



# General Conditions of Purchase

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## 1. General

These general conditions of purchase apply to all orders for deliveries and services. By meeting the order, the Contractor recognises the general conditions of purchase if the latter did not refer to his own terms of business when the contract was concluded. The Contractor's terms of business shall only become legally binding if the Client expressly recognises them in writing.

## 2. Contract conclusion / orders

2.1 No charge shall be levied for working out quotations or for drawing up cost estimates. The Client shall also not cover any costs of or make any payments for visits, planning and other preliminary services that the Contractor performs for the purpose of submitting quotations, unless this has been separately agreed in an individual case.

2.2 Verbal orders, additional agreements, changes or additions to placed orders require the Client's written confirmation.

2.3 All orders require a written order confirmation. This must be issued within five working days as from the order date. If the Contractor does not undertake to meet the order, the Client shall be entitled to involve third parties in his order when the commitment period expires.

2.4 If the Contractor confirms an order with content changes, these changes shall only become part of the contract if the Client agrees to them in writing.

## 3. BSCI - Code of Conduct (Business Social Compliance Initiative)

Basic social standards should have validity in the complete manufacturing chain. That means that the production, also before and beside the final level of process has to take place under human conditions.

Hochland expects the contractor, his pre-contractors and suppliers, also as far as they do not act within the final level of process to comply with the BSCI-Code of Conduct (in the respective relevant version). They have to be able to proof this on demand.

## 4. Delivery / dispatch / packing

4.1 The Contractor must provide all accompanying documents / delivery notes with each consignment, stating the order number, order date, item number and the Client's notified material number for each item and also the quantity and unit. Acceptance may be declined if, due to the accompanying documents / delivery notes being incomplete, it is not possible to assign the delivery to the Client's order, or if this is possible only with a disproportionate effort.

4.2 Goods to be delivered must be packed in the usual manner and correctly. Packaging costs shall be met only if this has been expressly agreed. The Contractor shall be liable for damage arising as a result of incorrect packing. The Contractor must take back the packaging in accordance with the packaging regulations applicable at the time when the contract was concluded.

## 5. Delivery deadline / delivery shortfall / insufficient delivery

5.1 Agreed delivery deadlines and periods must always be met. Delivery periods shall commence upon conclusion of the contract. Receipt at the stated delivery address is definitive with regard to meeting the delivery deadline or delivery period. If there is legal provision for an acceptance procedure, or if an acceptance procedure has been contractually agreed, this shall be regarded as definitive for meeting agreed deadlines or periods. If it is apparent to the Contractor that the agreed deadlines or periods cannot be met, he must notify the Client of this in writing immediately, stating the reasons for the delay and the probable duration of the delay.

5.2 If the Contractor has still not fulfilled due deliveries or orders within an appropriate period of grace, or of the Client is no longer interested in said deliveries or orders being fulfilled due to the duration of the delay, the latter shall have the right to withdraw from the contract either in full or in part. Irrespective of this, the Contractor shall be liable in accordance with the law for any resulting damages. If granting an appropriate period of grace was not necessary according to the law, the Client may also exercise his right of withdrawal or make claims for damages

without granting such a period of grace. The acceptance of a delayed delivery or service shall not imply willingness to waive any claims for damages that may arise.

5.3 If the delivery is made earlier than agreed, the Client shall be entitled to have the consignment returned at the Contractor's expense if early delivery was not permitted in accordance with the agreements.

5.4 Part deliveries shall only be accepted in exceptional cases and by prior arrangement. Irrespective of the above, if the Contractor falls into arrears with the delivery in such cases, the Client shall be entitled to claim compensation for delay in accordance with the provisions of the law, and if the remaining quantity is not delivered within an appropriate period, he shall be entitled to withdraw from the contract in full or in part if he is no longer interested in taking delivery.

5.5 Delivery shortfalls or surplus deliveries are not permitted without the Client's prior permission. If a surplus delivery is made, the customer shall be entitled to reject it in full and to return it at the Contractor's expense if it is not possible to remove the surplus quantity by reasonable means.

## 6. Transfer of risk

In the case of deliveries, the risk is transferred to the Client upon arrival at the delivery address given by the Client or, if there is legal provision for an acceptance procedure or if an acceptance procedure has been contractually agreed, when the Client signs the acceptance declaration.

## 7. Pricing / invoice

7.1 The agreed prices are fixed prices and are free to the delivery address, including freight and packaging costs but excluding statutory VAT. There shall be no possibility of later unilateral price increases. If the price has not been fixed when the order is placed, the price must be given to the Client no later than when the order is confirmed. In such cases, the Contractor must honour the normal market prices for the deliveries or services in question.

