their services unless otherwise agreed in individual cases (e.g. restriction on stock).
- (2) The delivery shall be a "free location" delivery in Germany, to the location specified in the order. If the destination is not specified and nothing else has been agreed on, then the delivery shall be made to the Haluk company headquarters. The respective destination is also the place of performance for the delivery and any subsequent performance (obligation to fulfil).
- (3) The delivery must be noted on a delivery note, with mention of the date (issuance and dispatch), the contents of the delivery (article number and volume) and the Haluk order ID (date and number). If there is no delivery note present or if it is incomplete, then Haluk shall not be liable for resultant delays in processing and payment. Aside from the delivery note, Haluk must be sent an appropriate shipping notification with the same content.
- (4) Upon delivery at the place of performance, risk of accidental deterioration and damage to the item shall be transferred to Haluk. Where acceptance is agreed, it shall be definitive for the transfer of risk. Apart from that, upon such acceptance, the statutory provisions of the Work Contracts Act shall apply accordingly. Such a transfer / acceptance shall remain the same in the event that Haluk defaults on acceptance.
- (5) Partial deliveries shall be inadmissible unless Haluk has consented to them or partial deliveries are possible for Haluk.

### VI. Defect investigation and liability for defects

- (1) The supplier must ensure the goods are subjected to a control system which guarantees the intended quality and the intended use as per the relevant regulations and the contractual agreements.
- (2) At the time of the acceptance of the goods, Haluk's delivery check is limited to ensuring that the delivery clearly complies with the information contained in the delivery notes (identity and quantity check) or if there are obvious defects (subject to quality and final quantity controls). Obvious defects are to be reported immediately (within two weeks after the receipt of the goods); hidden defects must be reported within two weeks after they have been discovered. In this respect, the supplier shall waive the objection of delayed notice of defect.

Notwithstanding § 422 Para. 1 p. 2 BGB, Haluk shall also be entitled to claims for defects (without limitation) if Haluk has been unaware of such defects at the time of the conclusion of the contract as a result of gross negligence.

- (3) Haluk shall be entitled to statutory warranty claims in full; in all cases, Haluk shall be entitled to demand from the supplier that the defect be remedied or that a new item be delivered, according to their choice. The supplier's rights as per § 439 Para. 3 BGB shall remain unaffected by this. The right to compensation (in particular: compensation in place of performance) is expressly reserved.
- (4) Subsequent performance also includes the consolidation of defective goods and their reinstallation, provided that the goods were installed in another item, or attached to another item depending on their type and purpose of use; this does not affect Haluk's statutory entitlement to compensation for relevant expenses. The supplier shall bear the expenses required for testing and subsequent performance, including if it turns out that there was no actual defect. Haluk's damage compensation liability shall remain unaffected in the case of an unjustified remedy defect request; however, Haluk shall only be liable in such a respect if Haluk has acknowledged or, out of gross negligence, failed to acknowledge, that there was no actual defect.
- (5) Haluk is entitled to incur the supplier's defect remedy costs, or to have them incurred by a third party, in an event of imminent danger and, given the particular urgency, it is no longer possible to inform the supplier of the imminent risk and provide them with a short deadline for remedying the defect, which is appropriate to the situation. The rights included in § 439 Para. 3 BGB shall remain unaffected by this.
- (6) The supplier cannot have the fulfilment of legitimate defect remedy claims dependent on Haluk providing the agreed quid pro quo in full. However, Haluk may not retain any amount disproportionate to the defect to be remedied.
- (7) If Haluk incurs any costs resulting from defective delivery of goods (in particular: transportation, travel, labour and material costs or extraordinary incoming inspection costs), then the supplier shall bear these costs. Haluk is entitled to demand from the supplier compensation of expenses that Haluk was required to bear vis-à-vis its client as a result of the client having demanded from Haluk compensation of the expenses required for subsequent performance, in particular: transport, infrastructure, labour and material costs.

### VII. Limitation periods

- (1) The limitation period for material defects is 3 years after transfer of risk. The limitation period (as per Clause 1) shall be prolonged accordingly if the law imposes longer limitation periods (as per §§ 438 Para. 1 nr. 2, 643 a Para. 1 nr. 2 BGB and §§ 478, 479 BGB); this shall also apply in the case of claims resulting from a guarantee or from detriment to life, body or health, or any breach of duty which was intentional or committed out of gross negligence, intentional violation of obligations or fraudulent concealment of a defect. The regulations on expiry suspension, inhibition and commencement of limitation periods as per legal provisions shall remain unaffected by this. If there has been an agreement, the limitation period shall begin upon said agreement. The 3-year limitation period shall also apply accordingly for claims resulting from defects in title, in which case the statutory limitation period for real restitution claims of third parties (§ 438 Para. 1 nr. 1 BGB) shall remain unaffected; furthermore, claims resulting from defects in title shall not expire under any conditions as long as the third party can still assert the right against Haluk (in particular if there is no limitation period).
- (2) The limitation periods recognised under the Purchasing Act, including in the event of an extension as described above, shall apply – to the extent that it is legally permissible – for all contractual claims for defects. Should Haluk also be entitled to any non-contractual claims for damages in connection with a defect, the regular statutory limitation period shall apply (§§ 195, 199 BGB), as long as the application of the limitation periods recognised in the Purchasing Act does not lead to a longer limitation period in the individual circumstances.

