

1. General

- 1.1 The following Terms and Conditions of Purchase apply to all orders by STI Gustav Stabernack GmbH and its German subsidiaries ("STI").
- 1.2 All orders placed by STI must be carried out exclusively on the basis of these Purchasing Regulations. The supplier's terms and conditions of business (e.g. in quotation letters or order confirmations) will not be recognised and are not binding on STI; this also applies where STI partly or wholly accepts the ordered goods or services or makes payment.
- 1.3 The supplier shall make a binding commitment to comply with the principles of the STI Code of Conduct (STI Group Corporate Compliance) as an essential contractual obligation and on its part also to require this from its suppliers and service providers. The STI Group Corporate Compliance can be viewed on the internet at any time at www.sti-group.com and printed out from there.

2. Orders

- 2.1 The supplier shall draw up its quotation free of charge for STI unless something different has been agreed in advance. This also applies to plans, drawings or on-site visits.
- 2.2 Orders are only binding if they have been placed or confirmed in writing by STI. Oral subsidiary agreements are invalid and do not put STI under any obligation.
- 2.3 The supplier shall confirm the order by signing the copy of the order. If it does not object to the order within 2 working days of receipt the order is considered to be accepted. STI reserves the right to change the order up to its acceptance by the supplier.

3. Delivery and Delivery Time

- 3.1 Delivery is to be carried out DDP in accordance with Incoterms 2010, unless a different arrangement has been agreed in the purchase order. A delivery note is to be attached to each consignment containing the delivery quantity, the delivery item as well as date and number of the relevant STI purchase order.
- 3.2 The supplier shall guarantee that it complies with all relevant dispatch and declaration requirements as well as any export and import procedures.
- 3.3 The supplier shall ensure standard commercial, correct, clean and environmentally-friendly packaging and guarantee that the goods are protected by the packaging from transport damage, corrosion and penetration of contamination and/or moisture.
- 3.4 In the case of delivery on Euro Pool pallets under the EPAL standard, they must at least meet Class B of the Gpal classification (Gütegemeinschaft Paletten e.V.). If during the processing of the delivered goods STI should discover damaged pallets, STI will charge them to the supplier accordingly. Deliveries on non-returnable or special pallets require the prior written consent of STI insofar as their use is not required for technical reasons.
- 3.5 The supplier is obliged to collect and take back all packaging materials and pallets from STI at its own expense and risk unless a different arrangement has been agreed.
- 3.6 The supplier shall render its delivery or service in full. Partial deliveries are only admissible if they have prior approval by STI in writing.
- 3.7 Agreed dates for the deliveries or services are binding and are always calculated from the order date. If delays are to be expected the Supplier must inform STI immediately in writing.
- 3.8 In the event of delivery ahead of schedule STI reserves the right to refuse to accept the delivery and then to return the delivery at the expense and risk of the supplier. The obligation to deliver on the agreed delivery date remains. If in the event of delivery ahead of schedule no return takes place, the goods will be stored on STI premises until the agreed delivery date at the expense and risk of the supplier.
- 3.9 In the event of delivery not on the due date - even through no fault - after setting an extension period STI is entitled to refuse acceptance and cancel the contract. Setting an extension period is not required if regarded as unnecessary by the law, in particular if the delayed delivery or service is of no interest to STI.
- 3.10 The supplier is liable for all damage that arises because of non-compliance with the above specifications and/or the delay on the part of STI.

4. Rights in the Event of Defects and Liability

- 4.1 The supplier shall ensure that the delivery or service (i) displays no defects affecting its value or serviceability, (ii) has the agreed or guaranteed property, (iii) is suitable for the use intended under the contract, (iv) fulfils the generally accepted rules of technology and the relevantly applicable technical safety requirements and (v) meets the health and safety at work, accident prevention regulations and other legal provisions.
- 4.2 If the delivery or service is flawed, STI may at its choice demand supplementary performance free of charge, price reduction or cancellation of the contract and together with that claim damages. After the second unsuccessful attempt at supplementary performance, STI is furthermore entitled to have the defect rectified itself or by third parties; the corresponding additional costs shall be borne by the supplier.
- 4.3 The rights for defects become time-barred 24 months after complete delivery or performance of the service and are extended by the period in which the delivery or service cannot be used as intended as a consequence of defects that have arisen.
- 4.4 The supplier shall indemnify and hold STI harmless from all claims from manufacturer's liability as well as based on the Product Liability

Act where the supplier or its sub-supplier has caused the product defect triggering the liability.

- 4.5 Apart from that, the supplier has liability in accordance with the statutory provisions.

5. Duty of Inspection and Notification of Defects

- 5.1 The duty to inspect on the part of STI starts at the earliest when the supplier has notified STI in writing of the complete performance of the service or the delivery (including all delivery notes, assembly instructions, etc.) has arrived at the agreed destination point. From this date STI has a period of two weeks to give notice of a defect if no other arrangement has been agreed or the complexity of the delivery or service requires a longer inspection period.
- 5.2 In the case of hidden defects, the defect notification period only starts with the time when STI discovers the hidden defects.

