



## General Terms and Conditions of Purchase

### Preliminary remarks / Scope of application

These General Terms and Conditions of Purchase of KREBS & RIEDEL Schleifscheibenfabrik GmbH & Co. KG, Bremer Str.44, 34385 Bad Karlshafen (hereinafter "we", "us" or "ourselves") apply exclusively to companies within the meaning of Section 14 of the *Bürgerliches Gesetzbuch (BGB)* [German Civil Code] i.e. natural persons or legal entities, which, in respect of the purchase of goods, are acting in the performance of their commercial or independent professional activities (hereinafter "Supplier").

These General Terms and Conditions of Purchase apply exclusively to all contracts concluded between ourselves and the Supplier concerning the delivery of goods. Differing terms and conditions of delivery or other differing terms and conditions of the Supplier shall not apply unless we have expressly acknowledged them in writing. Our silence regarding such differing terms and conditions or our payment shall in particular not be deemed consent, also not in the case of future contracts or within the framework of individual purchase orders as well as the acceptance of goods.

These General Terms and Conditions of Purchase shall also apply to all future transactions with the Supplier, insofar as these are legal transactions of a related nature.

### Art. 1 Quotations

1.1 Quotations submitted by the Supplier must be binding and contain gross prices, discount rates, other costs and net prices as well as indicate the delivery time. No expenses shall be reimbursed for quotations submitted which are unsuccessful.

1.2 Cost estimates of the Supplier are binding and shall not be remunerated unless otherwise expressly agreed.

### Art. 2 Purchase orders

2.1 Our purchase orders, contracts, acceptance of quotations and call-offs as well as their amendments and modifications shall only be valid when made in text form.

2.2 Verbal agreements prior to or when concluding a contract shall only be valid when confirmed in writing by our Purchasing Department or an authorised representative.

### Art. 3 Order confirmation

3.1 The Supplier must check our purchase orders as soon as possible and confirm them in writing.

3.2 If no order confirmation or delivery in accordance with the purchase order is made within 2 weeks of the purchase order date, we shall no longer be bound by the purchase order.

3.3 Only where the goods are delivered within 3 days of the purchase order date shall no order confirmation be required.

### Art. 4 Delivery

4.1 The Supplier shall adhere precisely to our purchase order in particular in respect of the quantity and quality of the goods and service to be supplied.

4.2 Where goods and/or materials are supplied with test certificates, these must be available to us upon arrival of the shipment at the place of destination. The costs incurred for this shall be borne by the Supplier.

4.3 Delivery shall be made in principle "free domicile" (DAP Incoterms 2010). If a different arrangement to this is made (e.g. CIP, CPT or DDP pursuant to Incoterms 2010), the Supplier must make the goods available in due time, taking account of the time for loading and shipment to be agreed with the freight forwarder. Unless otherwise agreed, the goods shall be delivered to our registered office in Bad Karlshafen.

4.4 Your supplier number, our purchase order number, our item number, our article number and the purchase order date must be stated on all consignment notes and other accompanying documents, notices of dispatch, order confirmations and invoices.

### Art. 5 Prices

5.1 Unless otherwise agreed, prices quoted are fixed prices which shall remain valid even if the price basis (wages and costs of materials) changes.

5.2 Delivery may only be made at a price which differs from that stated in our purchase order if we have expressly agreed to the price change in writing in advance. Price reductions shall also be taken into account.

5.3 If no price is stated on the purchase order, the binding price shall be stated on the order confirmation, subject to our acknowledgement thereof in writing.

5.4 We do not recognise reservations of prices of any kind.

5.5 Unless special agreements have been made, the prices stated include shipping charges, freight, packaging, customs duties and other charges and ancillary services.

5.6 If, by way of derogation from para. 4.3, a price "ex works" or "ex warehouse" is agreed, we shall only bear the lowest freight charges. If we have issued a shipping instruction, it is essential that this is taken into account.

