

## General Conditions of Purchase

### 1) Applicability

1. All deliveries, services and offers from our suppliers - meaning all persons whom we commission with deliveries and services - shall take place exclusively on the basis of these GTC. They shall be a component of all agreements (purchase agreements, work and materials agreements and work and service agreements) which we conclude with our suppliers regarding the deliveries or services offered by you. They shall also apply to all future deliveries, services or offers to us, even if not specifically agreed.
2. Any deviating conditions of the supplier shall not be a component of the agreement even if we do not reject them in individual cases. Even if we refer to a letter containing or referring to the terms and conditions of the supplier, this shall not constitute acceptance of the validity of those terms and conditions.

### 2) Offers/agreements

1. Offers, sales calls etc. by the supplier are free and non-binding for us. Even if they are initiated at our request, they shall not generate any obligations for us. The supplier must adhere precisely to our request when making an offer. He must expressly highlight any deviations from this.
2. Orders shall be legally effective for both contracting parties even if they are issued by us in writing and unreservedly and immediately confirmed by the supplier in writing. Written confirmations must be sent exclusively to [order-confirmation@skylotec.de](mailto:order-confirmation@skylotec.de). We shall be entitled to cancel our order until the written confirmation from the supplier. If the supplier delivers without prior confirmation, the supply agreement shall be concluded under the conditions of the order with our acceptance of the delivery. Supply agreements (order and order confirmation) and any call-offs must be agreed in writing, along with any amendments and/or additions to these.
3. The assignment of our orders to third parties is not permitted without our prior written consent. This shall authorise us to withdraw from the agreement in whole or in part and to request compensation.
4. We can request modifications to the delivery item during construction and/or execution if this is reasonable for the supplier. Appropriate regulations shall be mutually agreed between the contracting parties on the implications of these modifications, particularly in terms of additional or reduced costs as well as delivery dates.

### 3) Transfer of risk/delivery/delivery time and delays

1. Unless in individual cases anything to the contrary is agreed in writing, the delivery shall take place according to DDP INCOTERMS 2000, including packaging, insurance and other ancillary costs, to the address specified by us, i.e. the supplier must bear all costs and risks associated with the shipment until delivery to us.
2. If the supplier exceeds the delivery date, we shall be entitled to specify the mode of shipment deemed appropriate by us. Any increased transport costs which result from this shall be borne by the supplier.
3. A valid delivery note must be issued for each delivery, containing the following information: Skylotec order/order number/order date/item number/item designation, address for the receipt of the goods including - where applicable - the unloading point, quantity, unit of measurement, customs tariff number, item weight (gross/net), total weight (gross/net) and address of the supplier.

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4. Agreed delivery dates and periods shall be binding. Decisive for compliance with the delivery date or period is the date of receipt of the delivery by us. The supplier is obliged to immediately inform us in writing at [order-confirmation@skylotec.de](mailto:order-confirmation@skylotec.de) if circumstances occur or are apparent according to which the delivery time cannot be complied with.
5. Unless anything to the contrary is agreed in writing in individual cases, premature deliveries and partial deliveries are not permitted.
6. If contrary to section 3.3 the collection of the goods by us and at our cost is agreed, the supplier must report the availability of the goods to [order-confirmation@skylotec.de](mailto:order-confirmation@skylotec.de) at the latest 3 working days before the agreed date of availability of the goods and the goods including packaging must be ready for collection.
7. In the event of a delayed delivery, we shall be unreservedly entitled to all statutory claims including the withdrawal right and the claim to compensation in lieu of performance following an unsuccessful expiration of a reasonable grace period.
8. The supplier is obliged to reimburse us for all damages caused by the delay.
9. If he defaults in delivery, we shall be entitled to charge lump-sum default damages in the amount of 0.5% of the delivery or service value per completed week, up to a total of no more than 5% of the delivery or service value; any further statutory claims shall remain unaffected. The supplier and ourselves reserve the right to prove that no, lower or higher damages resulted from the delay. In the latter case, we shall also be entitled to claim these higher damages,