6. Infringement of Trademark Rights

- 6.1 The supplier shall ensure that no third party trademark rights (e.g. industrial designs, patents) are infringed by its services/deliveries or by use according to contract.
- 6.2 The supplier is required to indemnify and hold STI harmless to the full extent from third party claims because of the assertion of trademark rights infringement and to reimburse all associated expenses (e.g. lawyers' costs). This claim exists irrespective of a fault by the supplier.

7. Secrecy and Data Protection

- 7.1 All information and documents, in particular plans, drawings, samples or similar that are provided to the supplier by STI for the provision of the service or procurement of the delivery item must not be used for other purposes, copied or made accessible to third parties. All documents including all copies and duplicates are to be given back to STI without delay on demand.
- 7.2 The supplier shall regard the order and the associated deliveries/services as a business secret and treat them with strict confidentiality.
- 7.3 The supplier shall undertake to meet the statutory regulations on data protection (e.g. German Data Protection Act) and to ensure and monitor compliance with it. It must impose this obligation on all suppliers and service providers commissioned by it with carrying out the order.
- 7.4 The supplier shall only process personal data in relation to the purchase order and the instructions of STI in accordance with section 11 German Data Protection Act.
- 7.5 After the termination of the contractual relationship the personal data provided may only continue to be stored by the supplier or kept in any other form where statutory or contractual retention periods require continued retention. Otherwise documents with personal data are either to be handed back to STI or, after consultation with STI, destroyed according to data protection requirements.

8. Invoices and Payment

- 8.1 Invoices are to be given to STI with details of date, purchase order number and necessary information in accordance with section 14 UStG (German VAT Act) in the most recent version. They must not be attached to the delivered goods. STI cannot be held liable for payment delays that result from non-compliance with this provision nor does it fall into arrears of payment.
- 8.2 Where nothing different has been agreed payments are carried out within 30 days net. For payment that are carried out no later than 15 days after delivery and receipt of invoice STI is entitled to a deduction of 3 % discount.
- 8.3 The payment period starts with the receipt of the invoice but not before the receipt of the goods ordered or the complete performance of the service.
- 8.4 The payments made by STI do not imply recognition of the delivery or service with respect to quality, freedom from defects and quantity.
- 8.5 Where on the due date notifications of defects are already known, STI has the right to retain payments at the appropriate level. Furthermore in the event of incorrect or incomplete delivery STI is entitled to retain payment proportionately to the value until the delivery or service is corrected without the loss of any rebates, discounts or similar payment concessions. Where payments for incorrect deliveries or services have already been made, STI is entitled to retain any other due payments up to the amount of the payments made.
- 8.6 STI is entitled to offsetting and retention rights within the statutory scope. Over and above that, STI is entitled to offset all its own claims as well as the claims of its subsidiaries and associated companies against claims by the supplier and against claims of companies associated with the supplier.
- 8.7 The supplier may only offset with uncontested or legally validated claims. The supplier is only entitled to rights of retention to the extent that they are based on the same purchase order.

9. Assignment and Transfer

- 9.1 Assigning claims by the supplier from this business relationship requires in all cases the prior written consent of STI.
- 9.2 Without prior consent the supplier is also prohibited from transferring other contractual obligations and rights.

10. Place of Performance

- 10.1 The place of performance is the delivery address named in the purchase order. If exceptionally another place of performance is agreed the transport risk also lies with the supplier.
- 10.2 It is the supplier's responsibility to insure the goods at its expense against transport risks.

