

## GENERAL TERMS AND CONDITIONS OF PURCHASE FOR SUPPLIER AGREEMENTS

### 1. SCOPE

- 1.1. In the absence of any written provisions that take precedence, these General Terms and Conditions of Purchase (hereinafter: "GTCs") apply to all agreements and business relations with the SUPPLIER in the context of which CONTRACT PRODUCTS are delivered by the SUPPLIER to HOFFMANN or to a PURCHASER (particularly to PURCHASE ORDERS) regardless of whether the contract products are manufactured by the SUPPLIER itself or purchased from sub-suppliers. Nevertheless, these GTCs only apply if the SUPPLIER is an entrepreneur (Section 14 of the German Civil Code (BGB)), a legal entity under public law or a special fund under public law.
- 1.2. The version of these GTCs that was valid when the relevant contract was concluded with the SUPPLIER or that was most recently shared with the SUPPLIER (including any documents referred to) is the applicable version. This also applies to any similar future contracts, without it being necessary to refer separately to the applicability of the GTCs in each individual case.
- 1.3. These GTCs apply exclusively. Differing, opposing, or supplementary general terms and conditions of trade on the part of the SUPPLIER shall become a constituent part of the contract if and only if their applicability has been expressly approved in writing. This requirement for approval applies in each case, for example, even if the SUPPLIER'S other services are accepted without reservation in full knowledge of its general terms and conditions of trade.

### 2. REQUIREMENTS AS TO FORM, AND INTERPRETATION

- 2.1. Legally significant declarations and notices from the SUPPLIER in relation to the agreements made for the purpose of delivering the CONTRACT must be submitted in writing.
- 2.2. Unless otherwise expressly determined, the transmission of such declarations or notices by e mail, fax, other electronic form, or by mail shall be deemed sufficient for compliance with the written form requirement, as defined by the provisions of these GTCs. Legal requirements as to form and the demanding of additional verifications, particularly in the event of doubt regarding the credentials of the Party making the declaration, remain unaffected.
- 2.3. If possible, the PARTIES shall endeavour to establish and work with EDI solutions with regard to the data and information that they are exchanging; HOFFMANN will prepare and publish special guidelines in this respect.
- 2.4. Any references within these GTCs to the applicability of statutory provisions are solely for the purposes of clarification. The statutory provisions therefore apply even without any such clarification, unless they are modified or expressly ruled out in these GTCs.

### 3. CONTRACT CONCLUSION, NON-DISCLOSURE, DUTIES TO PROVIDE INFORMATION

- 3.1. In order to conclude a PURCHASE ORDER, the PURCHASER is required to place a written order with the SUPPLIER specifying the quantity of CONTRACT PRODUCTS to be delivered and the delivery date envisaged in accordance with the material lead times agreed. The PURCHASER shall additionally specify in the order which of the following delivery transactions is being requested:
  - Warehouse order: These articles are stored in the PURCHASER'S logistics centre.
  - Ramp-type order: These articles are delivered by the SUPPLIER to the destination and sent to the end customers without being stored by the PURCHASER. The delivery papers and the invoice are issued to the end customer by the PURCHASER; the SUPPLIER provides the PURCHASER with the delivery papers and invoice for its delivery. The SUPPLIER ensures that the articles are separately packed and adequately labelled, so that they can be quickly identified.
  - Third-party order: These articles are sent by the SUPPLIER directly to the end customer as directed by the PURCHASER (destination at the end customer). The end customer's purchase order is forwarded to the SUPPLIER, who is provided with a delivery note prepared by the PURCHASER to be enclosed with the articles when they are delivered. Settlement takes place on the one hand between the SUPPLIER and the PURCHASER, and on the other hand between the PURCHASER and the end customer.
- 3.2. A PURCHASE ORDER shall come into being if the SUPPLIER confirms the order in writing within three working days (order confirmation) or at the latest, when the CONTRACT PRODUCTS that have been ordered are delivered without reservation. A delayed order confirmation shall be deemed to be a new offer by the SUPPLIER to conclude a PURCHASE ORDER and requires the PURCHASER'S acceptance; the same applies if the order confirmation deviates in any way from the order (e.g. regarding the delivery quantity, delivery terms, product specifications, or price). The PURCHASER shall be deemed to have accepted the offer if it does not reject the new offer within two weeks.
- 3.3. The PURCHASER expressly reserves all existing property rights, copyrights, or other protective rights (particularly for trade and business secrets) to any information warranting protection, regardless of its type or form, particularly illustrations, drawings, calculations, and other documents, that the PURCHASER transmits to the SUPPLIER during the initiation of the PURCHASE ORDER or the further business relationship (hereinafter collectively: "PURCHASER INFORMATION"). PURCHASER INFORMATION must not be made available or provided to third parties without authorisation in the form of the express, prior consent of the PURCHASER and must be used solely in order to execute the PURCHASE ORDER; this applies even after the PURCHASE ORDER has been processed. Should it be necessary to disclose

