

General Conditions of Purchase of Albert Kerbl GmbH

Table of contents

1	Object and scope	2
2	General requirements / framework conditions	3
2.1	Legal framework conditions, standards and directives	3
2.1.1	General	3
2.1.2	REACH	3
2.1.3	Export restrictions	4
2.1.4	Proof of origin	4
2.1.5	Modifications	4
2.2	Code of Conduct	4
2.3	BSCI	5
3	Product quality	6
3.1	Technical requirements for products	6
3.2	Quality assurance	6
3.2.1	Quality assurance measures	6
3.2.2	Inspections	6
3.3	Complaints	7
3.3.1	Immediate measures	7
3.3.2	Duty to inspect and give notice of defects	7
3.3.3	Remedying of defect and replacement delivery	7
3.3.4	Concessions	8
3.3.5	Product liability	8
3.3.6	Recourse to warranty	8
3.3.7	Spare parts	8
4	Other provisions	9
4.1	Deliveries by third parties	9
4.2	Non-assignment clause	9
4.3	Advertising with reference to the business relationship	9
4.4	Property rights	9
4.5	Confidentiality	9
4.6	Place of performance	10
4.7	Jurisdiction and applicable law	10
4.8	Severability clause	10

1 Object and scope

The object of these General Conditions of Purchase is to set out important framework conditions for the collaboration between the Supplier and Albert Kerbl GmbH (hereinafter abbreviated to "Kerbl") and to define measures to ensure the quality of the goods to be delivered by the Supplier to Kerbl.

The General Conditions of Purchase are a binding part of all contracts for the manufacture and delivery of products that Kerbl concludes with the Supplier, and form the contractual basis for all of the Supplier's deliveries to Kerbl even if no explicit reference is made to these General Conditions of Purchase.

The General Conditions of Purchase shall apply exclusively. Conditions of the Supplier that contradict or deviate from these General Conditions of Purchase shall not be recognised by Kerbl unless Kerbl has agreed to their validity in writing. The acceptance of goods or services from the Supplier or payment for them does not imply consent. Contradictory or deviating conditions of the Supplier shall not apply even if they are not expressly contradicted in individual cases. If other agreements and/or contracts exist between Kerbl and the Supplier, the provisions of the General Conditions of Purchase shall be regarded as supplementary to these agreements and/or contracts, whereby the provisions of the General Conditions of Purchase shall take priority in case of doubt. In case of contradictions between the German version of the General Conditions of Purchase and a version in another language, the German version shall take priority in case of doubt.

2 General requirements / framework conditions

2.1 Legal framework conditions, standards and directives

2.1.1 General

In terms of manufacture, quality and usability, the products to be delivered to Kerbl must comply fully and without exception with the generally recognised rules of technology (technical standards, regulations, procedures, conditions, etc.), environmental protection, occupational health and safety, accident prevention regulations and the provisions of the German Equipment Safety Act. The rules, regulations, standards, directives and laws, etc. that are in force at the time of delivery shall apply.

2.1.2 REACH

2.1.2.1 General

In accordance with the European Union's regulation on the restriction of chemicals, "REACH", all companies must be able to guarantee the chemical safety of the goods that they market in Europe. Germany also has the German Chemicals Prohibition Ordinance (ChemVerbotsV) which specifically prohibits the use, in the finished product, of specific chemicals above a certain content quantity, as well as the German Foods, Consumer Goods and Feedstuffs Code (LFGB).

Basic information about REACH can be found on the following website:

<http://echa.europa.eu>

The German Chemicals Prohibition Ordinance, including a list of prohibited chemicals with limit values, can be found on the following website:

http://www.gesetze-im-internet.de/chemverbotsv_2017/ChemVerbotsV.pdf.

The Supplier must ensure that it only supplies Kerbl with products that fully comply with the requirements of the REACH Regulation, the German Chemicals Prohibition Ordinance and the German Foods, Consumer Goods and Feedstuffs Code. In this context, the Supplier shall also be liable for third parties which, in place of the Supplier, in its interest, as transporter, agent, importer, or in any other way, deliver the Supplier's products to Kerbl or on the Supplier's behalf or which, as the Supplier's sub-suppliers have an influence on the chemical composition of the delivered products.