#### **4) Payment/invoicing/assignment**

1. The price specified in the order shall be binding. Unless anything to the contrary is agreed in writing in individual cases, the price shall include delivery, transport, insurance, customs duties etc. to the delivery address named in the agreement and including packaging.
2. Payment shall be made by transfer, cheque or another payment method, at our discretion.
3. Unless anything to the contrary is agreed in writing in individual cases, payment shall take place within 14 days with a discount of 3% or within 30 days net following receipt of a valid invoice, at our discretion.
4. If in exceptional cases we accept early deliveries / services, the due date shall depend on the agreed delivery date.
5. In the event of a defective delivery / service, we shall be authorised - irrespective of our other rights - to withhold payment proportionally until proper fulfilment has taken place.
6. The supplier is not authorised to assign his claims from the contractual relationship or to have them collected by a third party. This shall not apply if this involves monetary claims.
7. The invoice must contain: Skylotec order/order number/item number/item designation, item quantity, unit of measurement, supplier item number or nature and scope of the service, term of payment, unloading point, customs tariff number, delivery note date/number and full addresses of the supplier and the recipient of the service, tax number or VAT ID number, issue date of the invoice, consecutive invoice number, delivery/service time period, payment broken down according to tax rates and exemptions, any reductions to the payment agreed in advance, tax rate and payment and any tax sum due on this or reference to a tax exemption, the term "credit" when settling by credit and - for invoices from abroad - a note on the service recipient's tax liability.

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If one or several of these pieces of information is missing and the processing by us as part of our normal business operations is delayed, the payment periods given in section 4.3 shall be extended by the duration of the delay.

8. In the event of a default in payment, we shall owe default interest in the amount prescribed according to the statutory provisions.

#### **5) Ownership protection/retention of title by the supplier**

1. Tools, devices and models that we put at the disposal of the supplier or that are manufactured for contractual use and are fully invoiced separately to us by the supplier shall remain our property or shall become our property. The supplier must identify them as our property, store them carefully, safeguard them from damage of any kind and only use them for the use intended by the agreement. The maintenance and repair costs for these items up to the agreed output quantity shall be borne by the SUPPLIER unless the parties have concluded any alternative written agreements on this. We must be immediately informed in writing of all significant damage to these items. The supplier is obliged to release these items to us in a proper and usable state upon request if they are no longer required by him to fulfil the agreements concluded with us.

2. Drawings, moulds, models, templates, tools, samples and similar items which we have made available to the supplier shall remain our property and we shall retain the copyright to them. The supplier must not, without our prior written consent, either make these accessible to third parties or disclose them, use them himself or allow them to be used by third parties or duplicate them. He must return them to us in full upon our request if they are no longer required by him in the ordinary course of business or if an agreement is not concluded. Copies thereof produced by the supplier in such cases must be destroyed. Excluded from this is the retention as part of statutory retention obligations and the storage of data for backup purposes as part of conventional data storage practice.

3. The supplier reserves the ownership rights to the items until his claims from the business relationship have been settled in full. If operating a running account the retention of title acts as a guarantee for payment of the balance. We are authorised to process the delivery items in the ordinary course of business and re-sell them. If the retained goods are processed, combined and amalgamated with other goods, the supplier shall acquire joint ownership of the new objects in the ratio of the invoice value of the retained goods to the invoice value of the other goods which have been used.

#### **6) Quality/documentation/reference requirements**

1. For its deliveries the supplier must comply with the accepted rules of engineering, safety regulations and the agreed technical data. Changes to the delivery item require our prior written consent.

2. The supplier is obliged to maintain a quality management system which as a minimum standard must satisfy the requirements of ISO 9001. The quality management system must at least take reasonable account of the size of the company and its purpose.

