

General Purchasing Conditions

1. Scope of application, protective clause

- 1.1 Any and all business relations between GRAMMER and the SUPPLIER are subject to GRAMMER's CONTRACTUAL TERMS.
- 1.2 All entities of the GRAMMER group (i.e. affiliated with GRAMMER within the meaning of §§ 15 et seqq. of the German Stock Corporation Act (*Aktiengesetz - AktG*)) are entitled to receive SERVICES from the SUPPLIER, including entities related to or affiliated with the same, subject to the conditions set forth in these CONTRACTUAL TERMS.
- 1.3 Legal relations between the SUPPLIER and GRAMMER are subject exclusively to the CONTRACTUAL TERMS. The SUPPLIER's general terms and conditions or such other conditions as may oppose or deviate from these CONTRACTUAL TERMS apply only if GRAMMER expressly recognized their applicability them in writing.
- 1.4 GRAMMER's silence, its payment for or acceptance of SERVICES – even without reservation – shall not be construed as recognition of such other conditions as may oppose or deviate from these CONTRACTUAL TERMS.
- 1.5 The PARTIES already agree that the SUPPLIER's general terms and conditions do not apply even if the SUPPLIER references them (e.g., for routine technical reasons) in the course of its correspondence – especially upon the acceptance of ORDERS (e.g., by way of ORDER CONFIRMATIONS).

2. References

- 2.1 The GENERAL PURCHASING CONDITIONS may reference other GRAMMER documents, guidelines and conditions ("**REFERENCES**"). REFERENCES are always placed in square brackets, bolded and underlined: **[EXAMPLE]**. The documents to which REFERENCES point may be viewed under www.grammer.com/supplier-support/willkommen.html.
- 2.2 With the closing pursuant to section 4.1 of these GENERAL PURCHASING CONDITIONS, the SUPPLIER declares that it has taken note of the REFERENCES and the documents to which they point, understands the contents of such documents, including the rights and obligations arising from them, and expressly consents to their application.

3. Definitions of terms

ORDER CONFIRMATION	The SUPPLIER's binding written acceptance of an ORDER.
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OFFER	The SUPPLIER's non-binding written request for GRAMMER to place an ORDER.
ORDER	GRAMMER's binding written request – i.e., application – for the SUPPLIER to provide a SERVICE.
SERVICE	Any and all activities the SUPPLIER undertakes with a view to satisfying its principal and ancillary contractual obligations vis-à-vis GRAMMER.
PARTIES	GRAMMER and the SUPPLIER.
CONTRACTUAL TERMS	These GENERAL PURCHASING CONDITIONS and, where agreed, the annexes pursuant to section 2 of the MASTER AGREEMENT.
OBJECTION	SUPPLIER's written refusal of an ORDER.

4. Offer, order, service obligation

- 4.1 A contract with respect to the provision of SERVICES is entered into
- 4.1.1 upon a written ORDER CONFIRMATION for an ORDER received; or
- 4.1.2 after five (5) calendar days from the receipt of the ORDER by the SUPPLIER unless GRAMMER has received a written OBJECTION within that time.
- 4.2 The requirement as to written form for OFFERS, ORDERS, ORDER CONFIRMATIONS and OBJECTIONS is deemed to have been satisfied if notices of this kind are communicated using SAP ordering, remote data transmission or electronic data interchange, or pursuant to the provisions of section 17.3 of these GENERAL PURCHASING CONDITIONS, and are valid even without a signature.
- 4.3 Until the ORDER CONFIRMATION has been received pursuant to section 4.1.1, and until the lapse of the deadline for OBJECTIONS pursuant to section 4.1.2, GRAMMER is entitled at any time to revoke the ORDER without the need to provide reasons.