The European Chemicals Agency (ECHA) regularly publishes a list of the substances which are considered to be of particular concern, and for which particular attention to compliance with the REACH Regulation must be paid.

The Supplier must ensure that the products delivered by the Supplier to Kerbl do not contain any questionable or prohibited substances included in Annex XIV of REACH, the list of Substances of Very High Concern (SVHC) or the German Chemicals Prohibition Ordinance.

If any of the Supplier's products are in breach of these requirements (e.g. a registration, notification or approval, etc. is missing), Kerbl, without prejudice to any other claims, shall be entitled to return the products in question to the Supplier at the Supplier's expense.

2.1.2.2 Documentation

At Kerbl's request, the Supplier shall provide the information required under Article 33 of REACH for safe use of products according to Article 57 of REACH within 10 working days from receipt of the request so that Kerbl's customers can be informed of this in due time.

2.1.2.3 General Requirements

The Supplier shall ensure that the products to be delivered at least comply with the REACH General Requirements issued by Kerbl for each product group. The grouping of the products to be delivered by the Supplier to Kerbl or the currently valid General Requirements shall be made available by the person responsible at Kerbl.

2.1.3 Export restrictions

The Supplier must inform Kerbl if a delivered item is fully or partly subject to export restrictions in accordance with German or European foreign trade law or other foreign trade laws (e.g. US authorities).

2.1.4 Proof of origin

The Supplier must provide Kerbl with the proof of originating status for all items delivered in the form of a long-term supplier declaration or proof of origin (certificate, declaration of origin on invoice, EUR.1 certificate).

The Supplier is obliged to inform Kerbl in particular, about the non-preferential and preferential origin of its goods by making information about the origin available in the form of a long-term supplier declaration within a period of fourteen (14) days from receipt of the letter of request. In the case of a first delivery, information about the origin must be provided by the date of the first delivery at the latest. The written form requires the handwritten signature of an authorised representative of the Supplier.

Kerbl must be promptly informed in writing of any changes to the origin of the goods.

If the Supplier is delivering goods which may receive preferential treatment in the country of importation, the Supplier shall provide Kerbl with a corresponding valid proof of origin (certificate of origin, declaration of origin on invoice, EUR.1 certificate) for the delivery. This proof is also required for each delivery of this kind.

2.1.5 Modifications

The Supplier is obliged to inform Kerbl in writing as early as possible, but without undue delay, if it becomes aware of any modifications to statutory provisions influencing the delivered product, and particularly the product quality.

2.2 Code of Conduct

The Supplier is obliged to comply with the Kerbl Code of Conduct in its respectively valid version. The Kerbl Code of Conduct can be downloaded from kerbl.com/en/supplier-portal.

2.3 BSCI

Kerbl expects its suppliers to behave in a way that is legally and ethically correct at all times. This includes doing business in accordance with the principles of the Business Social Compliance Initiative (BSCI). The amfori BSCI Code of Conduct can be downloaded from [amfori.org](https://www.amfori.org).

3 Product quality

As far as the following refers to ensuring specific obligations or characteristics by the Supplier, the Supplier shall in each case assume the guarantee liability for compliance with these contractual obligations.

3.1 Technical requirements for products

The Supplier must ensure that its products comply with the technical documents agreed in the context of the order such as standards, directives, drawings, specifications and product data sheets, etc.

All modifications concerning products to be delivered to Kerbl, in particular the

- type or composition of the agreed material,
- construction,
- manufacturing or testing processes,
- packaging,

must be indicated to Kerbl in due time before implementation, and require Kerbl's written approval. In the process, Kerbl shall decide, on an individual basis, whether to arrange a release sample or trial order after the planned modification.

3.2 Quality assurance

3.2.1 Quality assurance measures

The Supplier is obliged to take responsibility for planning, organising and implementing the production and quality assurance processes in such a way that comprehensive control and monitoring is ensured, and the quality and safety requirements placed on the products are met. This includes, for instance, drawing up test plans and purchasing suitable test equipment and measuring devices. Where special test specifications are included in the agreed technical documents, these must be included.