3. If we have informed the supplier about the purpose of his deliveries or services or if this is clear for him without an express reference, he shall be obligated to immediately inform us if his deliveries or services are not suitable for fulfilling these purposes.

4. In order to facilitate traceability, the supplier must document the use of raw materials, their incorporation into the production process and parameters and the use in the product

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delivered to us. The supplier must also be able trace product changes after the fact. At our request, the supplier must be capable of delivering the requested information to us within 48 hours. This may be a shorter period of time in exceptional cases.

5. The supplier must immediately inform us in writing of any changes in the composition of the processed materials or the constructional design from previous deliveries or services which have been performed by us. Changes shall require our express written agreement.

#### **7) Reporting defects/warranty/liability**

1. We are not obligated to perform an incoming goods inspection. We shall perform inspections on a random sampling basis and check for obvious defects. The values established by us shall be authoritative for quantities, measures and weights.

2. The reporting of defects shall be considered as effected on time if we disclose obvious (clear) defects at the latest within 3 working days following receipt of the goods by the supplier. Defects which are not obvious or which are concealed may be reported by us later,

namely within 3 working days of discovering and establishing such defects.

3. The supplier is obligated to supply us with possession and ownership of the goods, free of material defects and defects of title.

4. A material defect shall exist in particular if the goods do not have the agreed quality upon transfer and/or they are not suited to the use intended according to the agreement and/or they do not retain the quality and/or usability for the conventional duration.

5. The supplier shall guarantee that the supplied goods correspond to the given specifications, the statutory accident prevention guidelines and those of the relevant trade association.

6. In the event of material defects and defects of title and other breaches of duty, our claims and rights shall be in accordance with the German Civil Code (BGB). In addition to the statutory rights, the following is agreed: If the supplier fails to comply with his fulfilment obligations within a reasonable grace period set by us, which in urgent cases can be very short, we may undertake the subsequent performance ourselves at the cost of the supplier or have this done by third parties. The specification of a grace period is not required if the subsequent performance has failed. If in the event of subsequent performance work (e.g. repairs, sorting) is required at the site or factory to which the goods have been sent according to their intended purpose, the supplier is obligated to carry out the subsequent performance or have this carried out at his own cost. This must happen immediately in order to avoid production shutdowns. Otherwise we and/or the concerned party in the supply chain shall be authorised to carry out these works or have them carried out at the cost of the supplier.

7. The following only applies for the procurement of raw materials and serial parts by us from the supplier and for processing orders: If we find defects to the goods at the beginning of the manufacturing process (processing or installation), we shall provide the supplier with the opportunity to undertake subsequent performance (repair or subsequent delivery), if this happens immediately. Otherwise we are authorised to undertake rectification of the defect ourselves and charge the supplier for the resulting costs. If the defect is only discovered after manufacturing has begun, the above shall apply on the condition that we can also request the reimbursement of additional costs e.g. in the case of processed parts.

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8. Our claims from material defects and defects of title, as well as other breaches of duty by the supplier, shall expire at the earliest 5 years following receipt of the delivery, subject to longer statutory periods or periods agreed in individual cases, as well as subject to the regulations in sections 9 and 10. The period shall be extended by the time during which the limitation period is suspended.

9. If claims are lodged against us due to defects to the item or other breaches of duty which are the responsibility of the supplier, the supplier must indemnify us from all claims from our contractual partners and third parties; in the event of compensation claims, however, this shall only be to the extent that the supplier was responsible for the defect to the item or the other breaches of duty. The compensation claims and the indemnification from all damages and expenses shall extend beyond the liability / limitation periods stated in section 8

as long as we are responsible for the goods purchased from the supplier and resulting damages and expenses for reasons which are within the supplier's control.

Claims from breaches of duty by the supplier which we report within the liability / limitation period shall expire at the earliest 3 months following the complaint.

