



# General Terms and Conditions of Purchase

## Heinrich Georg GmbH Maschinenfabrik

### Art. 1 Validity of the terms and conditions

(1) These General Terms and Conditions of Purchase (hereinafter referred to as **General T&Cs of Purchase**) of Heinrich Georg GmbH Maschinenfabrik (hereinafter referred to as **we/us**) apply exclusively to businesses within the meaning of Section 14 *BGB* [German Civil Code] i.e. natural persons or legal entities which, when concluding a legal transaction, are acting in the performance of their commercial or independent professional activities. All our purchase orders and enquiries are made exclusively on the basis of these General T&Cs of Purchase.

(2) Exclusively our General T&Cs of Purchase apply to each contract with our contract partner (hereinafter referred to as **Supplier**). General terms and conditions of the Supplier shall not become an integral part of the contract, even if we do not expressly object to them nor shall they become valid if we, also in the knowledge of the terms and conditions of the Supplier, take delivery or make payments without further reservation.

(3) With the first delivery or service based on these General T&Cs of Purchase, the Supplier also recognises our General T&Cs of Purchase as agreed for all further contractual relationships in the respectively current version. At first request, we shall provide the Supplier with the respectively current valid version of our General T&Cs of Purchase free of charge. Our current General T&Cs of Purchase are also available on the internet at <https://www.georg.com/fileadmin/downloads/contact/GEORG-allgemeine-Einkaufsbedingungen.pdf> and can be printed out.

(4) Where reference is made to INCOTERMS in the contractual agreements, these shall apply in the 2020 version.

### Art. 2 Supplier's quotations

(1) The Supplier's quotations shall be free of charge for us and shall be binding for the Supplier. In the Supplier's quotation, the Supplier must adhere exactly to our enquiry with regard to quantity and quality and, in the event of deviations, expressly indicate them to us.

(2) The Supplier must submit all necessary data sheets, drawings and documents, which are necessary for consideration of the technical details of the delivery item, to us with the quotation. Consideration or other involvement by us in development or testing work shall not, however, discharge the Supplier from the Supplier's sole responsibility for the product and any resulting warranty obligation and other obligations. Notwithstanding the requirements made and specifications required by us, the Supplier is also obliged to include in the Supplier's quotation all deliveries and services necessary for the intended usability of the product by us.

### Art. 3 Purchase order, conclusion of the contract

(1) Purchase orders shall only be binding for us when they are placed in writing, by telefax or by email. Verbal and telephone agreements, collateral agreements or changes shall only be binding when confirmed in writing by us. This shall also apply to additionally agreed deliveries or services. Silence in respect of proposals, claims etc. by the Supplier shall not in any case be deemed consent to the Supplier's proposal by us.

(2) The Supplier shall confirm in text form each of our purchase orders, which the Supplier wishes to accept. If we do not receive the order confirmation within two weeks of receipt

of the purchase order by the Supplier, we shall no longer be bound by the purchase order. After this period ends, we shall be entitled to revoke our purchase order. Claims by the Supplier based on a validly effected revocation are excluded. In the case of informal initial business contact, our written purchase order shall be deemed a commercial letter of confirmation.

(3) An order confirmation that deviates from our purchase order shall not be recognised by us, even if we have not objected to it in writing.

(4) The content of the contract shall be determined exclusively by the content of our purchase order.

(5) Even after conclusion of the contract, we shall be entitled to request changes to the delivery item/delivery date from the Supplier at our reasonably exercised discretion (Section 315 *BGB*) if this is reasonable for the Supplier with due regard to mutual interests. In the event of any such change to the contract, the effects on both parties, in particular with regard to additional or reduced costs as well as delivery dates, shall be adequately taken into account.

(6) If the Supplier must recognise on the basis of the Supplier's expertise that a purchase order is incomplete or that the purpose pursued by us with the purchase order cannot be achieved by the delivery, the Supplier must inform us of this immediately and fully in text form.

(7) We shall be entitled to rescind the contract or, in the case of continuing obligations, to terminate the contractual relationship, without complying with a notice period, if the financial situation of the Supplier substantially deteriorates to such an extent that it is probable that the Supplier will not fulfil the Supplier's contractual obligations or will not do so within the time stipulated. That is the case, for example, where the Supplier's credit ranking at recognised rating agencies such as Creditreform, Moody's, Fitch etc. substantially deteriorates to such an extent that we can justifiably assume, and taking into account the interests of the Supplier, that the Supplier will not fulfil the Supplier's contractual obligations or will not do so within the time stipulated. Such deterioration exists in particular if the Supplier's credit rating index at Creditreform falls below 499 or the rating at international agencies (Moody's, Fitch etc.) falls to CCC (or its equivalent) or lower.

