

1. Scope

- a) These Standard Purchasing Terms and Conditions are valid for all purchasing contracts for the acquisition of goods and the performance of work and services, with the exception of the purchase of raw materials for which separate provisions apply (i.e. the General Terms and Conditions for Purchasing and Reprocessing Contracts) between KME Netherlands BV (hereinafter the Principal) and the Supplier (hereinafter the Supplier). The Standard Purchasing Terms and Conditions of the Principal pre-empt all other terms and conditions. The Principal does not accept alternative conditions of the Supplier, even if the Principal has not expressly contradicted such conditions or accepted a delivery, unless it has expressly acknowledged the validity of such alternative conditions in writing. The Standard Purchasing Terms and Conditions of the Principal also apply to all future orders of the Supplier, even the Principal has not expressly stipulated to their validity with the Supplier.
- b) Additionally, the Code of Conduct of the Principal (see Code of Conduct for Business Partner op <https://www.kme.com/de/services/download-center/corporate/unternehmen#downloads>) and its company regulations are valid for the contractual agreement with the Supplier, which the Supplier accepts as legally binding for its own performance.
- c) These Standard Purchasing Terms and Conditions apply to all requests, proposals, quotations, purchase orders, order confirmations, contracts and other juristic acts in respect of the goods to be supplied by the Supplier to the Principal.
- d) If the provisions of the Purchasing Contract between the Principal and the Supplier deviate from the substance of the present Standard Purchasing Terms and Condition, the substance of the Purchasing Contract shall prevail.

2. Bids / Contractual Content / Confirmation of Order

- a) Bids tendered by the Supplier are legally binding as a matter of principle. In case of doubt, a bid shall be valid for a term of two weeks. A contractual agreement is officially established once the order of the Principal has been received.
- b) Even provided that the order corresponds to the contractual bid, the order remains – also with respect to the indicated price – non-binding as a matter of principle and the Principal reserves the right to revoke the order until the offer is formally accepted. The Supplier is obligated to justify any eventual refusal of the order without delay.
- c) The Supplier should not issue its own confirmation of order in response to orders. To the extent the Supplier would like to accept a contractual bid the Principal has tendered, albeit exclusively with alternative conditions, these deviations from the standard contractual conditions, e.g., from standard specifications, delivery times (e.g., no “prompt” deliveries), or other conditions, should be clearly noted on the purchase order form and sent back to the Principal. In such cases, a contractual agreement first becomes established after the Principal has given its written consent. The Principal will not accept deviations from the order that have not been clearly indicated, even if the Principal has not expressly objected to them.

3. Prices / Payment

- a) Prices and incidental costs are to be understood as sums excluding statutory value-added tax. Taxes, import duties, and other fees charged to the goods and the corresponding documents outside of the Netherlands for their delivery from abroad must be remunerated by the Supplier. Unless other arrangements have been made, the prices apply to a freely chosen place of delivery including packaging and insurance (to the extent that transportation insurance can be obtained according to the usual commercial practice).
- b) With respect to unpredictable and extraordinary alterations in the accompanying circumstances underlying the original contractual agreement, (e.g., substantial price increases, fluctuations in currency values, etc.), and provided that a consensual agreement could not be reached, the Principal is authorized to dissolve the Contract (including the present Standard Purchasing Terms and Conditions), without a notice of default being required and without the Principal having to pay any compensation. In respect of orders already placed the Supplier is not authorised to invoke any authority to increase prices that was agreed on or granted to him pursuant to any statutory provision.
- c) Unless other arrangements have been agreed upon, payment should be made subsequent to the complete and orderly receipt of goods/services and the delivery of a valid invoice, either within 14 days with a 3% early payment discount applied to the gross invoice amount, or net payment within 30 days. Early payment discounts are also permissible when the Principal offsets accounts or retains payments at an appropriate amount. The Principal must provide a notification of such offsetting of accounts or retaining of payments. Payments do not imply any acknowledgement of the contractual conformity of the delivery or of the service.

4. Delivery Period

- a) Delivery periods must be precisely met. Delays – including partial deliveries – must be reported to the Principal immediately with the corre-

sponding reasons and anticipated length of the delay, although such a notice does not restrict the legal rights of the Principal arising from the delayed delivery.

- b) The Supplier is liable for all damages arising from delivery dates or deadlines that have been exceeded.
- c) In the event of an exceeding of the agreed delivery term, the Supplier is in default in respect of the delivery as a whole or a part thereof.
- d) In the event of a delay in delivery or services, the Principal is authorized to charge a contractual penalty in the amount of 0.1% of the value of the commissioned service for which the Supplier is in arrears, calculated for each working day of the delivery delay, but limited to 5% of the value of that commissioned service at the most, unless it is established that the cause of the delay is not at the risk of the Supplier, such without prejudice to the Principal's right to claim reimbursement of the damages suffered.