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PURCHASER INFORMATION due to a legal, judicial, or administrative order that cannot be overturned, the PURCHASER must be informed of this without undue delay. After the PURCHASE ORDER has been processed, the PURCHASER INFORMATION must be returned to the PURCHASER without prompting or delay, or must be deleted if the PURCHASER requests this. The above also applies in reverse for the benefit of the SUPPLIER if it transmits information of this type to the PURCHASER.

- 3.4. The SUPPLIER shall inform the PURCHASER without prompting or delay if changes are to be made to the CONTRACT PRODUCTS to be delivered, including changes to the production method, product description, operating instructions, or packaging. If, as a result, the CONTRACT PRODUCTS concerned no longer correspond to what has been agreed in this SUPPLIER CONTRACT (particularly in any agreement on framework conditions or individual conditions) or in a PURCHASE ORDER, the changes must be coordinated with HOFFMANN or the PURCHASER.
- 3.5. The SUPPLIER shall inform the PURCHASER without prompting or delay if the CONTRACT PRODUCTS ARE dual-use goods or goods requiring an export licence. In the event of goods requiring an export licence, the PURCHASER must provide the information and documents necessary under foreign trade law for the granting of an export licence (e.g. export list numbers, ECCN numbers). The SUPPLIER must ensure (or must enable the PURCHASER to do so through the provision of relevant information) that dual-use products and goods requiring an export licence are clearly identified as such on electronic sales platforms and/or databases. If the PURCHASER requires additional information in this regard, it shall request this from the SUPPLIER and the SUPPLIER shall provide this information without undue delay.

#### 4. PRICES, INVOICING, TERMS OF PAYMENT AND DISCOUNTS

- 4.1. The prices agreed for the CONTRACT PRODUCTS in the PURCHASE ORDER are binding and not subject to change. Unless otherwise agreed, any packaging, transport, freight, and insurance costs are included in the price.
- 4.2. Invoices from the SUPPLIER must be prepared in writing and can only be processed if they contain the order number shown in the PURCHASE ORDER and comply with the statutory requirements (particularly as regards the German VAT Act). The SUPPLIER shall be responsible for the consequences of non-compliance with this obligation unless it is able to prove that it is not to blame for this.
- 4.3. Unless otherwise agreed, the PURCHASER shall pay the price for the CONTRACT PRODUCTS, upon full delivery (including any acceptance that may have been agreed) of the CONTRACT PRODUCTS to their destination and receipt of a duly prepared invoice, by the 15th day of the subsequent month with a 3% discount on the net invoice amount or at the latest by the last working day of the following month without discount on the net amount of the invoice; if this day falls on a Saturday, Sunday, or public holiday, the next bank working day shall be the decisive day. In the case of bank transfers, the payment shall be deemed timely if the transfer instruction is submitted to the PURCHASER'S bank before the payment period has expired.
- 4.4. The PURCHASER shall not owe any interest on arrears. The statutory provisions shall apply with regard to the delayed payment.
- 4.5. The PURCHASER shall have rights of set-off and retention (including the defence of non performance of the contract) to the extent permitted by law; the SUPPLIER shall have such rights only if its claims have been recognised by declaratory judgement or are uncontested.