(8) The Supplier may award subcontracts to subcontractors only with our written consent. However, we may only refuse consent for objective reasons. An objective reason exists in particular if there are justified indications that the third party does not have the qualifications required to perform the contract properly or does not appear suitable for other reasons to perform properly the tasks which are intended to be assigned to that third party. Where subcontractors are called in, the Supplier shall be liable for their services as if they were the Supplier's own services.

### Art. 4 Delivery time

(1) The delivery dates and times stated in our purchase order are agreed as binding, unless the Supplier has expressly objected to them in text form or we have agreed different dates in writing with the Supplier. If we have not stated any delivery dates in our purchase order, delivery must be made immediately after conclusion of the contract. Compliance with a delivery date or delivery period shall be determined by receipt of the goods at the place of use stated by us in the purchase order or, if acceptance has



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to take place, the date of successful acceptance. Compliance shall be determined by provision of the service in the case of service contracts and by achievement of the work result at our company or at the agreed place of delivery or performance in the case of contracts for work and services.

(2) The Supplier shall be entitled to make partial deliveries and provide partial services only after prior written arrangement. We reserve the right to recognise partial deliveries and partial services in individual cases and to invoice the Supplier for the additional costs incurred by the partial delivery or partial service. The Supplier remains entitled to provide proof that no damage or substantially lower damage has been incurred by us.

(3) If the Supplier recognises that the agreed dates cannot be met, the Supplier must notify us of this immediately, stating the reasons and duration of delay in text form.

(4) Taking receipt of a delayed delivery or service shall not constitute any waiver of claims or rights.

(5) If the Supplier fails to comply with the agreed dates, we shall be entitled to rescind the contract in accordance with statutory provisions. This shall also apply if the Supplier is not responsible for non-compliance with the agreed dates. If the Supplier repeatedly defaults in delivery, we shall be entitled, after prior written notice, to withdraw with immediate effect from all purchase orders not yet fulfilled by the Supplier at that time. If goods are delivered earlier than agreed, we reserve the right to return them at the Supplier's expense. If goods delivered ahead of schedule are not returned, they shall be stored at the Supplier's risk and expense until the delivery date.

(6) If the agreed dates are not complied with due to a circumstance for which the Supplier is responsible, we shall also be entitled, after expiry of a reasonable grace period set by us, at our option, to claim damages in lieu of performance or to procure a replacement from a third party at the Supplier's expense. During the period of delay, we can, at our option, purchase goods or services from other sources and reduce our purchase orders to the Supplier by the quantity of goods or services purchased in this way, without liability towards the Supplier, or we can instruct the Supplier to purchase the missing goods or services from third-party sources on our behalf at the price agreed with the Supplier.

(7) Delivery prior to the agreed delivery date is admissible only with our prior written consent. We shall be entitled to return goods delivered ahead of schedule at the Supplier's expense or to store them at the Supplier's expense until the agreed delivery date.

(8) In cases of default in delivery or service, we shall be entitled to claim a contractual penalty of 0.5% of the net purchase price for deliveries of goods or 0.5% of the agreed net remuneration per day of default but not more than a total of 5% of the net purchase price/net remuneration. Further statutory claims, especially damage claims, taking into account the contractual penalty as well as the rights stated below, shall remain reserved. The contractual penalty shall only be deemed not incurred if the Supplier proves that no damage was incurred or that damage was substantially lower. In the event of the latter, we can claim compensation for the damage actually incurred.

(9) Furthermore, statutory provisions apply with regard to the Supplier's liability for delays.

### Art. 5 Prices, shipment, packaging, passing of risk and transfer of ownership

(1) The agreed prices are fixed prices. Costs for packaging, freight, transport and for customs formalities and customs duties etc. to the shipment address or place of use specified by us are included in these prices. Insofar as we have to bear the transport costs in accordance with the contractual agreement, the most favourable means of transport for us shall be selected for the delivery.