5. Deliveries, prices and terms of payment, set-off, retention

- 5.1 Unless GRAMMER stipulates otherwise, the SUPPLIER is tasked with providing its SERVICE DAP (Incoterms 2020) at GRAMMER's destination plant.
- 5.2 Unless otherwise agreed in writing, the prices agreed upon are fixed net prices; accordingly, they are not subject to adjustment to account for changes in costs (including but not limited to labor and material costs, exchange-rate fluctuations or other price factors) and represent the overall compensation provided for any and all of the SUPPLIER's agreed SERVICES.

- 5.3 Unless otherwise agreed in writing, GRAMMER's payments shall be made within the maximum period permitted by law from the receipt of a SERVICE provided as agreed and free of defects, along with a proper verifiable invoice. Insofar as SERVICES are accepted ahead of schedule, however, the payment term does not commence until the agreed delivery date. The SUPPLIER already agrees to participate in a credit memo procedure (*Gutschriftverfahren*) the scope and content of which the PARTIES will establish in a separate written agreement.
- 5.4 At GRAMMER's request, the SUPPLIER is obliged to furnish a (downpayment) guarantee the scope and content of which the PARTIES will establish in a separate written agreement.
- 5.5 The SUPPLIER may set off against GRAMMER's claims or exercise a right of retention only if and to the extent that its claim is undisputed or its counter-claim has been legally effectively established.

6. Delivery dates, default

- 6.1 The receipt of defect-free and complete SERVICES by GRAMMER or the recipient designated by GRAMMER shall be decisive for compliance with the delivery date agreed upon.
- 6.2 In the event that the SUPPLIER is unable to meet agreed delivery dates, deadlines and/or volumes ("DEFAULT"), or if it is apparent that it will not be able to do so, it must immediately notify GRAMMER, stating the reason as well as the likely consequences of such DEFAULT. In addition, the SUPPLIER must do whatever is necessary to ensure that delivery is effected promptly and completely.
- 6.3 If the SUPPLIER culpably caused the DEFAULT, the SUPPLIER must
 - 6.3.1 indemnify GRAMMER and its customers against all losses and damages resulting from its failure to discharge its obligations; and
 - 6.3.2 pay a contractual penalty to GRAMMER. The amount of the contractual penalty for each calendar day equals 0.3% of the value of the ORDER in question; in total, the contractual penalty is capped at 5% of the value of the ORDER. The contractual penalty is to be applied against the default damages the SUPPLIER must pay. GRAMMER's right to assert claims for damages in excess of the contractual penalty is not affected.

7. Warranty

- 7.1 Unless the CONTRACTUAL TERMS provide otherwise, the statutory provisions concerning warranties for defects under sales law apply.
- 7.2 GRAMMER is not obliged to examine goods or inquire into possible defects at the time of the closing.
- 7.3 GRAMMER's duty to examine goods and report defects is subject to statutory law provisions with the following stipulation: GRAMMER's duty to examine goods is limited to defects that

are clearly discernible upon superficial inspection, to the inclusion of delivery papers, as part of GRAMMER's incoming goods inspection (shipping damages, erroneous / under-delivery). If an acceptance has been agreed or is mandatory by law, the duty to examine goods is waived. GRAMMER's duty to report defects discovered at a later point in time is not affected. Notwithstanding the duty to examine goods, GRAMMER is deemed to have reported a defect (notice of defect) immediately and without undue delay so long as the notice of defect is dispatched to the SUPPLIER within ten (10) calendar days of (i) discovery of the defect or, (ii) of the delivery in cases of defects that become discernible upon visual inspection as part of the incoming goods inspection owed.

8. Liability

- 8.1 The SUPPLIER must indemnify GRAMMER and its customers against such costs, damages, expenditures and liabilities as may be asserted in or out of court on the basis of a willful or negligent violation of the SUPPLIER's obligations under the CONTRACTUAL TERMS or an omission in breach of its duties.
- 8.2 The SUPPLIER's liability also extends to third-party claims arising from product liability, including but not limited to personal injury, property damage or the infringement of rights caused by a defective, incorrect or unsafe SERVICE.
- 8.3 Where applicable law assigns liability irrespective of fault, the SUPPLIER's liability is contingent on its culpability.