#### 5. TERMS OF DELIVERY, INCOTERMS, DELIVERY DATE, PACKAGING, DELAYED DELIVERY

- 5.1. The CONTRACT PRODUCTS must be dispatched to the destination indicated in the PURCHASE ORDER (delivery address) in accordance with the agreed Incoterms® 2020. If no clause of Incoterms® 2020 has been effectively agreed, the CONTRACT PRODUCTS shall be delivered to their destination DDP (Delivery Duty Paid). In case of doubt, the respective destination is simultaneously the place of performance for the delivery and for any supplementary performance (obligation to fulfil).
- 5.2. A delivery note stating the date (issue and dispatch), content of the delivery (article number, type, and quantity), and order number must be enclosed with each delivery, together with a consignment note. In the case of imported goods, the customary import papers in accordance with the practices of German commercial law (particularly a current long-term supplier's declaration for goods with preferential origin status pursuant to Council Regulation (EC) No 1207/2001, as amended, or a certificate of origin/proof of preference and information on statistical goods numbers pursuant to the current goods directory for foreign trade statistics) must be enclosed at the expense of the SUPPLIER; please refer to the current supply-chain guideline of the Hoffmann Group with regard to further documents that may be necessary (available at: [www.hoffmann-group.com](http://www.hoffmann-group.com)). If additional proofs or certificates are requested by the authorities (particularly the customs authorities), the SUPPLIER is obliged to provide the necessary documents to the PURCHASER without undue delay. If documents that are required as per the above are missing, incomplete, or incorrect, or if the PURCHASER is otherwise inaccurately informed by the SUPPLIER, the PURCHASER shall not be responsible for any delays in processing and/or making payments that result from this; furthermore, the SUPPLIER shall be liable to the PURCHASER for any resulting damage, losses, or other pecuniary detriment resulting from this (including any claims under warranty against the PURCHASER by end customers), unless the SUPPLIER is able to prove that it is not to blame for this.
- 5.3. After the contract products have been dispatched, the SUPPLIER shall promptly send the PURCHASER a written notification of delivery (dispatch advice) by e-mail, fax, or DESADV and shall inform the PURCHASER at the same time of the tracking number for the CONTRACT PRODUCTS and the form of

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- transport (air or sea freight, HGV, or parcel delivery service). Further information is available in the current supply-chain guideline of the Hoffmann Group (available at: [www.hoffmann-group.com](http://www.hoffmann-group.com)).
- 5.4. The PURCHASER relies on compliance with the delivery dates agreed with binding effect in the PURCHASE ORDER; the arrival of the delivery at the relevant destination in accordance with the agreed Incoterm is decisive in this respect. The SUPPLIER is obliged to guarantee the punctuality of its deliveries over the long term, while accepting any procurement risks, and shall endeavor to offer improvements to its delivery dates without additional costs.
  - 5.5. The SUPPLIER is obliged to inform the PURCHASER without undue delay of any changes in circumstances that will (probably) affect its ability to adhere to the agreed delivery date. The same applies if the SUPPLIER becomes aware of any damage in transit or other claims for damages in relation to the delivery of the CONTRACT PRODUCTS. In the event of a permanent delay, the SUPPLIER must prepare and send an 8D report.
  - 5.6. Partial deliveries are only permissible if the PURCHASER consents to this in writing.
  - 5.7. The SUPPLIER is not entitled to deliver the contract products prior to the agreed delivery date without the consent of the PURCHASER. In the event of a premature delivery, the PURCHASER is entitled to reject the goods or, if it accepts the goods, to invoice the SUPPLIER for the cost of receiving and storing the goods. In any event, the purchase price shall not fall due before the agreed due date.
  - 5.8. The SUPPLIER is furthermore obliged to keep sufficient quantities of contract products with an A, B, C or D material classification available for prompt delivery. The quantity of contract products to be kept in stock shall be calculated on the basis of the forecasts for planning figures provided to it by Hoffmann once a month. If no planning figures are available or provided, the SUPPLIER must calculate a monthly reserve stock level with reference to the average monthly delivery figures of the past three months. This shall not apply if alternative arrangements are agreed below. The PURCHASER shall be under no purchase obligation with regard to the SUPPLIER'S reserve stock. The SUPPLIER is obliged to adjust the reserve stock independently after the discontinuation of articles.
  - 5.9. If transport insurance has been agreed, the SUPPLIER shall facilitate an increase in the minimum cover of the transport insurance at the request of the PURCHASER. HOFFMANN or the PURCHASER shall be specified as beneficiary of the transport insurance.
  - 5.10. Unless otherwise agreed, the current supply-chain guideline of the Hoffmann Group must be taken into consideration when packaging and preparing deliveries (available at: <https://www.hoffmann-group.com>). A separate agreement is required for the return of packaging.
  - 5.11. The SUPPLIER shall ensure that all specifications are complied with and that the PURCHASER'S status as an Authorised Economic Operator (AEO) under the EU Customs Code is not jeopardised. This means in particular that extreme care is taken in selecting personnel and external service providers in order to make the production, storage, and transportation of the CONTRACT PRODUCTS secure.
  - 5.12. The SUPPLIER shall ensure that the CONTRACT PRODUCTS delivered to the PURCHASER - including those with the manufacturer's identifying marks - can be freely exported to third countries. This applies particularly to countries outside the European Union.
  - 5.13. The SUPPLIER is not entitled to arrange for third parties (e.g. subcontractors) to perform the services owed by it unless it has the prior, written consent of the PURCHASER.