5. Place of Delivery, Shipping Costs, Delivery Order, Packaging

- a) Unless other arrangements have been made, the delivery must take place at the delivery address indicated on the purchase order.
- b) In respect to deliveries ex-factory (cf. the most recent version of Incoterms), the Supplier commits itself to selecting the most favourable freight conditions and to completing the consignment note. The Supplier must take all shipping-related instructions connected with the order into consideration.
- c) The Supplier is obligated to observe all legal provisions connected with delivery and packaging, including any applicable foreign legal provisions.
- d) A detailed delivery order in triplicate must be attached to each delivery, indicating the order number, the date of the order, and, if necessary, the position number(s) for the delivered goods.
- e) The Supplier is liable for any damage caused by insufficient or faulty packaging. Superfluous packaging material must be avoided. The delivered object must be clearly indicated on the packaging. The packaging and labels must correspond to legal requirements. Non-applicable labels from previously used packaging must be removed. The packaging becomes property of the Principal, or it must be taken back at its request free of charge. Packaging costs are to be paid by the Supplier as a matter of principle, unless other arrangements have been made. To the extent it has been agreed that the Principal has to pay the costs for boxes or packaging materials, the Principal is authorized to send the boxes or packaging materials back to the Supplier. In the latter case, at least 75% of the corresponding amount indicated in the invoice must be reimbursed to the Principal. The use of packaging material classified as “special waste” in accordance with disposal criteria (e.g. styrofill) is not permissible and will not be accepted by the Principal. Should such packaging material be sent to us, the Principal is authorized to exercise the option of returning the packaging material “not prepaid” at the cost of the Supplier, or of properly disposing of the materials at the cost of the Supplier.

6. Passage of Risk

Risk passes to the Principal after acceptance of the ordered goods at its official receiving sites. This also applies in instances where the Principal has paid for transportation costs or transportation insurance.

7. Amounts / Quality

- a) Excess deliveries, undersupplied deliveries, and partial deliveries are not permissible, unless other arrangements have been made.
- b) In case of doubt, the actual amount of delivered goods (weight, dimensions, piece numbers) will be determined according to the quantities ascertained at the place of business of the Principal.
- c) The service features which have been agreed upon, e.g., specifications defining the order, product descriptions, catalogue information from the Supplier or manufacturer, or advertising information, must be implemented by the Supplier as precisely as possible. The Supplier is responsible for the flawless quality of the delivered goods or the services it has rendered. Most importantly, the Supplier assumes responsibility for guaranteeing that the service rendered corresponds to the latest scientific and technological standards and does not possess any material and/or legal defects. The Supplier ensures that the goods/services fulfil all statutory and technical requirements (e.g., safety laws for technical appliances and products). The Supplier is obligated to observe all pertinent quality norms, especially the (Dutch) NEN standards and generally acknowledged regulations for technology, technological safety, and occupational medicine, as well as legal provisions for labour protection, accident prevention, environmental protection, and emission control, as well as other relevant laws, regulations, guidelines, and official bulletins issued by lawmakers, the responsible regulatory authorities, trade associations, and technical monitoring organisations. Protective measures required by accident protection laws must be sent to us along with the corresponding delivery. Electrical facilities must meet the national technical requirements, including yet not limited to the national standards of an official institution (NEN-IEC).

d) The Supplier is obligated to personally and carefully inspect goods obtained from third parties, in a manner appropriate to the respective article, to ensure their lack of defects. The Supplier should not enlist the services of any upstream Supplier that is not known to be completely reliable.

e) Extensive accompanying documents in the Dutch language must be delivered free of charge along with the ordered goods, especially illustrations and documents from the Supplier and such documents that comprehensively describe the function of the delivered objects, as well as all documents which allow for the proper execution of assembly, use, monitoring, repair, replacement part acquisition, and maintenance for the object of performance, including all information and documents required for obtaining the necessary approval from authorities. Especially with respect to goods requiring assembly, the Supplier is obligated to provide clear and flawless assembly instructions. The Principal is authorized to make use of these illustrations and documents within the scope of its utility rights – and also through commissioned third parties – for the production of replacement parts and modifications of the object of performance. With regard to the delivery of chemicals and similar hazardous materials (including at least the substances and materials as meant in Article 6:175 of the Dutch Civil Code) the pertinent safety instructions must be provided without explicit request. Furthermore, the Supplier must ensure that such materials have been certified in accordance with REACH standards (Regulation (EU) no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency.)

f) The Supplier must ensure the availability of replacement parts and substitute products for its deliveries and services for a period of 10 years subsequent to delivery.