9. Subcontractors, suppliers

- 9.1 The SUPPLIER bears full responsibility for (vicarious) agents, subcontractors, suppliers and other third parties ("SUBCONTRACTORS") and is liable vis-à-vis GRAMMER for their negligent or willful actions and any resulting damage incurred by GRAMMER or its customers.
- 9.2 The SUPPLIER must give GRAMMER prior written notice of its intention to delegate SERVICES or aspects thereof to – or otherwise use – SUBCONTRACTORS, and it must not proceed without GRAMMER's prior consent. GRAMMER's consent must not be withheld unreasonably and does not release the SUPPLIER from its obligation and liability.
- 9.3 The SUPPLIER will impose on SUBCONTRACTORS such quality standards and duties as may have been agreed between the PARTIES and arise from the CONTRACTUAL TERMS, respectively.

10. Provisions

- 10.1 Such items as GRAMMER may provide, including but not limited to materials, parts, containers, special packaging, tools, systems, forms, measuring equipment, records, drawings, plans,

- samples, gauges or similar items (“PROVISIONS”), remain GRAMMER’s property and are provided to the SUPPLIER by way of a loan solely for purposes of providing the SERVICES.
- 10.2 Unless otherwise agreed in writing, the SUPPLIER is entitled and obliged to utilize and use the PROVISIONS in rendering the SERVICE.
- 10.3 The utilization and use of PROVISIONS are to be limited to the discharge of contractual obligations vis-à-vis GRAMMER. Any utilization and use by the SUPPLIER or third parties as may deviate from such purpose, along with making PROVISIONS available or transferring rights thereto (e.g., by way of pledge, assignment, loan or lease) to third parties, is prohibited.
- 10.4 While SERVICES are being provided, the SUPPLIER is responsible for the PROVISIONS as well as for requesting and ensuring the availability of needed PROVISIONS.
- 10.5 Insofar as PROVISIONS remain with the SUPPLIER for purposes of rendering the SERVICE, the SUPPLIER is obliged
- 10.5.1 to properly service and maintain the PROVISIONS and make sure they are free from defects and fully functional. Service and maintenance specifically encompass the expenditures needed to preserve PROVISIONS in a state of operational readiness as well as to remove or repair defects, damages and modifications caused by use. Unless otherwise agreed in writing, the SUPPLIER must service and maintain the PROVISIONS at its own expense;
- 10.5.2 to protect and safeguard such PROVISIONS against destruction, damage, theft as well as any and all detrimental effects, and to insure them against all insurable risks (all-risk) in keeping with industry practice;
- 10.5.3 to label such PROVISIONS clearly and permanently as the property of GRAMMER or its customers while transmitting to GRAMMER suitable proof (e.g., photos) of such labeling and furnishing GRAMMER in annual intervals or promptly upon GRAMMER’s request with a list of all tools in its possession;
- 10.5.4 not to move such PROVISIONS to a location other than the agreed site without GRAMMER’s prior written consent;
- 10.5.5 to promptly inform GRAMMER if and when such PROVISIONS are threatened with or become subject to enforcement measures (such as attachment, seizure or insolvency proceedings), and to transmit any enforcement document to GRAMMER.
- 10.6 The SUPPLIER is liable for all defects, damages, modifications or deteriorations of or to PROVISIONS unless such defects, damages, modifications or deteriorations are not the result of the SUPPLIER’s action or omission in breach of its duties. The SUPPLIER must procure that the PROVISIONS, including any utilization or use thereof, do not cause personal injury or property damage – failing which the SUPPLIER must indemnify GRAMMER against any claim for damages.

10.7 If the CONTRACTUAL TERMS are terminated or discontinued, or whenever GRAMMER so requests, the SUPPLIER must immediately return the PROVISIONS in its possession to GRAMMER, or destroy them in coordination with GRAMMER, free of charge.