## 6. TRANSFER OF RISK AND TITLE, RETENTION OF TITLE, MATERIAL PROVISIONS

- 6.1. Unless otherwise agreed, the risk of accidental loss or destruction, or of accidental impairment of the CONTRACT PRODUCTS shall be transferred to the PURCHASER upon their proper handover at the destination. If there is a delay in acceptance by the PURCHASER, the handover shall be deemed to have taken place; the statutory provisions apply in this respect.
- 6.2. Unless otherwise agreed, title to the CONTRACT PRODUCTS shall be transferred unconditionally and regardless of whether the agreed price has been paid. If the SUPPLIER retains title to the CONTRACT PRODUCTS, this shall only apply with regard to the payment obligation concerning the respective CONTRACT PRODUCTS. Other forms of retention of title, particularly a prolonged or expanded retention of title, shall be ruled out.
- 6.3. If, for the purpose of delivering the CONTRACT PRODUCTS, the PURCHASER provides the SUPPLIER with parts, tools, models, equipment, software, finished or semi-finished products or other items (hereinafter collectively: "MATERIAL PROVISIONS"), the PURCHASER shall retain title to these MATERIAL PROVISIONS. These items must be clearly marked as the property of the PURCHASER and must be carefully stored, insured to an appropriate extent against all types of damage, and used only for the contractually stipulated purpose. Any processing or modifications by the SUPPLIER shall be undertaken on behalf of the PURCHASER, with the latter considered as manufacturer. If the MATERIAL PROVISIONS are processed with other items not belonging to the PURCHASER, the PURCHASER shall acquire co-ownership of the new item in the ratio of the value of the new item (purchase price plus VAT) to the other processed items at the time of processing; the SUPPLIER shall keep safe the wholly or jointly owned property of the PURCHASER. The same applies in the event that items are combined or inseparably mixed, subject to the proviso, however, that the SUPPLIER grants the PURCHASER proportional co-ownership if the main item created from the mixture belongs to the SUPPLIER.

## 7. QUALITY REQUIREMENTS, INCOMING GOODS INSPECTION, LIABILITY FOR DEFECTS, RECOURSE AGAINST SUPPLIERS, REPAIRS, SPARE PARTS