### Art. 6 Invoicing and payment

6.1 The invoice must be submitted to us by post or by e-mail for each delivery and indicate the value added tax.

6.2 Payment shall be made within 14 days with a deduction of 3% discount or within 30 days net or according to the terms agreed between the Supplier and ourselves, provided that the goods have been received in full and without complaint.

6.3 Timeliness for calculation of the payment period shall always be determined by the date the goods are received by us. If the invoice is received later than the goods, timeliness for calculation of the discount and payment period shall be determined by the date the invoice is received.

6.4 The due date of any payment shall require the fulfilment of all the Supplier's contractual obligations. If the Supplier assigns the claim against us to third parties, we shall have the right to make payment to the Supplier with discharging effect.



### Art. 7 Delivery time

7.1 The dates and periods stated by us in the purchase order resp. delivery schedule are binding. Timeliness for compliance with delivery dates or delivery periods shall be determined by the receipt of the goods at the agreed unloading point (delivery date = arrival date).

7.2 Unless otherwise agreed, early deliveries shall always require our express consent.

7.3 As soon as it is foreseeable that the delivery time cannot be met, we must be notified of this immediately in writing, stating the reasons and the presumed duration of the delay in delivery. If the Supplier is culpably in default with a delivery, we shall have the right to obtain lump-sum damages due to default in the amount of 0.5% of the net remuneration agreed for the delayed delivery for each period of 7 calendar days of default or part thereof but at most 5% of the agreed net remuneration for the delayed delivery without further proof of damage. The Supplier shall, however, have the opportunity to prove to us that we incurred no damage or substantially lower damage. This shall not affect further legal and contractual claims on our part. The above lump-sum damages shall be set off in full against any further claim for damages.

7.4 Unconditional acceptance of a delayed delivery shall not constitute a waiver of claims for compensation, to which we are entitled due to the delayed delivery. This shall apply until the remuneration owed by us for the delivery in question has been paid in full.

7.5 If express or fast-track shipments must be made in order to comply with the delivery time or, if the delivery time is not met due to the Supplier's fault, the additional costs shall always be borne by the Supplier.

7.6 Partial deliveries may only be made by agreement. Any resulting additional costs, unless otherwise agreed, shall be borne by the Supplier.

### Art. 8 Packaging

8.1 The goods shall be packed in accordance with the respectively applicable statutory packaging regulations and in principle in such a way that transport damage is avoided and in compliance with the general regulations of the respective carrier (e.g. parcel service, forwarder).

8.2 The risk shall pass to us only after the delivered goods have been unloaded on our factory premises.

8.3 The Supplier's obligation to take back the packaging shall be governed by statutory provisions (in particular according to the *Verpackungsgesetz* [German Packaging Act]).

8.4 Invoices shall not be enclosed with the goods but sent separately. Delivery notes must be visibly affixed to the packaging unit for our incoming goods department.

### Art. 9 Liability of the Supplier

The Supplier shall be liable, according to statutory provisions, in particular for its own culpable breach of duty and culpable breach of duty by its legal representatives or vicarious agents.

### Art. 10 Warranty

10.1 The Supplier warrants that the delivered goods have the contractually agreed quality, are free from defects and comply with the latest acknowledged rules of technology as well as the relevant regulations, in particular of authorities and professional associations. Any changes that affect the goods, such as changes in the production process, in the composition of the product etc., must be notified to us immediately in writing and must be approved by us in writing. If necessary, sampling must be effected by us. The Supplier's liability for defects shall not be limited by this approval.

10.2 In the event of defects, we shall be entitled to full legal claims.

10.3 By way of derogation from this, the warranty period is, however, 36 months, in the case of defects of title, 5 years. The warranty period shall commence upon handover or, if acceptance has been agreed, upon acceptance of the goods. The period of limitation for parts of the delivery overhauled or repaired within the period of limitation for our claims for defects shall start to run again as of the date on which the Supplier has fulfilled our claims for supplementary performance in full. Rights of recourse against the Supplier due to claims for material defects pursuant to Sections 445a *BGB* and 478 *BGB* shall remain unaffected. We can also assert these rights of recourse if the end customer is not a consumer but a contractor.