11. Third-party rights

The SUPPLIER must procure that no third-party right is infringed in connection with its SERVICE. Specifically, the SUPPLIER represents and warrants that the use of the SERVICES made and supplied by it does not infringe third-party rights. In the event that a third party asserts claims against GRAMMER on account of the infringement of its rights, the SUPPLIER must indemnify GRAMMER from such claims. Its indemnity obligation further extends to all expenditures necessarily incurred in connection with the assertion of a third-party's claim.

12. Confidentiality

12.1 The SUPPLIER is obliged to keep confidential and secret all information (e.g., business and trade secrets, data as well as their sequence and results, other technical or commercial information of any kind) of which it gains knowledge as a result of its business relationship with GRAMMER, and to restrict its use thereof to the implementation and provision of the SERVICES. Such knowledge may in no way be shared with third parties; staff and other (vicarious) agents who need the information to provide the SERVICE are exempted.

12.2 The SUPPLIER is obliged to observe the provisions of the **GRAMMER NON-DISCLOSURE AGREEMENT**.

13. Compliance, duties of care, ESG

13.1 The SUPPLIER is obliged to

13.1.1 comply with the **BME CODE OF CONDUCT**;

13.1.2 protect and preserve the protected rights and interested listed in the **BME CODE OF CONDUCT** at the level of protection set forth therein, especially as relates to the protection of human rights, the environment and the climate, along with sustainability and governance;

13.1.3 protect and preserve all legal interests pursuant to the statutory requirements applicable in Germany and the European Union for due diligence, taxonomy and sustainability irrespective of whether the SUPPLIER falls within the scope of application of a given law or EU regulation; specifically, to comply with the obligations pursuant to the German Act on Corporate Supply Chain Due Diligence (*Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten - Lieferkettensorgfaltspflichtengesetz - LkSG*), including the legal acts referenced therein;

13.1.4 comply with the sanction regimes of the United Nations, the European Union, the Federal Republic of Germany and the United States of America irrespective of whether such regimes apply to the SUPPLIER.

13.2 The SUPPLIER undertakes to procure by suitable measures that

13.2.1 the duties set forth in section 13.1 are discharged and such compliance is monitored on a continuous basis;

13.2.2 compliance with the duties set forth in section 13.1 is demonstrated on a regular basis as part of **[GRAMMER CSR TOOL]** and the information provided in **[GRAMMER CSR TOOL]** is kept up to date at all times;

13.2.3 the risk of violations of the duties set forth in section 13.1 is minimized. The SUPPLIER will notify GRAMMER in writing of detected risks and imminent violations without undue delay;

13.2.4 suitable measures are adopted without undue delay if and when violations of the duties set forth in section 13.1 are detected, and that such measures will put an end to the violations, effectively counter the effects thereof and prevent similar violations from occurring in the future. The SUPPLIER will notify GRAMMER in writing of detected violations as well as of intended and planned measures without undue delay;

13.2.5 it maintains its own and suitable whistleblowing system for the reporting of violations of the duties set forth in section 13.1 and makes clear and comprehensible information available about how its own whistleblowing system can be reached and used and what it is intended for, and it shall ensure that its own whistleblowing system and **[WHISTLEBLOWING TOOL GRAMMER]** of GRAMMER are used;

13.2.6 the implementation of the duties defined in this section 13 is duly documented;

13.2.7 GRAMMER receives a written report in annual intervals or upon request, which attests to the implementation of the duties defined in this section 13, especially as regards identified risks, imminent or detected violations of the provisions set forth in section 13.1 as well as corresponding measures and their effectiveness;

13.2.8 its suppliers, subcontractors and vendors are contractually obliged to observe and comply with the provisions set forth in section 13.1 as well as to discharge the duties pursuant to this section 13.2. At GRAMMER's request, the SUPPLIER must furnish suitable proof.