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- 7.1. The rights of the PURCHASER in the event that the CONTRACT PRODUCTS have material defects or defects of title (including wrong or short deliveries and improper assembly or defective assembly or operating instructions) and in the event of other breaches of duty by the SUPPLIER shall be governed by the statutory provisions, unless otherwise specified below.
- 7.2. The SUPPLIER is specifically liable for ensuring that the CONTRACT PRODUCTS are free from defects when risk is transferred, i.e. that they exhibit the agreed characteristics and are suitable for their intended use. The agreed characteristics are deemed to comprise the properties and specifications (including technical data) of the CONTRACT PRODUCTS, either as laid down by mutual consent before the commencement of the first delivery or - with secondary ranking – as derived from the information on the CONTRACT PRODUCTS provided by the SUPPLIER or the manufacturer (e.g. in catalogues or drawings), from DIN, ISO, or factory standards that are referred to, or from other provisions included in technical or legal rules relating to the CONTRACT PRODUCTS or their use.
- 7.3. The statutory provisions (Sections 377 and 381 of the German Commercial Code (HGB)) apply in respect of the PURCHASER'S commercial obligation to inspect and report defects, with the following provisos:
- The obligation to inspect shall be restricted to an initial incoming goods inspection when the CONTRACT PRODUCTS arrive at their destination (for ramp-type and third party orders, this may be the end customer), or – if this is necessary for the PURCHASER for practical reasons and is acceptable to the SUPPLIER - promptly at another location suitable for inspections (e.g. at the PURCHASER'S place of business).
  - The checks shall be confined to whether the individual packaging complies, per the printing, with what was agreed in terms of quantity and identity, whether there are any external signs of damage, and whether the accompanying documents are complete. CONTRACT PRODUCTS, which are to be sent on to the end customers in their original packaging, according to these customers' expectations, must not be opened. The PURCHASER reserves the right to carry out a more advanced incoming goods inspection and random checks of the content if this appears advisable.
  - Complaints shall be notified to the SUPPLIER without undue delay (also informally) after they have been established in the due course of business. The obligation to complain and provide notification shall be deemed to have been complied with in good time if this takes place within two weeks of discovery or of the contract products' arrival at the destination, in the case of obvious defects.
- 7.4. If, when risk is transferred, the CONTRACT PRODUCTS do not exhibit the agreed characteristics, or if they cannot be used for their intended purpose for other reasons (e.g. due to safety concerns or opposing third-party rights), these CONTRACT PRODUCTS shall be deemed defective. The PURCHASER shall then have the following rights:
- Supplementary performance: The PURCHASER can demand, at its discretion, that the defective CONTRACT PRODUCT be taken back free of charge by the SUPPLIER and a defect-free CONTRACT PRODUCT be delivered in its place (subsequent delivery), or that the defect in the CONTRACT PRODUCT be removed (rectification). The SUPPLIER shall bear the necessary inspection and supplementary performance costs; this also includes the removal of defective CONTRACT PRODUCTS and the installation of defect free CONTRACT PRODUCTS if they have been incorporated into or attached to another item in accordance with their type and intended use. The above shall only not apply if there was actually no defect and the PURCHASER was aware, or was not aware due to gross negligence, that there was no defect.
  - Self-help: Should the SUPPLIER not meet its obligation to render subsequent performance within a reasonable period, the PURCHASER can rectify the defect itself or arrange to have it rectified, or can replace the defective CONTRACT PRODUCT and demand compensation for the expenses necessary for this or an appropriate advance payment from the SUPPLIER. No grace period needs to be set if this is unreasonable for the PURCHASER (e.g. if the supplementary performance fails, due to particular urgency, risk to operational safety, or the imminent occurrence of disproportionate damage); the SUPPLIER shall be promptly informed of circumstances of this type.
  - Additional rights: In accordance with the statutory provisions, the PURCHASER is additionally entitled to withdraw from the contract or reduce the purchase price, and can assert claims for damages or reimbursement of expenses.
- 7.5. If defects occur in CONTRACT PRODUCTS and if the PURCHASER lodges a complaint about these with the SUPPLIER, the SUPPLIER must give its view on the causes of the defect in writing (including an 8D report) as soon as or promptly after completing the remedial action. In order to do this, the SUPPLIER shall be given the opportunity to investigate the defect. The SUPPLIER shall take all necessary and reasonable measures to prevent the defect from reoccurring.
- 7.6. In addition to the above rights, the PURCHASER shall be able to assert claims for recourse against the SUPPLIER within the supply chain, as provided for by law (Section 445a, Section 445b, and Section 478 of the German Civil Code (BGB)). In particular, the PURCHASER shall be entitled to demand the exact same form of supplementary performance from the SUPPLIER that it owes the end customer in a particular case. Before a claim for defects that has been asserted by an end customer is admitted or fulfilled, the SUPPLIER shall be given the opportunity to give its view in writing, after having been informed of the matter. If no substantiated statement is provided within a reasonable period and if no amicable solution is otherwise brought about, the claim for defects conceded by the PURCHASER to the end customer shall be deemed owed; the SUPPLIER shall retain the right to offer proof to the contrary.

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- 7.7. Regardless of any statutory rights (and particularly unless these exist), the PURCHASER can agree with the SUPPLIER that faulty or defective CONTRACT PRODUCTS will be repaired by the SUPPLIER in return for a fee (hereinafter: "REPAIR ORDER"). In order to agree a REPAIR ORDER, the PURCHASER shall send the CONTRACT PRODUCT to the SUPPLIER after adequate prior notice. The SUPPLIER shall comment sufficiently on the PURCHASER'S ENQUIRY and shall send an offer for repairs with a cost estimate and stating the likely repair duration. A REPAIR ORDER shall come into being when the PURCHASER confirms the repair offer in writing. As regards any delivery dates and payment terms agreed as part of a REPAIR ORDER, the provisions for PURCHASE ORDERS shall apply analogously.
- 7.8. The SUPPLIER undertakes to hold an appropriate quantity of spare parts in stock for the period covered by the PURCHASER'S statutory rights with regard to the delivered CONTRACT PRODUCTS. Should the SUPPLIER decide to cease production of the CONTRACT PRODUCTS or of spare parts, it shall inform HOFFMANN and the PURCHASER of this in good time, however at least six months in advance.