11. Safety Regulations

- 11.1 All deliveries and services must meet the statutory requirements in the most recent version, in particular the safety and environmental regulations including the Ordinance on Hazardous Substances, the ElektroG [German Electrical and Electronic Equipment Act] and the safety recommendations of the responsible authorities, trade associations (Berufsgenossenschaften), expert committees or professional bodies, e.g. VDE, VDI, VOB, DIN as well as the fire prevention regulations and the rules for CE marking. Relevant certification, test certificates and supporting documents are to be attached free of charge.
- 11.2 The supplier is obliged to ascertain and comply with the current status of the applicable directives and laws for its components with respect to restrictions of substances. It is obliged not to use banned substances. Restricted and hazardous substances under the applicable legislation are to be detailed on the specifications by the supplier. If applicable, the safety data sheets are to be submitted with the quotation and on the respective initial delivery with the delivery note (at least in German or English). Indications about exceeding substance restrictions and supply of banned substances are to be notified to STI at once.
- 11.3 The supplier shall guarantee to STI that it will comply with all requirements of the EU Chemical Regulation REACH (Regulation (EC) no. 1907/2006) as amended ("REACH Regulation"). Over and above that, the supplier shall assure that the substances contained in its goods, where required under the provisions of the REACH Regulation, are pre-registered or registered after the expiry of the transition periods if these substances are not exempt from registration.
- 11.4 The supplier must assure STI that the goods supplied to STI contain no substances included in the Candidate List (Substances of Very High Concern) within the meaning of Article 57 et seqq. REACH Regulation in concentrations of more than 0.1 per cent by weight (w/w). Should it nevertheless transpire that substances within the meaning of Article 57 et seqq. REACH Regulation in one or more products supplied / to be supplied exceed concentrations of more than 0.1 per cent by weight (w/w), the supplier undertakes to inform STI without delay at any time this is exceeded - for any reason whatsoever. This particularly applies if the substances included in the Candidate List are extended or supplemented. In this connection, the supplier must provide STI without delay and free of charge with all information and documents required and provided for in the REACH-Regulation particularly within the meaning of Article 31 et seqq. REACH Regulation and comply with the retention duties provided for in the REACH-Regulation. The supplier must assure STI of the accuracy of the information and documents provided, especially in the substance safety reports and the safety data sheets. All information and documents regarding this specification must be sent in all cases to the following email address: reach@sti-group.com. The supply of goods that contain substances included in the Candidate List may only be carried out after prior written approval by STI.
- 11.5 Suppliers whose businesses have their registered offices in non-EU member states undertake to appoint an Only Representative ("OR") under Article 8 REACH Regulation with registered office in the EU of which STI is to be notified by name with address details. The OR must assume all necessary pre-/ registrations and other duties of the supplier that the latter must fulfil under the aforementioned rules and regulations. In the event of a change of OR or suspension of the activity of the OR, the supplier must inform STI without delay.
- 11.6 The supplier must indemnify STI and hold it harmless from all claims based on a breach by the supplier or the OR of the above rules and regulations in particular also based on the non-compliance with the duty to inform imposed on the supplier or the OR (inter alia sending all information and documents to the email address reach@sti-group.com). In these cases the supplier must bear all costs and disbursements including the costs of legal proceedings and/or product recall.

12. Materials provided

- 12.1 The materials provided by STI remain the property of STI and must be stored and managed in a clearly arranged way, separately and clearly labelled as the property of STI. They are to be returned at any time on request. Their use is only allowed for STI orders. The supplier must insure these materials against damage or loss at new value as part of its insurances. The supplier shall be liable in the event of destruction, damage or total loss of the goods provided even if it is not responsible for this.
- 12.2 All provisions of material are to be inspected by the supplier immediately after their arrival at the destination for visible defects and quantity and identity differences with the due care and diligence of a prudent businessman. In addition, immediately after their arrival at the destination retained samples are to be taken and inspected by the supplier with the due care and diligence of a prudent businessman in order to determine the presence of any differences and STI is to be notified without delay but no later than within 3 working days of arrival at the destination.

12.3 During production the supplier shall carry out further checks to the extent that they have been specially agreed with STI or required in line with its quality management system. If the supplier identifies quality defects in the materials provided by STI, STI must be informed without delay to agree on further actions.

12.4 Materials provided by STI shall in all cases be processed exclusively for STI. Where the value of the material provided by STI exceeds the value of the processing and if applicable of the other components of the newly manufactured items, the newly manufactured items shall become the property of STI, otherwise co-ownership of STI in proportion to the value of the material provided to the value of the overall result arises.

12.5 Contractor's liens of the supplier under section 647 German Civil code are excluded.

13. Product Liability

13.1 In the event that claims are asserted against STI by a customer or third party the supplier shall indemnify STI and hold it harmless from such claims to the full extent without delay if and to the extent that the damage has been caused by a defect in the product supplied by the supplier. In these cases the Supplier shall bear all costs and disbursements including the costs of legal proceedings and/or product recall.

13.2 The supplier shall maintain product liability insurance with an appropriate amount of cover and provide STI with a copy of the policy on request.

13.3 Otherwise the statutory regulations apply.

14. Suspension of Payments, insolvency

14.1 If the supplier suspends payments, a provisional insolvency administrator is appointed, insolvency proceedings are opened on the supplier's assets or there are bill of exchange or cheque protests against the supplier, STI will be entitled to rescind the order or cancel the order fully or partially without notice with immediate effect without claims against STI from it being able to be derived against STI. If the order is cancelled by STI, the goods delivered or service carried out up to then may only be offset on the order conditions laid down to the extent that they can be used as intended by STI. The loss incurred by STI from this will be taken into account in the settlement.

14.2 In the event of other factually based evidence that make the continuation of a reliable business relationship seem seriously at risk, STI is entitled to rescind the order.

15. Governing Law and Jurisdiction

The order and these purchasing rules are exclusively subject to the law of the Federal Republic of Germany excluding the International Sale of Goods Act (CISG) of 11 April 1980. Exclusive place of jurisdiction for all disputes is Frankfurt am Main.

16. Legal Invalidity

Should individual provisions of these terms and conditions of purchase be wholly or partially void, the validity of the remaining provisions of this contract is not affected. In place of the ineffective provision the parties will together strive to agree a provision that comes closest to what is economically desired in a legally permissible way.