13.3 At GRAMMER's request, the SUPPLIER is obliged

13.3.1 to issue a declaration to the effect that it observed and complied with the provisions set forth in section 13.1 and discharged the duties pursuant to section 13.2;

13.3.2 to provide such information as GRAMMER may need for the **[BUSINESS PARTNER CHECK]** with respect to the SUPPLIER.

- 13.4 The SUPPLIER must discharge the duties defined in this section 13 on its own. If and to the extent that GRAMMER imposes requirements on the SUPPLIER with regard to the fulfillment of the duties according to this section 13, the SUPPLIER must satisfy such requirements at its own expense.
- 13.5 GRAMMER is entitled at any time to verify compliance with the duties under this section 13 at the SUPPLIER's place of business; specifically, it may demand to see relevant information, records and certificates. The SUPPLIER must transmit the information so requested completely and without undue delay.
- 13.6 Irrespective of section 13.5, GRAMMER is entitled at any time to verify compliance with the duties under this section 13 at the SUPPLIER's place of business itself or have a third-party auditor do so. GRAMMER is entitled to conduct such an audit itself at least once per year and have another one conducted by a third party of its choice. GRAMMER will announce the audit at least five (5) calendar days in advance. The SUPPLIER must grant GRAMMER or such third party as GRAMMER may task with conducting the audit access to its places of business as well as full access to all documents, data and systems related to the implementation of executed contracts during regular business hours (but at least between 8 a.m. and 5 p.m., local time). The SUPPLIER is entitled to adopt suitable measures to safeguard its business and trade secrets and protect confidentiality; however, such measures must not interfere with the completion of the audit and/or affect its outcome.
- 13.7 In the event that the SUPPLIER culpably breaches the duties under this section 13, or if there is reason to suspect that the SUPPLIER is doing so, and it is unable to allay such suspicion, the SUPPLIER will bear all costs and expenses for the Audits and GRAMMER is entitled, without prejudice to any other claim, to terminate the business relationship, to refuse acceptance of deliveries of affected ORDERS, cancel any ORDER and/or to terminate the CONTRACTUAL TERMS, be it wholly or in part.

14. Import, export, customs

- 14.1 The SUPPLIER is obliged to comply with the applicable statutory law provisions on customs, import and export as well as the foreign-trade regulations in effect in the country of origin and the country of destination and in particular in the European Union and the Federal Republic of Germany.
- 14.2 The SUPPLIER is obliged
- 14.2.1 to notify GRAMMER in writing of approval requirements or restrictions in place for exporting or re-exporting its SERVICES under applicable legal export and customs rules of the country of origin and the country of destination of its SERVICES;
 - 14.2.2 to disclose the origin in terms of trade policy according to the non-preferential rules of origin of its SERVICES and to issue a certificate of origin;

- 14.2.3 in the event that the SERVICE originated in a country with which a free-trade or preferential agreement exists, to furnish suitable proof of preference satisfying applicable requirements;
- 14.2.4 in cases of SERVICES and supplies of relevance to customs law, to enclose with a delivery all documents needed for a complete and correct import customs declaration, subject to the following requirements:
- a) costs not included in the price of the SERVICE (e.g., research and development costs, licensing fees, tool costs, PROVISIONS) are to be listed separately in each instance;
 - b) costs included in the price, which are not included for the calculation of the customs value, in particular costs for SERVICES after the import (e.g. construction, erection, assembly, maintenance and technical assistance);
 - c) in cases of free deliveries, an invoice is to be issued *pro forma*, such invoice to state the value in the amount of the fair market price and include the remark “*for customs purposes only*” as well as the reason for the free delivery.
- 14.3 The SUPPLIER is obliged
- 14.3.1 to transmit the information pursuant to section 14.2 at the time of delivery, at the latest;
 - 14.3.2 to transmit the information pursuant to section 14.2 without undue delay at GRAMMER’s request;
 - 14.3.3 to independently monitor any necessary changes to the information pursuant to section 14.2 and notify GRAMMER thereof without undue delay.
- 14.4 At GRAMMER’s request, the SUPPLIER must issue a positive long-term supplier declaration on data relevant to customs law until December 31 of the respective year , including but not limited to Customs Master Data.
- 14.5 Unless otherwise agreed, the SUPPLIER must send the information indicated in this section 14 as well as any inquiry to GRAMMER by email to [Gr-Tax-Import@grammer.com]. The SUPPLIER will provide GRAMMER with an email address of its own, to which GRAMMER may address communications in reference to the duties in this section 14.
- 14.6 In the event that the SUPPLIER culpably breaches the duties under this section 14, or if there is reason to suspect that the SUPPLIER is doing so, and it is unable to allay such suspicion, GRAMMER is entitled, without prejudice to any other claim, to terminate the business relationship, to refuse acceptance of deliveries of affected ORDERS, cancel any ORDER and/or to terminate the CONTRACTUAL TERMS, be it wholly or in part.