## 8. ANCILLARY OBLIGATIONS, MONITORING RIGHTS

- 8.1. Within the context of the business relationship with HOFFMANN and/or the PURCHASER and unless otherwise agreed in this respect, the SUPPLIER shall have the following ancillary obligations solely in instances where a CONTRACT PRODUCT is affected (hereinafter collectively: "ANCILLARY OBLIGATIONS"):
- To comply with the most recent generally accepted engineering standards when producing the CONTRACT PRODUCT, and with the applicable safety, accident prevention, and other technical regulations;
  - To adopt sustainable environmental management practices in accordance with DIN EN ISO 14001, EMAS, or comparable standards, to monitor and maintain these practices and to present corresponding certification upon request, to comply with applicable environmental regulations and to make reasonable and continuous attempts to minimise as much as possible any negative effects upon humans and the environment as a result of its production and delivery of the CONTRACT PRODUCTS, and particularly to avoid environmental pollution and to use raw materials and resources as sparingly as possible;
  - To act in accordance with the requirements of the American "Wall Street Reform and Consumer Protection Act", Section 1502 (Dodd Frank Act) with regard to conflict minerals, and to inform HOFFMANN and the PURCHASER if any conflict materials are to be used in the delivery chain (these include tantalum, tin, gold, and tungsten if exploiting and trading in these raw materials helps finance or otherwise support armed groups in the DR Congo or its neighbouring states); when reviewing its supply chain, the SUPPLIER must make reasonable enquiries in this regard and if conflict materials are used, must immediately implement measures for their substitution;
  - For electrical equipment and electronic components, to comply with the bans on hazardous substances under the applicable provisions of EU law (primarily RoHS Directives 2011/65/EU and 2002/95/EC);
  - For CONTRACT PRODUCTS subject to the provisions of the German Act Governing the Sale, Return and Environmentally Responsible Disposal of Electrical and Electronic Equipment (Electrical and Electronic Equipment Act - ElektroG), to ensure compliance with the statutory bans on substances, identification obligations, prescribed registration and ongoing warranties by the manufacturer as well as the necessary obligations to make disclosures and provide information with regard to the individual CONTRACT PRODUCTS in the relevant countries, and after their period of use has ended, to ensure compliance with the statutory provisions on their recovery, treatment, recycling or disposal;
  - For CONTRACT PRODUCTS subject to the provisions of the "German Act Governing the Sale, Return and Environmentally Responsible Disposal of Batteries and Accumulators" (Battery Act - BattG), to meet the obligations incumbent upon it as a manufacturer, distributor or intermediary, particularly to ensure compliance with the bans on circulation and the notification, withdrawal, recycling or disposal, and identification obligations; the SUPPLIER must, without prompting, offer proof to the PURCHASER that the manufacturer's statutory duty of notification with regard to delivered batteries has been complied with; if the PURCHASER is obliged under statutory provisions to make a notification prior to resale, the SUPPLIER shall provide the PURCHASER with all the data required for the notification; the latter also applies where batteries are subsequently modified;
  - For CONTRACT PRODUCTS containing chemicals, to comply with the applicable provisions of EU law (primarily REACH Regulation 1907/2006/EC), and specifically: if standalone substances or substances in preparations or in products require registration, to deliver these only if they have been registered for or notification has been given of the relevant use; the use of ingredients listed in Annex XIV of REACH Regulation 1907/2006/EC is only permissible if it is unavoidable and if this has been approved in writing in advance by the PURCHASER; further information on this is available on the ECHA's homepage (<https://echa.europa.eu/de/>);
  - With regard to its employees, to comply with the requirements of the "German Act Regulating a General Minimum Wage" (Minimum Wage Act - MiLoG) and the "German Working Time Act" (ArbZG), or comparable requirements (outside Germany);
  - To ensure that the CONTRACT PRODUCTS that it delivers can be traced; in particular, the CONTRACT PRODUCTS should be marked in such a way as to ensure that they can be identified, in the event that it becomes necessary to return them (e.g. through adequate batch descriptions);