(2) Unless otherwise agreed in writing, goods shall be delivered in accordance with DDP (Delivered Duty Paid). Shipment shall be at the Supplier's risk. The risk of any deterioration, including accidental loss, shall remain with the Supplier until handover at the shipment address or place of use requested by us. We are a customer exempted from *SVS/RVS* [Forwarder's Risk and Cartage Insurance]. If the customer nevertheless takes out transport insurance, the resulting costs shall be borne solely by the customer.

(3) Ownership of the delivered goods shall pass to us at the latest upon their handover. Any prolonged or extended retention of title of the Supplier shall not be recognised by us.

(4) The Supplier is obliged to avoid unnecessary packaging and, therefore, to minimise the expense for us in disposing of packaging. Delivery items shall be packed appropriately and in an environmentally friendly manner and delivered using suitable containers and means of transport and our respective delivery instructions shall be observed. The regulations of the *Gefahrstoffverordnung* [German Ordinance on Hazardous Substances] apply additionally to hazardous substances and must be observed.

### Art. 6 Warranty and liability

(1) The Supplier's warranty and liability is governed by statutory provisions, unless otherwise provided in these terms and conditions or another written agreement between ourselves and the Supplier.

(2) The Supplier must ensure that all items delivered by the Supplier and all services provided by the Supplier conform to the state-of-the-art and comply with the relevant legal provisions and the regulations and guidelines of authorities, *Berufsgenossenschaften* [institutions for statutory accident insurance and prevention] and trade associations. This applies in particular to compliance with legal provisions relating to radiation protection and to compliance with radiation exposure limits if these are relevant to the products to be delivered by the Supplier. The Supplier is obliged to deliver all items free of radioactive radiation that is inadmissible in the European Union and the European Economic Area. The Supplier is obliged to verify this and compliance with relevant limits prior to delivery of the products and to prove to us upon request that the verification has been carried out and that the limits have been complied with i.e. to submit to us in particular relevant test reports.

(3) In particular the Supplier undertakes to comply with the requirements and measures resulting from Regulation EC No 1907/2006 of 18 December 2006 (REACH Regulation) for all materials, preparations and products (goods) delivered/provided to us. If the Supplier has violated such obligations applying to the Supplier under the REACH Regulation, we shall be entitled to rescind the contract insofar as the Supplier's delivered goods do not or no longer comply with the requirements of the REACH Regulation.



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(4) Technical work equipment within the meaning of the EC Machinery Directive must bear the CE mark. Required documentation, an EC declaration of conformity and operating instructions in German are part of the scope of delivery.

(5) All items to be delivered and services to be provided to us must also comply with all technical data and quality standards specified in our purchase orders, drawings and/or delivery instructions. These determine, in addition to the state of the art, the above-mentioned legal provisions and the regulations and guidelines of authorities, *Berufsgenossenschaften* and trade associations, the required quality of the performance to be provided by the Supplier. If the Supplier has reservations about the nature of the execution requested by us, the Supplier must notify us of this immediately in text form. If deviations from the requirements contained in our purchase order are necessary in individual cases, the Supplier must obtain our written consent to this. The Supplier's warranty obligation shall not be affected by such consent. If we do not make any other agreements with the Supplier regarding the required quality of the products, the Supplier's product information [e.g. in catalogues] shall otherwise be deemed agreed as minimum specification.

(6) In respect of the commercial obligation to inspect and give notice of defects, Section 377 HGB [German Commercial Code] shall apply subject to the following: Our obligation to inspect is limited to defects, which come to light during our incoming goods inspection by external examination, including of the delivery documents [e.g. transport damage, incorrect and short delivery]. Our obligation to give notice of defects for defects detected later shall remain unaffected. Insofar as we are obliged to give notice of defects in accordance with the above provisions, notice of defects shall be given in due time if it is received by the Supplier within 10 working days after handover of the goods in the case of obvious defects or after a defect detected later has been recognised. If we have agreed acceptance with the Supplier, this shall take the place of the obligation to inspect and give notice of defects. In such case, we shall have no additional obligation to inspect and give notice of defects.

(7) Defects in the delivery/service notified during the warranty period, which also include the non-fulfilment of guaranteed data and the absence of warranted characteristics or agreed properties, must be remedied by the Supplier, upon request, immediately and free of charge, at our option, by a new delivery of the defective products or by rectification. In so doing, the Supplier must also bear the expenses required for the purpose of supplementary performance (especially transport, travel, labour and material costs). If the defective item is installed in another item or affixed to another item pursuant to its nature and its intended use, the Supplier shall also be obliged, within the scope of supplementary performance, to reimburse the necessary expenses for removal of the defective items and installation or affixing of the rectified items or items delivered free of defects. Further statutory claims by us, especially the right of rescission, reduction and/or damage claims, shall remain unaffected.