15. Communication, exchange of information

- 15.1 In the interest of swift and smooth communication and cooperation, the PARTIES will provide contact details and promptly communicate any changes thereto.
- 15.2 The PARTIES' contacts will compare notes on any information of relevance to contractual obligations, the SERVICES and cooperation on a regular basis. This is especially true with regard to
 - 15.2.1 a change in the SUPPLIER's business activities of relevance to the PARTIES' cooperation, including but not limited to changes in the SUPPLIER's financial situation;
 - 15.2.2 changes to the SUPPLIER's business organization or ownership;
 - 15.2.3 any change to the SUPPLIER's manufacturing locations;
 - 15.2.4 information in connection with the duties pursuant to section 13, with consideration given to the provisions in section 13.2.2;
 - 15.2.5 information in connection with the duties pursuant to section 14, with consideration given to the provisions in section 14.5.
- 15.3 At GRAMMER's request, the SUPPLIER is obliged to use GRAMMER's eProcurement system (e.g., "ASTRAS"); as part of such obligation, the SUPPLIER must promptly and independently supply and update the data and information checked in or entered into such system. If the SUPPLIER does not use the GRAMMER eProcurement system, it must conduct the communication and the exchange of information both via GRAMMER's responsible purchasing agent and by email under operate@grammer.com.

16. Choice of law, legal venue

- 16.1 Unless otherwise agreed in writing, these GENERAL PURCHASING CONDITIONS are subject exclusively to the law of the Federal Republic of Germany. The application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (CISG) is excluded.
- 16.2 To the extent permitted by law, the exclusive legal venue for all legal actions is the court with jurisdiction over the registered office of the ordering GRAMMER company unless otherwise agreed in writing.
- 16.3 In the event that GRAMMER is sued by a third party alleging (i) personal injury and/or property damage on account of a product defect, or (ii) the infringement of intellectual property rights, GRAMMER may, at its option, initiate such procedural steps in the appropriate legal venue as may be necessary to enforce claims for indemnification or recourse against the SUPPLIER. In such a case, only the law applicable at such legal venue applies in reference to the PARTIES' rights and obligations.

17. Severability, written form

- 17.1 In the event that a provision of the GENERAL PURCHASING CONDITIONS is or becomes ineffective, contains loopholes or is contradictory or ambiguous, the remaining provisions of the GENERAL PURCHASING CONDITIONS are not affected. The PARTIES are obliged to replace the ineffective provision with such admissible provision as may best approximate the economic outcome of the ineffective provision.
- 17.2 There are no oral or written subsidiary agreements. To be effective, changes or amendments to the GENERAL PURCHASING CONDITIONS must be made in writing. This is also true for changes to this requirement as to written form.
- 17.3 For purposes of executing, changing or amending the GENERAL PURCHASING CONDITIONS, facsimile signatures, PDF-image signatures or electronic signatures provided using an eSignature platform (e.g., DocuSign or AdobeSign) are treated as original signatures unless applicable statutory provisions expressly mandate the written form. Such a document is deemed to be in writing.