7.2 Invoices must be submitted to the Client separate from the consignment for each delivery / service. This does not apply to the imports dealt with under Item 9. A complete invoice must be drawn up for each order following complete delivery. The compulsory information required by law must be given on the invoice, along with the order number (if there is no order number, state the customer and the cost centre), order date, and the article and item numbers for the order.

## 8. Payment

8.1 Payment is due within 45 days (net) unless otherwise agreed at the earliest on the ensuing Wednesday after the day of maturity. The payment period commences on the date when the invoice is received, but not before full and faultless delivery or acceptance, if the latter has been agreed or if there is legal provision for same. Payment does not imply acceptance of the delivery / service as being in accordance with the contract and faultless.

8.2 If delays arise because an invoice is incomplete and does not contain all the invoice data and thus cannot be checked for this or another reason, the payment period shall not commence until the invoice has been corrected accordingly.

8.3 The Client's right to plead non-performance and to withhold payments on these grounds either in full or in part is reserved.

## 9. Customs duties / certificate of origin

9.1 Customs clearance shall be dealt with by the Client. If the Contractor deals with customs clearance without the Client's prior written agreement, he shall meet the resulting costs himself.

9.2 In the case of import deliveries from non-EU countries, the invoice must also be enclosed in duplicate for customs purposes.

The following must also be shown separately in the invoice in the case of deliveries that must clear customs

- costs not included in the price (e.g. commissions, brokers' fees, license costs, production equipment costs, materials etc. provided by the Client)
- assembly and freight costs included in the price
- the value of repair services based on material and wage costs

A value must also always be given in the case of free deliveries, with the note "For customs purposes only". The reason why there is no charge must be given in the accompanying documents (delivery note) (e.g. free sample delivery).

9.3 If official documents on the correct use of the items being delivered are required for import or export purposes, the Contractor has an obligation to immediately obtain or make available these documents for the Client at his own expense, if requested to do so.

The Contractor must provide evidence of origin for goods from non-EU countries.

- The Client must be notified in writing immediately of any changes in origin.
- If the Contractor delivers goods that are given preferential customs treatment in the importing country, the Contractor must provide the corresponding certificates of origin for this delivery. This certificate is required for every delivery.

9.4 The Contractor shall compensate the Client for all economic disadvantages that arise as a result of delays or additional costs arising due to non-fulfilment of the conditions stated in Clauses 9.1 and 9.2. The Contractor shall assist the Client in reducing customs payments.

Under the terms of his contractual duty of care, the Contractor shall contact the customs office responsible for the Client in relation to questions arising that relate to customs duty and certificates of origin.

## 10. Acts of God

10.1 If an act of God or another impediment for which neither contract party is responsible occurs, for example strikes or lockouts, both contract parties shall be entitled to postpone the contractual obligations that they must meet until the impediment no longer exists, insofar as said obligations cannot be fulfilled as a result of the impediment.

10.2 Without being requested to do so, the contract party invoking a particular impediment as a reason for non-fulfilment must provide the other contract party with all the necessary information about the nature and extent of the interruption, as well as its probable duration. This shall not affect the right of the other contract party to withdraw from the contract in full or in part in accordance with the provisions of the law.

## 11. Warranty claims, guarantee

11.1 The Contractor shall ensure that all deliveries / services are of the quality due, are in accordance with the agreed purpose, the current state of the art and the generally recognised technical and industrial medicine safety regulations of the authorities and the professional associations, conform to the relevant provisions of the law and display all the characteristics guaranteed. In the case of deliveries that are covered by the foodstuffs and consumer goods legislation, its requirements must also be fulfilled.

11.2 If the commercial inspection and defect notification requirement as defined in Article 377 of the German Commercial Code (HGB) applies, the Client shall have the right to lodge a complaint on the grounds of patent defect after delivery within five working days. In the case of hidden defects, a complaint must be lodged within five working days after their discovery. The inspection must be of the usual scope, depending on the type and purpose of the delivery.

11.3 The Client shall enjoy the statutory rights and claims in the event of defects. This shall not affect any additional warranty claims. In the event of defects, the Contractor shall owe post-delivery fulfilment in accordance with the provisions of the law, either by way of defect correction, the delivery of fault-free goods or manufacturing new goods. Costs arising in relation to the post-delivery fulfilment, particularly transport, travel, labour and material costs, shall be borne by the Contractor. In urgent cases where there is a risk of major damage and the Contractor could not be contacted, the Client shall be entitled to himself undertake post-delivery fulfilment, or to engage a third party to do so. This shall not affect further statutory rights and claims on the grounds of defects, particularly relating to withdrawal or reduction, compensation or compensation in lieu of performance or the replacement of futile expenses.