10.4 We shall examine the goods within a reasonable period for any defects in quality or deviations in quantity to the extent that is reasonably and technically possible for us. We shall notify the Supplier of obvious defects in the delivery/service immediately in writing as soon as they are determined according to conditions in the normal course of business but at the latest within 14 calendar days of receipt of the delivery at our company. We shall give notice of hidden defects immediately but at the latest within 14 days of their detection. We shall have the right, at our option, either to rectification (repair) or to delivery of goods free from defects. The costs of supplementary performance including all ancillary costs (e.g. freight) shall be borne by the Supplier.

10.5 If the Supplier fails to fulfil the foregoing warranty obligations or fails to fulfil them in accordance with the contract or there is an urgent case (imminent danger), we shall have the right to carry out the necessary measures at the Supplier's expense. In such cases, we can in particular replace defective parts ourselves or have them replaced by third parties or procure replacement from third parties. The assertion of further claims for damages as well as the right to reduction or rescission of the contract shall remain unaffected.

10.6 The Supplier shall be obliged to indemnify us against claims for damages asserted against us by third parties due to defects in delivery. In the event of defects of title, the Supplier shall furthermore indemnify us against third-party claims in this respect, including the customary costs of legal defence and our administrative costs. If the Supplier has produced its delivery or service according to documents provided by us or at our express instruction and could not have known that this would infringe third-party property rights, the foregoing indemnity obligation shall not apply.

10.7 If a claim is asserted against us for violation of official safety regulations or by reason of domestic or foreign product liability regulations or laws because of the defectiveness of products which are attributable to the Supplier's goods, we shall then have the right to obtain compensation for the resulting damage from the Supplier if this was caused by the goods delivered by the Supplier. This damage shall also cover the costs of a precautionary recall. The Supplier shall carry out quality assurance which is appropriate in nature and scope and corresponds to state-of-the-art technology and shall provide us with proof of this upon request. The Supplier shall conclude a corresponding quality assurance agreement with us if we deem this necessary. The Supplier shall furthermore insure itself for an adequate amount against all risks arising from product liability including the risk of recall and shall, upon request, submit the insurance policy to us for inspection.

### Art. 11 Force majeure and equivalent circumstances

11.1 If the fulfilment of contractual obligations is made substantially more difficult or impossible as a result of force majeure or other circumstances (e.g. strike, lockout), for which we are not responsible, we can rescind the contract in whole or in part or obtain performance at a later date.

11.2 We shall, however, be obliged to the extent reasonable to provide the required information to the Supplier and to inform the Supplier of the circumstances and expected duration of the force majeure and to adapt our contractual obligations to the changed circumstances in good faith. In the event of rescission, we shall reimburse the Supplier immediately for services already provided by the Supplier.

### Art. 12 Trade secrets

12.1 All business or technical or product-related information, which is made accessible to the Supplier by us, especially calculation data, manufacturing instructions, internal production information and data, of whatever kind, including other development or manufacturing specifications which may be obtained from any objects, documents or data delivered shall be kept confidential from third parties and may be made available at the Supplier's own company only to those persons who must necessarily be involved for their use for the purpose of the delivery or service to us and who are likewise bound, in as far as this is permitted with respect to employees under labour law, in writing to confidentiality. Such trade secrets shall remain exclusively our property. This shall not apply insofar and as long as such information is proven to be in the public domain or a legal or official obligation of disclosure exists. Such information may not be reproduced or used commercially, except for deliveries to us, without our prior written consent.



12.2 Goods manufactured in accordance with documents drafted by us e.g. drawings, models and the like or in accordance with our confidential information or with our tools or reproduced tools may neither be used by the Supplier itself nor offered or supplied to third parties. This shall also apply *mutatis mutandis* to our printing orders.

12.3 Any documents sent shall be sent at the Supplier's risk. The risk of any deterioration including accidental loss of the documents shall, therefore, remain with the Supplier until they are delivered to the place of use requested by us.

12.4 The Supplier undertakes to require its performing agents and vicarious agents as well as other employees to strictly observe these provisions.