(8) If the Supplier culpably fails to comply with the Supplier's warranty obligation within a reasonable period set by us, we can take the necessary measures ourselves or have them taken by third parties at the Supplier's expense and risk, without prejudice to the Supplier's warranty obligation. In urgent cases, after consultation with the Supplier, we can undertake rectification directly ourselves or have rectification carried out by a third party at the Supplier's expense. In the interest of timely performance with respect to our

customers, we can remedy minor defects ourselves without prior consultation, without the Supplier's warranty obligation being affected by this. The same shall apply if unusually extensive damage is imminent.

(9) If a claim is asserted against us by third parties due to a defect in the product delivered by the Supplier, the Supplier must indemnify us against all resulting claims, unless the Supplier is not responsible for the defect. We shall also be entitled to claim reimbursement from the Supplier for damage incurred by us, including reasonable legal expenses. The Supplier must also reimburse us for all costs and damages incurred by us from the implementation of a product recall, even if only a precautionary recall, insofar as this is reasonable in the interest of our customers or for the protection of external third parties in our professional judgment. The Supplier must reimburse us for the costs of such a product recall, also after the warranty period ends, if the product recall is carried out by us on the basis of an official order or to avert danger to life and limb of product users or external third parties.

(10) The warranty period is 36 months, unless we have expressly agreed otherwise in writing with the Supplier. The warranty period shall commence at the earliest upon handover of the goods to us or a third party designated by us at the place of receipt or place of use specified by us. If acceptance is required, the warranty period shall commence on the acceptance date stated in our declaration of acceptance. The warranty periods shall be extended for delivered parts by the period during which the defective item cannot be used as intended due to the defect. In the case of supplementary performance, the original warranty period for the exchanged or newly delivered parts shall begin again.

(11) Except in the cases of suspension of the statute of limitations provided for by law, the limitation of claims and rights in the case of violation of obligations due to defective performance shall also be suspended during the time between giving notice of defects and completion of rectification.

(12) The acknowledgement of receipt of delivery items or taking delivery or acceptance of them shall not discharge the Supplier from the Supplier's warranty obligations, even in the event of our knowledge of a defect.

(13) The approval of drawings submitted to us by the Supplier shall not discharge the Supplier from the Supplier's warranty obligations.

(14) The Supplier shall not be entitled, without our express written consent, to change the delivery item after conclusion of the contract or during the delivery time. This shall also apply to the most minor changes and even if the specifications, dimensions, analyses, formulations, manufacturing processes etc. stipulated by us in detail remain unchanged. Changes to the product to be delivered by the Supplier shall be admissible only after our written declaration of consent. If the Supplier culpably fails to comply with this obligation, the Supplier must bear all costs resulting for us or third parties from this violation of the obligation e.g. due to subsequent examinations, expert opinions, additional calculations, subsequent treatment, replacement deliveries etc.

(15) The Supplier shall take out insurance in an appropriate form with respect to all risks that can arise from the delivery of defective products (i.e. in particular maintain product liability insurance and product recall insurance with sufficient insurance coverage) and



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provide us with proof of insurance annually without being requested to do so.

### Art. 7 Third-party rights

(1) If licence fees are incurred for use of the delivery item as provided in the contract, also in connection or in conjunction with other items, these shall be borne by the Supplier. The Supplier warrants that the items delivered by the Supplier are free of third-party rights and that their delivery or use as provided in the contract, also in connection or in conjunction with other items, does not infringe any patents or other property rights of third parties within the Federal Republic of Germany and the European Union.

(2) If third-party property rights are infringed by the Supplier's delivery or service, the Supplier shall be primarily obliged to ensure that the infringement no longer exists by procuring the rights or by modifying the delivery item or delivering a modified delivery item, as far as reasonable for us.

(3) Notwithstanding the provision in Art. 7 (2) above, the Supplier shall be obliged to indemnify us against third-party claims due to the infringement of patents or other property rights as well as the expenses incurred in connection with the claim at first written request and to bear all costs incurred by us in this respect. This obligation shall not exist if we enter into agreements with the third party without the Supplier's consent, which relate to the third party's claims, in particular if we conclude a settlement.