8. Notification of Defects / Rights Arising from Product Defects

a) The Principal will inspect the delivered goods within an appropriate period of time. Notification will be deemed to have taken place in a timely manner as meant in Article 7:23 of the Dutch Civil Code in respect of faults to goods delivered or services provided, if the notice has been submitted to the Supplier within four weeks starting from the date of delivery/acceptance of performance for over defects and starting from the date of discovery for concealed defects. The punctual dispatch of the notice is sufficient to meet the deadline. The issuance of a receipt for goods after their delivery does not imply any waiver of potential claims or rights in relation to the Supplier, and this may only occur on condition that an inspection of quantity and quality may be conducted after issuance of the receipt. Payments do not represent any acknowledgement of a proper and flawless delivery.

b) The Principal is entitled to the unconditional exercise of rights arising from defective performance of services as set forth by law. In particular, the Supplier is obligated to remedy the defect or re-deliver the object of performance at its own expense and risk, according to the choice of the Principal and within an appropriate deadline to be set by the Principal. Should the Supplier not fulfil its obligation to remedy the defect, in urgent cases the Principal is authorized to remedy the defect itself or through a third party at the expense of the Supplier and within an appropriate deadline to be set by the Principal.

c) All other legal rights, especially in connection with price reduction, indemnity, and withdrawal from contract, remain intact.

d) The Supplier must exempt the Principal from all claims raised by third parties based upon defects/flaws in its deliveries and services. In particular, the Supplier is liable to the Principal to the same extent, if the Principal faces litigation on the basis of no-fault liability in accordance with national or international law due to deliveries and services of the Supplier, in which case the Supplier is obligated to release the Principal from related claims raised by third parties within the same context. In the event that the Supplier is liable for damages, it is also obligated to reimburse eventual expenditures incurred for the customer due to product recalls. More extensive legal claims remain unaffected.

e) The statute of limitations for claims arising from product defects is 36 months and – even in the case of partial deliveries – starts from the date on which the entire service has been rendered/entire delivery made. Abridgment of the limitation period must be put in writing.

9. Indemnity / Product Liability Insurance

a) The Supplier is liable for any damage suffered by the Principal as a result of non-performance by the Supplier of his contractual obligations and/or as a result of any acts or omissions – including unlawful acts – on the part of the Supplier, its staff or any third parties hired by the Supplier.

b) The Supplier, at the Principal's first request, will indemnify the latter against any liability or any third-party claim, on the basis of the manufacture, delivery, storage or use of the supplied goods or on the basis of the services delivered. Such indemnification shall not apply if the damage resulted from intent or gross negligence on the part of the Principal.

c) A limitation or exclusion for applications to implead for the benefit of the Supplier shall only be permitted in the form of a special written statement issued by the Principal. Such a limitation shall not apply if the damage was caused by intent or (gross) negligence on the part of the Supplier.

d) The Supplier commits itself to obtaining product liability insurance with a minimum coverage limit of EURO 10 Million for damage to persons and objects respectively, which also covers damages that occur during deliveries forwarded by the Supplier; the Supplier must prove that it has already obtained such insurance coverage at the request of the customer. The existence of such insurance coverage does not restrict the direct claims of the Principal against the Supplier.

10. Rights of Third Parties

a) The Supplier affirms that the object is free from claims of any third parties, especially reservations of ownership, rights of industrial property protection, or attachment.

b) The Supplier assumes responsibility for ensuring that patents, utility models, and other protective rights and rights of authorship will not be violated. To the extent the rights of third parties are involved, the Supplier is obligated to provide the Principal with all necessary information without delay. In addition to this, the Supplier is obligated to release the Principal from all claims arising from such violations of rights.

11. Offset Rights, Rights of Retention and Assignment Rights

a) The Supplier is only entitled to offset rights and rights of retention when the counterclaims of the Supplier are uncontested by the Principal, or when the legal force of the counterclaim has already been ascertained. This also holds true for objections to unfulfilled contracts in accordance with Article 262 of Book 6 of the Dutch Civil Code.

b) Pursuant to par. a) of this Article 11, offsetting is also permissible with and against claims made by companies affiliated with the Principal.

c) The Supplier may not transfer to a third party or encumber part or all of the rights resulting from the Purchasing Contract and these Standard Purchasing Terms and Conditions without the prior written consent from the Principal.