3.2.2 Inspections

By arrangement with the Supplier, Kerbl is entitled to check and assess the Supplier's quality management system by means of system, process and/or product inspections. Kerbl's representatives and, if applicable, representatives of supervisory authorities shall be granted access to all production facilities and records of the Supplier in which the production and/or quality testing of the products to be delivered to Kerbl takes place. The Supplier shall provide Kerbl's representatives with all documents and information required for the inspection and shall provide the requested information. If the Supplier uses subcontractors to deliver goods to Kerbl, the Supplier must also make it possible to inspect these subcontractors within the scope of these deliveries.

The Supplier warrants that it will immediately carry out any improvements and/or measures which are found to be necessary during such inspections. These type of measures shall be agreed in writing.

3.3 Complaints

3.3.1 Immediate measures

In the case of non-compliance with the contractually agreed quality characteristics, the Supplier must inform Kerbl as early as possible and comprehensively about the type and cause of the differences. If the goods have already been delivered to Kerbl, the Supplier and Kerbl shall immediately agree on whether or not the delivered quantity should be taken back in full. If no agreement is reached within five (5) working days after Kerbl has informed the Supplier of the non-compliance with the contractually agreed quality characteristics, Kerbl may completely reject the consignment at the expense of the Supplier or have it (fully) inspected and/or repaired at the expense of the Supplier. If delivery problems arise at Kerbl due to the non-compliance with the contractually agreed quality characteristics, Kerbl shall reserve the right to charge the Supplier for any resulting expenses (e.g. additional costs for a replacement purchase).

3.3.2 Duty to inspect and give notice of defects

As the Supplier carries out quality assurance and quality control checks itself, the duty to inspect and give notice of defects upon delivery of goods in accordance with Article 377 of the German Commercial Code (HGB) is adjusted in such a way that the incoming goods inspection is limited to a simple identity check based on the delivery note / packing list and labelling on the packaging. Random checks are carried out within the context of these simplified incoming goods inspections. If grounds for complaint are not detected during these simplified incoming goods inspections and only arise later, e.g. when processing or using the products delivered by the Supplier to Kerbl, Kerbl may still complain about these defects within one month after having gained knowledge thereof. This shall not affect any longer notification periods for hidden defects within the meaning of Article 377 of the German Commercial Code (HGB).

The issuing – even without reservation – of delivery receipts by Kerbl shall not result in the exclusion of notices of shortfall if the shortfall was not recognisable externally when the goods were accepted. The acceptance of incomplete or defective deliveries or services shall not constitute a waiver of claims for compensation/performance. Acceptance by Kerbl always takes place subject to the quantity, quality and price controls.

Payment of the purchase price shall not affect Kerbl's right to give notice of defect, neither shall this be considered an acknowledgement that the goods are free of defects.

3.3.3 Remediating of defect and replacement delivery

At Kerbl's discretion, the Supplier must provide a replacement delivery or must remedy the defect.

Unless otherwise agreed on an individual basis, a reasonable period for a replacement delivery or remedy of defect shall be two calendar weeks from the day on which Kerbl notified the Supplier in writing of the defect.

In the event of failure, refusal, delay of the new delivery or remedy of the defect, Kerbl shall be entitled to claim damages for non-performance and/or to withdraw from the agreement in whole or in part. The remedy or replacement delivery shall be deemed to have failed if the first attempt remains unsuccessful.

The Supplier shall bear the damage incurred by Kerbl as a result of the defect (e.g. delay in delivery to Kerbl customers, interruption in production) and insufficient supplementary performance. Kerbl shall also have the right to

demand compensation in addition to the service. In addition to the (directly) incurred damage, the Supplier shall also be liable for consequential damage.

3.3.4 Concessions

For products which do not comply with all specified requirements, the Supplier can request a concession in writing from Kerbl prior to delivery or after Kerbl has established the defect. Kerbl shall decide upon the granting of a concession after examining the issues.

If the defect is detected when the goods are still at the Supplier, the delivery of the products in question may only take place after the Supplier has received a written concession from Kerbl.

Products for which a concession has been granted must be specially marked.