### Art. 13 Property rights

13.1 The Supplier shall be liable for ensuring that the use or resale of the delivered goods does not infringe third-party property rights.

13.2 The Supplier shall indemnify us and our customers against third-party claims from any infringement of property rights and shall also bear all costs incurred by us in this connection.

13.3 We shall have the right, at the Supplier's expense, to obtain approval from the rightholder to use the goods in question.

### Art. 14 Use of data

14.1 The parties are responsible for compliance with all relevant statutory data protection provisions, in particular the General Data Protection Regulation (GDPR) and the *Bundesdatenschutzgesetz (BDSG)* [German Federal Data Protection Act] as well as for the legality of the data transfer and data processing of personal data. The parties undertake to process reciprocally provided personal data exclusively in a lawful and transparent manner and exclusively for the processing of the contractual supply relationship.

14.2 We refer in addition to our Privacy Policy, which can be found at <https://www.krebs-riedel.de/> under the "Privacy Policy" tab.

### Art. 15 Manufacturing resources

15.1 Materials, parts, moulds, models, operating materials and other manufacturing resources provided by us shall remain our property and must be marked "Krebs & Riedel". They may be used only for their intended purpose. The processing and assembly of these parts shall be carried out exclusively for us. The Supplier shall not reproduce them or make them accessible to third parties without our prior written consent. It is agreed that we shall become co-owners of the products manufactured using our materials and parts in the ratio of the value of the material provided to the value of the product as a whole. Handover shall be replaced by the agreement that the goods shall remain in the Supplier's possession for processing until the agreed delivery date and shall be stored separately for us.

15.2 The Supplier shall be obliged to insure materials, parts, moulds, models, operating materials and other material resources provided adequately against all risks, especially fire and theft, at its expense and to provide evidence that insurance has been taken out upon request. If they are lost through the Supplier's fault, the Supplier must replace them at its expense.

15.3 Materials, parts, moulds, models, operating materials and other material resources may be destroyed only with our consent.

15.4 At our request, the Supplier shall surrender the materials, parts, moulds, models, operating materials and other material resources provided by us immediately - at the latest within one day. We shall also have the right to obtain from the Supplier an inventory and an orderly listing of the above-mentioned material resources stored at the Supplier's premises at most twice a year and with advance notice of at least 10 calendar days.

### Art. 16 Rights to retention of title

We can use and/or resell the delivered Goods without any limitation in the ordinary course of business.

### Art. 17 Legal minimum wage (MiLoG) [German Minimum Wage Law], Arbeitnehmerentendegesetz (AEntG) [German Law on the Posting of Workers], prohibition of illegal employment, compliance

17.1 The Supplier shall, if applicable, ensure that the employees used by it or by the subcontractors or personnel service providers it uses to execute contracts with us are paid the legal minimum wage in accordance with the *MiLoG* or, if the services to be provided fall within the scope of the *AEntG*, the minimum wage respectively prescribed for the industry. The Supplier shall likewise ensure that mandatory obligations to pay contributions to social security institutions, employers' liability insurance associations and other bodies, such as the joint bodies of the parties to the collective agreements specified in Section 8 *AEntG*, are complied with. The Supplier shall verify compliance with the preconditions pursuant to this para. 17.1 when selecting subcontractors or personnel service providers.

17.2 If claims are justifiably asserted against us, as if we were a guarantor, by an employee of the Supplier or an employee of a subcontractor used, at whatever level, or a personnel service provider, for payment of the legal minimum wage or minimum wage for the industry or by one of the bodies of the parties to the collective agreements specified in Section 8 *AEntG* for payment of contributions, the Supplier shall indemnify us against such claims.

17.3 The Supplier shall furthermore be liable to us for any damage arising for us from the culpable failure to comply with the obligations pursuant to para. 17.1.

17.4 Illegal employment of any nature is prohibited.

17.5 We have declared the notion of compliance to be a key company value. We expect the Supplier, therefore, to comply with respectively applicable national statutory provisions within the scope of its business activities on behalf of and with us. This applies in particular to statutory requirements in relation to industrial safety and employee protection, compliance with human rights, prohibition of child labour, criminality of corruption and the granting of advantages of any kind and in relation to environmental protection and all other relevant compliance requirements. Furthermore, we expect the Supplier to communicate these principles and requirements to its subcontractors and suppliers and to encourage them to comply with these laws as well.