(4) Paragraphs (1) - (3) also apply *mutatis mutandis* to such countries of which the Supplier was aware that the delivery items are transported there by us.

(5) The limitation period for the above claims stated in Art. 7 (1) to (4) is 10 years, calculated from conclusion of the contract.

### Art. 8 Invoices and payments

(1) Invoicing shall take place at the earliest as of the delivery date of the product, including all documents relating to the contract. Invoices shall be sent separately in electronic form to the following email address: rechnung@lgeorg.com. They may not be enclosed with the goods.

(2) Invoices must correspond in wording and sequence to the items in the purchase order. Any additional services and deliveries shall be listed separately in the invoice, indicating the corresponding prior written purchase order.

(3) Unless otherwise agreed, payments shall be made, at our option, within 30 days net without deduction or within 14 days with 3% discount, provided we have no complaints about the delivery/service. Payment shall be made subject to verification of the invoice. Receipt of the valid invoice as well as all necessary documents [e.g. certificate of material tests] by us shall determine when the period starts to run.

(4) Where goods are delivered ahead of schedule, the payment term shall commence at the earliest at the time of the agreed delivery date.

(5) Delays in payment due to invoicing by the Supplier, which does not correspond to the requirements of this Art. 8, shall be borne by the Supplier.

(6) Where delivery is defective, we shall be entitled to withhold the payment in whole or in a proportionate amount of the payment

until proper fulfilment, without loss of rebates, discounts or similar reductions in price.

(7) Even if we were aware at the time of payment of the purchase price that the delivered goods were defective, settlement of the invoice shall not be deemed a waiver of our claims due to the defectiveness of the goods.

(8) We shall also be entitled to offset claims of the Supplier against claims of companies affiliated with us.

(9) The Supplier can offset own claims only if and when the Supplier's counterclaims have been recognised by declaratory judgment, are undisputed or have been recognised by us. The Supplier shall be authorised to exercise a right of retention only to the extent that the Supplier's counterclaim is based on the same contractual relationship.

(10) The Supplier is not entitled, without our prior written consent, which we shall not unreasonably withhold, to assign the Supplier's claims against us or third parties or have them collected by third parties. If the Supplier for the Supplier's part is supplied under prolonged retention of title, consent within the meaning of the above sentence shall be deemed to have been granted. If the Supplier assigns the Supplier's claims to a third party contrary to sentence 1, without our consent, the assignment shall nevertheless be valid. However, we can, at our option, make payment to the Supplier or the third party with discharging effect.

### Art. 9 Goods provided, manufacturing equipment

(1) The Supplier must inspect goods provided by us immediately after their handover by us or our third-party supplier and, if a defect becomes apparent, notify us of this immediately. If such a defect becomes apparent later, notification must be made immediately after detection. If the Supplier fails to comply with such obligations, the Supplier shall be obliged to make good all resulting damage [e.g. due to the loss of warranty claims against our third-party suppliers]. The Supplier shall also be responsible to us, in the case of violation of the above-mentioned obligations to inspect and give notice of defects, for faults in products delivered by the Supplier to us, also if such faults are attributable to defects in goods provided by us.

(2) The Supplier must label goods provided by us as our property and keep them separately from other products so that goods provided by us can be identified as such unequivocally as our property for the entire duration of the storage and, if technically possible and reasonable for the Supplier, also during processing. The Supplier shall be liable to us for the loss of or damage to items provided. The Supplier must insure goods provided by us at least at market value against fire, water, theft and comparable events of damage at the Supplier's own expense. We are to be notified immediately of any legal or actual impairment of items provided by us.

(3) Materials provided by us shall be treated and processed on our behalf and shall remain our property in the treatment and processing stage. It is understood that we shall become co-owners of the products manufactured using materials or parts provided by us in the ratio of the value of the materials provided to the value of the product as a whole. The same shall apply if our property should be lost as a result of mixing or combining.

(4) If we incur damage due to the Supplier's violation of the above obligations of Art. 9 (2) and Art. 9 (3), the Supplier shall be obliged



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to make good such damage, unless the Supplier is not responsible for violation of an obligation.

(5) Models, test devices, tools, special systems, moulds, samples, drafts, plans, projects, drawings and other manufacturing equipment or manufacturing documents (hereinafter referred to collectively as “manufacturing equipment”), which are made available to the Supplier by us or manufactured by us, shall remain our property and, like the products manufactured on them, may not be used by the Supplier for purposes other than execution of the delivery, reproduced or made accessible to third parties without our prior written consent.