### VIII. Product liability and extension

- (1) If the supplier is responsible for any given product damage, then they must indemnify Haluk from third party claims on initial demand, since the cause lies with the supplier (pertinent to control and organisation matters) and the supplier itself is liable in the external relationship.
- (2) As part of their liability for damages as per Para. 1, the supplier must also refund any expenses under §§ 683, 670 BGB, as well as §§ 830, 840, 426 BGB relevant to any recall action on the part of Haluk. Haluk shall inform the supplier of the content / scope of the recall measures to be conducted – to the extent that this is possible and reasonable – and grant the supplier the opportunity to comment. Other statutory claims shall remain unaffected.
- (3) The supplier must establish a flat-rate product liability insurance agreement (with a coverage amount of € 10 million Euros per personal / property damage incident) and maintain it. Should Haluk be entitled to any additional compensation claims, these shall remain unaffected.

### IX. Property rights

- (1) The supplier shall guarantee that, when they make their delivery, no rights of third parties within the Federal Republic of Germany will be violated.
- (2) If Haluk has any such claims made against them by a third party, then the supplier must indemnify Haluk against such claims on initial written request, if the supplier is responsible for the legal defect as per § 276 BGB. Haluk is not authorised to enter into any kind of agreement with such third parties without the consent of the supplier, including (in particular) for the purpose of concluding a settlement.
- (3) The supplier's exemption obligation applies to all expenses incurred by Haluk out of necessity in connection with third party claims.
- (4) The limitation period is 36 months, calculated from the conclusion of the contract.

### X. Retention of title, provision and confidentiality

- (1) Where Haluk provides goods to the supplier, Haluk shall retain ownership of them. The supplier shall process or reorganise them for Haluk. If any such reserved goods of Haluk are processed with other items which are not owned by Haluk, then Haluk shall acquire co-ownership of the new items in question in proportion to the objective of the Haluk items (purchase price plus VAT) compared with the other processed items at the time of the processing.
- (2) If items provided by Haluk are mixed with other items which are not owned by Haluk in such a manner that they cannot be separated, then Haluk shall acquire co-ownership of the new items in question in proportion to the value of the reserved item (purchase price VAT) compared with the other mixed items at the time the mixing took place. If the mixing has been done such that the supplier's item should be regarded as the main item: it has been agreed that the supplier will enact the co-ownership transfer to Haluk in proportion; the supplier shall retain sole ownership, or co-ownership, on behalf of Haluk.
- (3) Haluk shall reserve ownership of tools. The supplier must commit to employing the tools exclusively in the production of the goods ordered by Haluk. The supplier must insure the tools that belong to Haluk, at their new value, against damage resulting from fire, water and theft at their own expense. At the same time, the supplier shall immediately cede all compensation claims under this insurance agreement to Haluk; Haluk will accept such a cession forthwith. The supplier must perform any and all required maintenance and inspection work, and repair work, with Haluk's tools in good time and at its own expense. They must immediately notify Haluk of any incidents; should they culpably neglect to do this, then damage compensation claims shall remain unaffected.
- (4) The supplier must maintain strict confidentiality of all calculations, figures, illustrations and other documents and information. They may be disclosed to third parties only subject

to the express consent of Haluk. The obligation of confidentiality shall continue to apply after the completion of this contract; it shall end when / if the manufacturing knowledge contained in the transferred figures, illustrations, calculations and other documents goes public.

**XI. Final provisions**

- (1) If the supplier is an entrepreneur or a legal person (with public law or public special assets), the place of jurisdiction shall be Mosbach. However, Haluk shall be entitled to sue the supplier at their place of business as well.
- (2) Unless otherwise stated in the order, Haluk's place of business (in Elztal-Dallau) shall be recognised as the place of jurisdiction if the supplier is an entrepreneur or a legal person (with public law or public special assets).
- (3) Haluk is entitled to save and process the supplier's contractual data contained in the order in a manner consistent with the provisions of the Data Protection Act.
- (4) The relationships under this contract shall be governed exclusively by German law. Conflict of laws and the United Nations Convention on contracts for the international sale of goods shall have no force. The contract language is German.

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*BGB – Bürgerliches Gesetzbuch (Civil Code)*