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- To establish, monitor, and maintain a quality management system that meets the requirements of DIN EN ISO 9001 (2015 version) so as to ensure perfect and consistent product quality, and to this end, to use methods that facilitate preventive quality assurance and continuous quality improvements (e.g. Six Sigma, SPC, FM EA, 5 S);
  - To refrain from doing anything that could result in employees or other third parties being liable for prosecution, particularly for fraud or embezzlement, crimes related to insolvency, criminal acts against free competition, granting advantages, bribery, corruption, or other offences related to corruption;
  - To display impeccable conduct from a business ethics perspective and social responsibility; this particularly includes proscribing exploitative child labour and forced labour, observing internationally recognised human rights and rights for employees, and refraining from any form of discriminatory behaviour (e.g. on the basis of skin colour, religion, age, sexual orientation, race, gender, disability, or political conviction);
  - To meet the requirements of the PURCHASER with regard to the CE conformity of the CONTRACT PRODUCTS; the attached information on CE conformity is applicable in this respect;
  - To ensure that all requirements specified to the PURCHASER by its end customer (e.g. from a supplier code of conduct) are met; the SUPPLIER shall be informed of these in good time in each particular case;
  - To ensure that subcontractors used by the SUPPLIER, its upstream suppliers and agents are or will be bound by the above obligations and to monitor this through appropriate control measures.
- 8.2. Regardless of the obligations to furnish proof and monitoring rights mentioned above, HOFFMANN and the PURCHASER shall have the following rights if there is a legitimate suspicion that the SUPPLIER is not or no longer meeting its ANCILLARY OBLIGATIONS:
- They can demand that the SUPPLIER provide sufficient proof of its compliance with the ANCILLARY OBLIGATIONS in question and furnish the necessary information (e.g. on outgoing goods control mechanisms);
  - They themselves or a qualified third party sworn to secrecy may, after giving due notice, visit the SUPPLIER'S premises or operating and production facilities during normal business hours in order to check whether the ANCILLARY OBLIGATIONS are being complied with, and the SUPPLIER for its part must allow them to inspect the relevant documents and records and must provide the necessary information (audit right); should the inspection reveal that the SUPPLIER'S ANCILLARY OBLIGATIONS have actually been breached, the SUPPLIER must reimburse the costs of the inspection, otherwise these costs shall be borne by the PURCHASER or by HOFFMANN.
- 8.3. Regardless of any rights that they may have by law, HOFFMANN and the PURCHASER shall have the following rights in the event of a serious breach of one or more ANCILLARY OBLIGATIONS by the SUPPLIER if, despite a corresponding complaint or warning by HOFFMANN or the PURCHASER, the SUPPLIER fails to remedy this within a reasonable grace period communicated to it:
- The PURCHASER shall have the right to rescind a PURCHASE ORDER in full or in part.
  - HOFFMANN shall have the right to terminate existing agreements within the context of the business relationship with the SUPPLIER (e.g. agreements on framework conditions or individual conditions) in full or in part, without notice.
  - HOFFMANN and the PURCHASER shall have the right to demand compensation for any loss suffered by them that is attributable to the breach of the ANCILLARY OBLIGATION; this shall not apply if the SUPPLIER is able to demonstrate that it is not responsible for the breach of the ANCILLARY OBLIGATION.

## 9. MANUFACTURER'S LIABILITY AND PRODUCT LIABILITY, INDEMNIFICATION, INSURANCE

- 9.1. If the SUPPLIER is (jointly) responsible for damage to a product, it must indemnify HOFFMANN and the PURCHASER against third-party claims to the extent that the cause was in its domain and organisational area, and the SUPPLIER itself is liable vis-à-vis third parties.
- 9.2. As part of its indemnity obligation, the SUPPLIER must reimburse all expenses according to the rules of spontaneous agency (negotiorum gestio) (Section 677, Section 683 sentence 1, and Section 670 of the German Civil Code (BGB)) or tort law (SECTION 830, SECTION 840, AND SECTION 426 BGB), that HOFFMANN or the PURCHASER incur as a result of or in connection with a third-party claim under warranty, including any recall campaigns that are carried out. Where possible and reasonable, the SUPPLIER shall be informed in advance of the content and scope of any recall measures and shall be given the opportunity to state its opinion. Further legal claims remain unaffected.
- 9.3. The SUPPLIER is obliged to take out and maintain business and product liability insurance with sufficient lump-sum coverage amounting to at least EUR 2 million per incident of personal injury/damage to property, and to provide evidence of this to HOFFMANN or the PURCHASER upon request.

## 10. PROTECTIVE RIGHTS, INDEMNIFICATION

- 10.1. The SUPPLIER shall inform the PURCHASER without delay of any existing industrial property rights of third parties known to it and shall submit to the PURCHASER the relevant release documentation of the owner of the industrial property rights.
- 10.2. The SUPPLIER guarantees that no third-party protective rights - particularly business secrets, patents, copyrights, trademark rights, or design or utility model rights are breached in connection with the delivery and intended use of the CONTRACT PRODUCTS.

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- 10.3. If a third party lodges a claim against HOFFMANN or the PURCHASER due to a (supposed) violation of a protective right, the SUPPLIER shall be obliged to indemnify HOFFMANN and the PURCHASER against these claims at first request. HOFFMANN and the PURCHASER are not entitled to enter into any form of agreement with the third party, and particularly to come to a settlement, without the consent of the SUPPLIER. The indemnification obligation relates to all expenses incurred by HOFFMANN or the PURCHASER as a result of or in connection with the third-party claim under warranty (including reasonable legal costs).
- 10.4. There shall be no obligation to provide indemnification if the SUPPLIER can demonstrate that it is not responsible for the breach of third-party rights.