11.4 The period of limitation for warranty claims is 36 months, unless the law provides for a longer period of limitation. The period commences upon delivery and (if applicable) acceptance, if the latter is provided for by law or has been agreed.

## 12. Third-party proprietary rights

12.1 The Contractor has an obligation to grant the Client the rights of use necessary for him to be able to use the contractually due deliveries and performances for their intended purpose. He shall ensure that the Client does not infringe copyrights, patents or other third-party proprietary rights when so doing.

12.2 The Contractor shall release the client from all claims made against him on the grounds of infringement of a commercial proprietary right, and shall meet the costs of preserving the rights if these claims are based on the violation of an obligation for which he is responsible. The Client shall inform him immediately in the event of a claim being made on the grounds of a proprietary right infringement. The Contractor must inform the client immediately if a claim is made against him on the grounds of proprietary right infringements that could affect the rights of use that he granted to the Client under the terms of the contract.

## 13. Product liability / insurance

13.1 The Contractor shall release the Client from all claims arising on the grounds of product liability if these are attributable to a fault in the deliveries / performances furnished by the Contractor. Under the same conditions, he shall also be liable for damages incurred by the Client in such instances as a result of appropriate and necessary (in terms of type and scope) precautionary measures, e.g. public warnings or recalls. This shall not affect the Client's right to lodge his own claims for damages against the Contractor.

13.2 The Contractor undertakes to take out appropriate insurance against the risks arising to him from non-contractual product liability, and shall furnish evidence of this to the Client on demand in the form of his insurance policy.

## 14. Passing on orders / assignment / reservation of ownership

14.1 The Contractor is not permitted to entrust third parties with meeting orders placed with him (or significant parts thereof) without the Client's prior written approval.

14.2 The Contractor may assign his outstanding debt from the Client to third parties or have it collected by third parties only with prior written approval. This shall not apply if outstanding debts are involved that have been legally defined or are undisputed.

14.3 The Contractor's reservation of ownership regulations are opposed if they go beyond provision of security by means of simple reservation of ownership. They may require a prior written agreement in individual cases. If it nevertheless happens that subcontractors of the Contractor claim rights of ownership, leasing rights of ownership or rights of lien, or if they initiate levies of execution, the Client shall claim against the Contractor for all resulting damages.

## 15. Secrecy / items provided by the Client

15.1 The Contractor must keep secret all documents such as drawings, recipes, data, samples and other items provided by the Client for the purpose of submitting a quotation and / or meeting orders. The same applies to know-how acquired during the course of business collaboration, and none of the above may be passed on or made known to third parties without the express written permission of the Client. The Contractor must also keep secret all findings and results obtained through the use of the aforementioned, unless these become publicly available without his involvement. The Client's rights on documents provided and on orders placed must be upheld. The Contractor must also respect copyrights and other commercial proprietary rights. Their use is allowed only for the contractually agreed purposes.

15.2 Products developed by the Contractor on the basis of documents drawn up by the Client, for example drawings, models and other items provided by the Client, or tools made at the Client's request may not be used by the Contractor for purposes other than the relevant contractual purposes, nor may they be offered or supplied to third parties.

## **16. Provision of services**

The Contractor must ensure that he and the employees tasked with fulfilling the contract observe the relevant factory regulations when working on the Client's premises. He shall be notified of these regulations no later than when work commences. In particular, the factory regulations relating to entering and leaving production plants must be observed. Unless jointly responsible for causing them, the Client shall not be liable for accidents that occur as a result of factory regulations not being observed. This shall not affect the Contractor's statutory liability for vicarious agents in the event of death, injury or material damage being caused by these persons.

## **17. Place of fulfilment/ place of jurisdiction / applicable law**

17.1 The delivery address shall be the place of fulfilment for all obligations of the Contractor arising from this contract. Irrespective of this, the place of fulfilment for payments shall be the Client's place of business.

17.2 The place of jurisdiction shall be the Client's place of business. At Hochland's discretion, it may also initiate legal proceedings at the Contractor's place of business.

17.3 German law shall apply. There shall be no possibility of applying the UN Convention on Contracts for the International Sale of Goods, dated 11<sup>th</sup> April 1980 (UNCISG).