12. Entrance Control, Visiting the Premises

a) All employees or persons commissioned by the Supplier who enter the premises of the Principal are obligated to observe the company regulations valid for its place of work, especially the Guidelines for External Companies. Employees and commissioned persons are especially obligated to subject themselves to the customary entrance controls, including a body search if reasonable grounds exist. The Supplier is obligated to instruct its employees and commissioned persons accordingly and to obtain their consent to these regulations.

b) Visits to the company premises of the Principal may involve a risk to personal safety and occur at the sole risk of the Supplier or the companies commissioned by the Supplier. The Supplier has the sole responsibility to provide protective measures for the benefit of its own workers and objects, or for the benefit of third parties, against the risk of accident or endangerment, including fire prevention. On the company property of the Principal it is obligatory to wear protective gear for personal safety (helmets, safety shoes, full-length trousers, and special uniforms under certain conditions). Instructions given by employees of the Principal – especially from security personnel – must be heeded without restraint. The Supplier is obligated to maintain cleanliness and order, and to arrange for the removal of waste and residual materials after the execution of various processing operations. The Supplier is liable for all damages caused by its employees and/or persons commissioned by the Supplier.

13. Confidentiality

a) All information, illustrations, conceptions, plans, and documents as well as all operational procedures, numerical data, and all other company and operational secrets, including information that has good cause to be kept secret (confidential information), which has already become known in connection with the commissioned work, must be kept confidential by the Supplier, its subcontractors, and other auxiliary persons. Such materials and information are not to be made accessible to third parties and cannot be used for third parties or any other purpose without written consent of the Principal. This duty of confidentiality shall not apply to information in respect of which the Supplier can demonstrate that such:

- 1) was fully owned by the Supplier before the information was disclosed by the Principal, without the Supplier being required to observe any confidentiality towards the Principal or any third party; or
- 2) at the time of the disclosure by the Principal was already generally known or easy to obtain, except as a result of any actions or omissions on the part of the Supplier; or
- 3) must be made public by the Suppliers pursuant to statutory provisions or a government order or an irrevocable and binding order from a court or other government body, in which case the Principal will be informed in a timely manner by the Supplier, so that, in consultation with the Principal,

the scope of the publication by the Supplier can be limited to what is strictly necessary.

- b) In addition to this, the Supplier must consider both the order itself and the work procedures resulting from it to be confidential business information, and they must be treated confidentially. The Supplier is obligated to treat all documents placed at its disposal confidentially, to save them in an orderly manner, and especially to ensure that third parties cannot obtain access to them. The documents may only be used for the contractually agreed-upon purpose. Without the consent of the Principal, the Supplier may not use, copy or reproduce these documents, make them available to third parties, or make them public in any other manner. Should the documents no longer be required for the contractual purpose, the documents - as well as all copies and facsimiles made from them - must be returned to the Principal immediately. This requirement also applies when the delivery has not been carried out.
- c) Software, which has been developed through programming, configuration or parameterizing techniques by the Supplier or the Principal, must also be treated with strict confidentiality and must be returned to the Principal without delay - including the corresponding data carriers, copies, etc. - after the commissioned work has been completed.
- d) The Supplier is obligated to inform its employees and commissioned third parties (as meant in par. a of the present Article 13) about duties of confidentiality, and the Supplier must subject itself contractually to the preceding obligations regarding confidentiality.
- e) The Supplier warrants that said employees and third parties shall not act in conflict with this obligation and will remain liable for all damages incurring from a violation of any one of these contractual obligations.

14. Authorship Rights/Copyright, Utility Rights, Results of Commissioned Work

- a) The Principal remains unconditional owners of the rights to all confidential information that it provides to Supplier within the context of executing this commissioned work. The Principal especially reserves all rights - e.g., property rights and authorship rights - to all information utilised for the construction of special facilities, conceptions, illustrations, plans, or other technical information, irrespective of whether this information has been transmitted orally, in writing or print, or in some other form.
- b) The Supplier is authorized to utilise this information exclusively for the fulfilment of the existing contractual obligations. The Supplier is not entitled to more extensive rights or licences. In particular, the Supplier is forbidden to utilise the information involved here for its own commercial purposes or other purposes, except within the context of and for the practical purposes defined by the circumstances of the commissioned work. This is also expressly applicable to the results of the commissioned work (results achieved alone or in collaboration with other persons, including eventual rights of industrial property protection for such work results).
- c) Subsequent to the delivery or service, the Principal acquires the right of unrestricted utilisation of the delivered goods or service. The contractual parties agree that the Principal is - in both the spatial and temporal sense and without a separate calculation - unconditionally entitled to all rights connected with the created, developed, and manufactured results of the commissioned work.
- d) As a precautionary measure, the Supplier herewith irrevocably transfers to the Principal its rights and claims to all results of the commissioned work, including all rights of industrial property protection and utility rights for works and patents protected by copyright, rights of registration, renewal, and prolongation, including the right of assignment to third parties.