(6) If the above-mentioned manufacturing equipment is manufactured by the Supplier on our behalf or procured from third parties by the Supplier and if the Supplier receives remuneration for this from us, ownership shall pass to us at the latest upon full payment of the remuneration. If the Supplier remains in possession of the manufacturing equipment, we shall lend this to the Supplier. In such case, the Supplier shall provide for maintenance, servicing and insurance of the manufacturing equipment at the Supplier’s own expense.

(7) The Supplier must label all manufacturing equipment owned by us clearly and in accordance with our requirements as our property.

### Art. 10 Drawings / Documents, industrial property rights

(1) All documents, drawings, samples etc. provided by us to the Supplier for submission of a quotation or manufacture of the delivery item shall remain our property; our copyright as well as all other industrial property rights existing thereto remain reserved.

The Supplier is not entitled to use information, ideas or other know-how contained therein for purposes other than preparation of the quotation or performance of the contract for us. The latter shall only not apply if the information, ideas or other know-how were already known to the Supplier prior to receipt from us or the Supplier has lawfully obtained them at a later date by other means. The documents, drawings, samples etc. shall be surrendered to us immediately upon request - if an order is not placed, without being requested to do so - together with all copies and duplicates. The above provisions of this paragraph (1) apply *mutatis mutandis* to the drawings and other documents produced by the Supplier in accordance with our specific information.

(2) The Supplier must treat the documents referred to in paragraph (1) and all other information received in connection with the purchase order or execution of the order as trade secrets and accordingly treat them as confidential. The Supplier shall ensure through appropriate contractual agreements with the employees and contractors working for the Supplier that they are bound to the obligation of confidentiality in the same form. We shall treat documents and information that we receive from the Supplier in connection with the purchase order or execution of the order as trade secrets if we are expressly informed of their confidential nature. The obligation of confidentiality shall not apply insofar as the content of the documents concerns facts that are public knowledge or later become public knowledge, without this being based on the violation of an obligation by the party obliged to maintain confidentiality.

(3) The above agreement concerning confidentiality and the use of information shall also survive termination of the supply

relationship until the respective information lawfully enters the public domain.

(4) We are entitled to observe, examine, dismantle or test the Supplier’s products that are lawfully in our possession in order to obtain, use and disclose information thereby, whether such products are products made publicly available or not.

(5) The Supplier must submit to us with the quotation all necessary drawings and documents that are required for consideration of the technical details of the delivery item. Such consideration or other involvement by us in the design work shall not, however, discharge the Supplier from the Supplier’s sole responsibility for the product and any resulting warranty obligations and other obligations.

(6) The Supplier is obliged to provide all drawings and documents, which we or our customer require(s) for the installation, operation, storage, transport, maintenance, servicing and repair of the delivery item, in due time and without being requested to do so, free of charge, in duplicate, in German and in digital form, at the latest with the delivery.

(7) If we incur damage due to a violation of the above obligations of this Art. 10 by the Supplier, the Supplier shall be obliged to make good such damage, unless the Supplier is not responsible for violation of the obligations.

### Art. 11 Securing of supply, spare parts

(1) Where the delivery items are goods specially developed for us, especially where we have contributed to the costs for development and/or manufacturing equipment directly or indirectly, the Supplier undertakes to supply us with the delivery items within the scope of our requirements and to accept purchase orders from us as long as we require the delivery items. The expected delivery volume in accordance with our customer requirements forecasts shall be made known to the Supplier in a timely manner. The Supplier shall not be entitled, however, to the purchase of specific quantities, unless otherwise expressly agreed.

(2) To secure the production of spare parts at our company, the Supplier undertakes to ensure the delivery of the delivery items necessary for this until expiry of 12 years after our last purchase order of the product concerned from the Supplier. If it becomes apparent to the Supplier within this period that this is no longer possible for the Supplier, the Supplier shall notify us immediately of the end of the possibility of supply and, if the Supplier cannot offer us any other possibilities that are reasonable for us, grant us the opportunity to procure long-term requirements 12 months before production ceases.

(3) Where the delivery items are goods specially developed for us, the provision of Art. 6 (14) shall also apply *mutatis mutandis* to all deliveries and purchase orders covered by this Art. 11 (i.e. also to all future deliveries, to which the Supplier is bound in accordance with this Art. 11).