### Art. 18 Quality and documentation

18.1 If a quality assurance agreement (QAA) has been concluded between the Supplier and ourselves, these provisions shall apply additionally. Para. 18.2 to 18.7 of this Article shall only apply if no QAA has been concluded or if these points have not been stipulated in the QAA.

18.2 The Supplier shall comply with acknowledged rules of technology, safety regulations and the agreed technical data for its delivery. Changes to the delivery item shall require our prior written consent. If minimum and/or maximum values of parameters are specified in a purchase order, the specified maximum values may not, unless otherwise agreed in writing, be exceeded in any area of the delivered goods. Values must not fall short of the specified minimum values in any case and at any point. Specified tolerances must be observed. This shall be assured and documented by suitable test and measurement procedures. We shall have the right to obtain the publication of the results of such verification in writing at any time and without additional costs.

18.3 If we require initial sampling, production may begin only after written approval of the samples.

18.4 The Supplier shall continuously check the quality of the goods and design its quality assurance system in such a way that it complies with DIN EN ISO 9001. Furthermore, the Supplier shall notify us of any possibilities for quality improvements and recognisable errors in specifications and foreseeable complications.

18.5 If the nature and scope of the tests as well as the test equipment and methods have not been firmly agreed between the Supplier and ourselves, we shall be prepared, at the Supplier's request, to discuss the tests with the Supplier within the scope of our knowledge, experience and possibilities in order to determine the respectively required level of the test technology.

18.6 If the Supplier has received specifications from us, such as drawings, samples, supplementary documents, the Supplier undertakes to comply with them in respect of the type, quality and design of the goods.

18.7 If authorities require an insight into our production process or the production documents in order to examine certain requirements, the Supplier shall agree to grant such authorities the same rights at its company and in so doing to provide all reasonable support.



### **Art. 19 Choice of law and place of jurisdiction / Arbitration tribunal, text form**

19.1 These General Terms and Conditions of Purchase and all legal relationships between ourselves and the Supplier shall be governed by the law of the Federal Republic of Germany, to the exclusion of all international and supranational (contractual) legal systems, in particular the UN Sales Convention (CISG). Place of performance for delivery, payment and other mutual contractual services is Bad Karlshafen.

19.2 All disputes between ourselves and the Supplier arising from and in connection with these General Terms and Conditions of Purchase shall be settled exclusively, at our option, either before the ordinary court of law (local or regional court) having jurisdiction in Bad Karlshafen / Federal Republic of Germany or, in accordance with the provisions set forth below, an arbitration tribunal. In the event of litigation as defendant i.e. the assertion of claims by the Supplier against ourselves, we shall be obliged to inform the Supplier of our choice of competent court (ordinary jurisdiction or arbitration tribunal) at any time upon first request but in any case before the Supplier takes legal action. In the event that the arbitration tribunal is chosen, a final decision on the disputes shall be made according to the Arbitration Rules of the International Chamber of Commerce (ICC). The arbitration tribunal shall comprise three arbitrators, whereby one arbitrator shall be designated by each party and the two arbitrators designated by the parties shall then jointly appoint a representative as third arbitrator. An arbitration award made can, on application of a party, be declared enforceable by the competent national court. There is no appeal against the award of the arbitration tribunal. The award shall also include a decision on the costs of the proceedings including the remuneration of the arbitrators. Place and place of jurisdiction of the arbitration tribunal is Frankfurt-on-Main, Germany. The arbitration proceedings shall be conducted in English.

19.3 Amendments to and modifications of these General Terms and Conditions of Purchase or contracts concluded under these General Terms and Conditions of Purchase shall only be valid when given in text form. This shall also apply to this requirement of text form itself. The precedence of an individual agreement pursuant to Section 305b BGB shall remain unaffected by this.

Status: December 2019