15. Rights of Third Parties, Protective Rights

- a) The Supplier guarantees that no rights of third parties will be violated in connection with its deliveries and services, and that the goods - including all of their component parts and replacement parts - are exempt from (above all) ownership reservations, rights of industrial property protection, liens, patent rights, and other encumbrances. This applies to foreign protective rights only to the extent the Supplier was aware of the fact that the goods would be delivered within the jurisdiction of that protective right.
- b) Should rights of third parties exist in this context, the Supplier is obligated to redress any violations of third-party rights in order to ensure that the Principal is able to use the delivery without restriction and without litigation by third parties.
- c) With respect to claims of the Principal arising from defective goods and services, the statute of limitations extends for 10 years after delivery.
- d) The Supplier must release the Principal from all obligations arising from the fact that a delivered object or one of its parts is encumbered with third-party rights.

16. Subcontractors

The Supplier may commission subcontractors to fulfil its contractual obligations only after prior written approval has been granted. Intended subcontractors must be reported to the Principal at a reasonable time prior to the conclusion of the contract. Even provided that the consent to the involve-

ment of subcontractors has been given, the Supplier alone remains directly responsible to the Principal.

17. Advertising Materials

The existing business relationship with the Principal may only be referred to in advertising materials and other publications with its express consent.

18. Termination

- a) The Principal is entitled, should he desire to do so, to suspend the performance of the entire Purchasing Contract or part thereof, or to terminate the entire Contract or part thereof, by means of a written notification (without recourse to the court being required), without the Principal being obliged to pay any form of compensation, if:
 - (1) The Supplier fails in the performance of his obligations under the Purchasing Contract and/or these Standard Purchasing Terms and Conditions, or if the Principal has the reasonable suspicion that the Supplier will not fulfil his obligations or will fail to do so in a correct and timely fashion;
 - (2) the Supplier has applied for or been granted a moratorium of payments, or if the Supplier has filed for bankruptcy or has been declared bankrupt; or - if the Supplier is a natural person - if the Supplier is allowed to participate in a debt management scheme or is put in administration or is placed under guardianship;
 - (3) the company of the Supplier is sold or wound up;
 - (4) there is an executory attachment or an attachment before judgment concerning a considerable portion of the Supplier's assets.
- b) All claims the Principal has or will obtain in the event as stipulated in paragraph a) of this Article 18, are immediately due and payable in full.

19. Place of Performance, Legal Venue, Jurisdiction

- a) The place of performance for all contractual obligations is the respective address for deliveries indicated by the Principal.
- b) The legal venue is Zutphen, the Netherlands. The Principal also reserves the right to initiate court proceedings at the legal venue responsible for the place of business used by the Supplier.
- c) The laws of the Netherlands exclusively apply to this contract, with the exception of the UN Convention on Contracts for the International Sale of Goods (CISG).

20. Final Clause

- a) The nullity of a provision in the Purchasing Contract and/or these Standard Purchasing Terms and Conditions shall not prejudice the validity of the other provisions in said Contract or these Standard Purchasing Terms and Conditions. If and insofar as a provision is null and void, the Supplier and Principal will confer in order to substitute the invalid provision by a provision that approximates the objective and purport of the former provision as closely as possible.
- b) The Dutch text of the Standard Purchasing Terms and Conditions constitutes the authentic text and shall prevail if there is any difference between the Dutch text and any translation thereof into a foreign language.

21. Compliance Clause Purchasing

- a) The Supplier undertakes to observe all applicable laws, provisions and directives or any other regulations combating bribery and corruption, especially the relevant legislation in the USA and Great Britain, hereafter summarized as the "regulations" and not to enter into any function, activity or conduct (e.g. the requesting, offering, promising, approving, giving or receiving of any unlawful payments or other benefits) which constitutes criminal action according to the regulations stated. The agent undertakes to inform the principal promptly of any circumstances which could constitute the violation of the regulations stated.
- b) The failure to observe this clause is an important violation of this contract and entitles the principal to cancel the contract without notice.
- c) The principal is not liable for claims, losses or damages which arise in connection with the non-observance of this clause by the agent. The agent is to release and indemnify the principal from such claims, losses or damages.

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