3.3.5 Product liability

The Supplier shall be liable for the costs of any reasonable measures required to avert damage (e.g. product recall) by Kerbl, provided that the reasonable measure has its cause wholly or partly within the Supplier's sphere of responsibility. The Supplier shall take this risk into account by taking out adequate product liability insurance. The amount covered for the individual case of damage must be at least five (5) million euro. Expenses must also be taken into account for product recalls and replacements.

Insurance cover must be maintained throughout the entire duration of the business relationship. The Supplier shall provide Kerbl with written proof of the conclusion of the insurance contract and its maintenance upon expiry of the respective period of validity without being asked to do so. Any modifications must also be communicated without being asked to do so.

3.3.6 Recourse to warranty

In the event of a warranty claim, the Supplier shall bear 100% of all costs incurred by Kerbl including for direct and indirect consequential damage such as for repairs, disassembly or customer services required for a replacement, etc.

3.3.7 Spare parts

The Supplier shall undertake to keep spare parts in stock including after expiry of the warranty period. If the sale of a product is discontinued by Kerbl, unless otherwise agreed on an individual basis, spare parts for this product must be kept in stock for a period of five (5) years after expiry of the warranty period. The total price of spare parts required for a product must not exceed 130% of the net price to be paid by Kerbl for the original product.

If the business relationship between Kerbl and the Supplier is terminated, the same shall apply to the entire product range that Kerbl has purchased from the Supplier until the end of the business relationship.

4 Other provisions

4.1 Deliveries by third parties

If the Supplier purchases products or semi-finished products from a third party to be delivered to Kerbl, it must ensure that this is carried out in compliance with these General Conditions of Purchase.

4.2 Non-assignment clause

The assignment of claims to which the Supplier is entitled from the business relationship with Kerbl is excluded.

4.3 Advertising with reference to the business relationship

Without Kerbl's express written consent, the Supplier is not entitled to refer to the business relationship in advertisements.

4.4 Property rights

The Supplier must ensure that the products which it manufactures and delivers to Kerbl do not infringe any third-party property rights. In the event of culpable infringement of industrial or other property rights, the Supplier shall indemnify Kerbl and its customers from the claims of third parties due to such infringements of property rights, e.g. personal rights, copyrights, trademark rights, industrial design rights, utility patent rights, patent rights and claims under competition law.

4.5 Confidentiality

In connection with a planned agreement or an already concluded agreement, Kerbl shall grant the Supplier access to confidential information and to the trade secrets of Kerbl or of other contractual partners of Kerbl which must be treated confidentially. To ensure that this information is protected, and to maintain the confidentiality required by the laws on patents and/or trade secrets, the following is deemed to be agreed:

1. The confidential information to be protected can be described as follows: Invention description(s), technical and business information relating to your own ideas and inventions, ideas, know-how, patentable ideas, trade secrets, drawings and/or illustrations, patent searches, existing and/or envisaged products and services, research and development, production, costs, profit and margin information, finances and financial projections, customers, marketing and current or future business plans and models, whether or not such information is designated "confidential information" at the time it is disclosed to the Supplier.
2. The Supplier shall undertake not to further transmit the confidential information that it receives from Kerbl to unauthorized third parties. The Supplier is obliged to impose the same confidentiality obligation for the benefit of Kerbl on authorized third parties to which this kind of confidential information is transferred legitimately in the form of a genuine contract for the benefit of third parties, like the confidentiality obligation that applies here to the Supplier with regards to Kerbl.

4.6 Place of performance

Unless otherwise agreed on an individual basis, the place of performance deriving from contracts for the manufacture and delivery of products which Kerbl concludes with the Supplier, of which these General Conditions of Purchase form a binding part, shall be the respective place of destination.

4.7 Jurisdiction and applicable law

Unless another place of jurisdiction is prescribed by law, Munich shall be the agreed place of jurisdiction for any disputes arising from contracts for the manufacture and delivery of products which Kerbl concludes with the Supplier, of which these General Conditions of Purchase form a binding part.

The law of the Federal Republic of Germany shall apply exclusively.

4.8 Severability clause

Should one or several provisions of these General Conditions of Purchase be or become void, this shall not affect the validity of the remaining provisions. If one or several provisions of this agreement are or become void, the Supplier and Kerbl shall undertake to agree on one or several alternative provisions that most closely resemble the intended economic purpose of the provisions that are or have become void.