#### 11. LIMITATION PERIOD

- 11.1. All claims arising out of the business relationship between HOFFMANN or the PURCHASER and the SUPPLIER shall become time-barred in accordance with the statutory provisions unless otherwise agreed below.
- 11.2. For all contractual claims by HOFFMANN or the PURCHASER due to defects in the CONTRACT PRODUCTS, the general limitation period shall be three years from the date on which risk was transferred, unless the law provides for longer limitation periods (e.g. in accordance with Section 438 nos. 1 and 2 BGB).

#### 12. SUPPLIER ASSESSMENT

- 12.1. HOFFMANN shall regularly assess and monitor the SUPPLIER'S operational performance. The bases for the supplier assessment comprise in particular the number of incomplete deliveries (including part deliveries, unless these were approved by the PURCHASER), the incorrect delivery quotient (number of incomplete deliveries in relation to all purchase orders), the delivery capacity (statistical delivery date of a delivery in relation to the date in the order confirmation), delivery reliability (date in the order confirmation in relation to the handover date at the destination) and the desired delivery reliability (statistical delivery date of a delivery in relation to the handover date at the destination).
- 12.2. If and as soon as it is determined that the SUPPLIER'S operational performance is unsatisfactory, the SUPPLIER shall be informed of this by HOFFMANN. The PARTIES agree that they will jointly discuss measures to effect a long-term improvement in the SUPPLIER'S operational performance. HOFFMANN and the PURCHASERS reserve the right to assert claims against the SUPPLIER for any losses or expenses (particularly internal costs) that are attributable to an inadequate operational performance on the part of the SUPPLIER.

#### 13. FORCE MAJEURE

- 13.1. In cases of force majeure, the Party affected (HOFFMANN, the PURCHASER, or the SUPPLIER) shall be exempted from its contractual obligations for the duration of the event and to the extent of its impact. Force majeure is any event outside the sphere of influence of the Party affected, as a result of which said Party is fully or partially prevented from fulfilling its obligations, including fire damage, floods, strikes, lawful lockouts and disruptions to operations for which the Party is not responsible, and government orders. Supply difficulties and other disruptions in the performance of upstream suppliers shall only be deemed force majeure if the upstream supplier has, for its part, been prevented from rendering the performance incumbent upon it by force majeure.
- 13.2. The Party affected shall promptly inform the other Party of the onset and the discontinuation of force majeure and shall make every effort to rectify this and to restrict its impact as much as possible.
- 13.3. Upon the onset of force majeure, the Parties shall coordinate with each other on how to proceed and shall determine whether the CONTRACT PRODUCTS not delivered during this time should be subsequently delivered after the end of the force majeure, or whether payments should be reimbursed. Regardless of this, both Parties are entitled to rescind the PURCHASE ORDERS affected if the force majeure lasts longer than four weeks after the agreed delivery date.

#### 14. FINAL PROVISIONS

- 14.1. Unless it receives prior written consent from HOFFMANN or the PURCHASER, the SUPPLIER is not entitled to assign or otherwise cede to third parties any claims or rights against or in respect of HOFFMANN or the PURCHASER, to which it is entitled under a SUPPLIER CONTRACT, an agreement on individual conditions, these GTCs, or any business relationships resulting from these.
- 14.2. The SUPPLIER CONTRACT shall supersede any previous agreements between the PARTIES to the extent that they relate to the subject matter of the Contract. No side agreements exist. Changes and/or supplements to the SUPPLIER CONTRACT can only be made by means of a written agreement between the PARTIES; this also applies to the cancellation of this requirement for the written form.
- 14.3. All business relationships between HOFFMANN and the PURCHASERS for the one part and the SUPPLIER for the other part shall be governed by the laws of the Federal Republic of Germany, to the exclusion of international uniform law, particularly the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 14.4. If the SUPPLIER is a merchant within the meaning of the German Commercial Code (HGB), a legal entity under public law or a special fund under public law, the sole place of (international) jurisdiction for all disputes arising out of the business relationship between HOFFMANN and the PURCHASERS for the one part and

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the SUPPLIER for the other part shall be the main place of business of HOFFMANN or, if claims are asserted by or against a PURCHASER, the main place of business of the PURCHASER. However, HOFFMANN and the PURCHASER shall be entitled also to bring an action at the place of fulfilment or at the general place of jurisdiction of the SUPPLIER. Any statutory provisions taking precedence, particularly with regard to exclusive jurisdictions, remain unaffected by this.

- 14.5. Should a provision of these GTCs be regarded as invalid or unenforceable for any reason, this shall not affect the overall validity of the remaining provisions.

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