10. Claims and longer limitation periods according to the Product Liability Act due to unlawful acts, fraudulent conduct and from a warranty shall remain unaffected.

#### **8) Product liability/indemnification/insurance protection**

1. The supplier shall be responsible for all claims asserted by third parties due to personal injury or damage to property which can be attributed to a defective product delivered by him. He undertakes to indemnify us from the liability resulting from this at the first request. This shall apply in particular for those claims which are asserted against us according to the law concerning liability for defective products or according to similar national or international legal provisions.

2. In this context, the supplier shall also be required to reimburse any expenses that arise in connection with any product recall carried out by us. We shall notify the supplier, as far as is reasonably practicable, regarding the content and scope of the recall measures being carried out and shall give the supplier an opportunity to comment.

3. The supplier undertakes to maintain a product liability insurance with cover of at least EUR 2,000,000 per personal injury, EUR 1,000,000 per property damage and EUR 100,000 per financial loss as well as international insurance protection for these categories as Skylotec products are sold around the world either directly or indirectly; further claims from us shall not be affected by this. The supplier shall send us a copy of the liability policy at any time on request.

#### **9) Property rights**

1. The supplier shall be responsible for ensuring that no third-party rights are infringed in the European Union, North America or other countries in which he manufactures the products or has them manufactured or which we have expressly named as an export country.

He undertakes to indemnify us from all claims which third parties lodge against us due to the breaches of commercial property rights stated in clause 1 and must reimburse us for all expenses which are necessary

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in connection with this claim. In the event of compensation claims, however, this shall only be if the supplier does not prove that he was not responsible for the defect or breach of duty.

2. This shall not apply if the supplier has manufactured the items according to our drawings, models, descriptions or specifications and does not and cannot know that third-party property rights are being infringed.

#### **10) Confidentiality**

1. The contracting parties undertake to treat all commercial and technical details which are not public knowledge and which they become aware of through the business relationship as trade secrets.

2. If the supplier creates moulds, models, drawings, lithographs, tools etc. which are required to process the order, these must also be treated as confidential.

3. Drawings, moulds, models, templates, tools, samples and similar items which we have made available to the supplier must be treated as confidential and must only be used to carry out our orders. The reproduction of such items is only permissible in the context of operational requirements and the copyright provisions. The items manufactured using these materials must not be passed on to third parties either in a raw state as semi-finished products or as finished products.

The same shall apply for parts which the supplier has developed and/or produced according to our specifications.

4. Subcontractors must agree to abide by the same obligations.

5. The contracting parties may advertise their business relationship only with the prior written consent of each other.

6. Written correspondence of any kind between the supplier and our client concerning the respective order items is not permitted without our prior written consent.

#### **11) Replacement parts/readiness for delivery**

1. If the supplier intends to halt the production of replacement parts for the products delivered to us, he shall be obligated to immediately disclose this to us immediately following this decision. This decision must be disclosed at least 6 months before production is suspended, subject to clause 1.

#### **12) Place of performance/place of jurisdiction/applicable law**

1. The place of performance for both parties is our registered office.

2. The place of jurisdiction with businessmen or legal entities and special funds under public law is the court which is responsible for our registered office.

3. German law shall apply for all orders, deliveries and services unless anything to the contrary is agreed. The application of the UN Sales Law (United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980) is excluded.

#### **13) Miscellaneous**

1. If a contracting party stops his payments or the opening of insolvency proceedings is requested on his assets, thereby jeopardising the fulfilment of the agreement, the other contracting party shall be authorised to withdraw from the part of the agreement which has not been fulfilled and/or to request compensation.

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2. In the event that one or more provisions of these GTC is or becomes invalid, the validity of the remainder of these GTC and the agreement as a whole shall remain unaffected. In place of the invalid provisions or in order to fill in the gap, an appropriate regulation shall apply which shall come as close as possible to what the parties to the agreement wished or would have wished according to the sense and purpose of the GTC or the agreement had they considered the point.

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