### Art. 12 Quality assurance and control

(1) The Supplier must implement a transparent and verifiable quality management system and energy management system, appropriate in its nature and scope, in conformity with the state of the art, and shall prove this to us upon request. The Supplier shall conclude a quality assurance agreement with us if we consider this necessary.



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(2) If the delivery items are semi-finished goods for the manufacture of our products, the Supplier must take a representative specimen of the delivery item before each delivery and examine this to determine whether the delivery item meets the agreed specifications. The Supplier must enclose a confirmation of the conformity of the delivery item concerned with each delivery and furthermore keep a retention sample from the specimen taken by the Supplier. If the delivery item fails to meet the agreed specifications, the Supplier must give us written notification of this. The Supplier may make a delivery to us in such case only if we have previously consented to this in writing by way of a special release after corresponding notification by the Supplier.

(3) If acceptance procedure provides for the performance of quality control for the delivery item, in the absence of other agreement, the personnel costs for acceptance shall be borne by us and the material costs shall be borne by the Supplier. The completion date shall be specified with binding effect no later than one week prior to acceptance.

(4) If a second visit by the quality management representative is necessary as a result of identified defects, the personnel costs for this shall also be borne by the Supplier. The same shall apply if the delivery item is not presented to the quality management representative on the date stated pursuant to paragraph (3).

### Art. 13 Export control and customs, proof of origin and value added tax

(1) The Supplier undertakes to observe and comply with all relevant export control and customs regulations when executing a legal transaction. This shall also apply and in particular in the event that the Supplier obtains the goods to be delivered to us from suppliers or uses parts or raw materials, which the Supplier obtains from such suppliers, to manufacture the goods.

(2) The Supplier must provide us with all proof of origin or preferential treatment status required in individual cases (e.g. certificates of origin, supplier's declarations, movement certificates etc.) with all necessary information in this respect in signed form as well as other documents or proof necessary for customs clearance, at the Supplier's own expense, at the latest upon delivery. The same shall apply to proof required in individual cases under value added tax law for deliveries abroad and intra-Community deliveries.

(3) The Supplier must inform us immediately if a delivery is subject in whole or in part to export restrictions under German law or any other law. If an export licence has to be issued for the delivery, the Supplier shall be responsible for obtaining it.

### Art. 14 Social responsibility and environmental protection

The Supplier undertakes to comply with the respective regulations in the Supplier's approach to employees, environmental protection and occupational health and safety and to work to reduce the long-term impact of the Supplier's activities on humans and the environment. For this purpose, the Supplier shall, as far as the Supplier's possibilities permit, set up and further develop a management system in accordance with ISO 14001. Furthermore, the Supplier shall observe the principles of the UN Global Compact Initiative. These relate essentially to the protection of international human rights, the right to collective bargaining, the

abolition of forced labour and child labour, the elimination of discrimination in respect of recruitment and employment, responsibility for the environment and the prevention of corruption. Further information on the UN Global Compact Initiative is available at: [www.unglobalcompact.org](http://www.unglobalcompact.org).

### Art. 15 Requirements under the law on corporate due diligence in supply chains [hereinafter referred to as *Lieferkettensorgfaltspflichtengesetz - LkSG* [German Act on Corporate Due Diligence in Supply Chains]]

(1) We are obliged to comply with human rights and environmental due diligence obligations in our supply chains in order to avoid human rights risks or environmental risks and/or to end the violation of human rights obligations or environmental obligations.

Corresponding obligations and risks are to be understood as they are defined in the *LkSG* as respectively amended (the current version of the *LkSG* can be downloaded by clicking on the following link: [www.gesetze-iminternet.de/lksg/index.html](http://www.gesetze-iminternet.de/lksg/index.html)).

(2) The Supplier, therefore, undertakes to comply with the human rights obligations and environmental obligations described in the *LkSG* in connection with the delivery of goods and/or the provision of services and to address appropriately the expectation of fulfilment of such obligations also vis-à-vis the Supplier's own suppliers along the Supplier's supply chain. In particular the Supplier undertakes to avoid risks and to end violations of human rights obligations and environmental obligations. Furthermore, the Supplier undertakes to instruct the Supplier's executives and employees to comply with human rights obligations and environmental obligations and to provide training for the Supplier's executives and employees in relation to compliance with the obligations.

(3) We have the right to perform audits at the Supplier's company, after prior written notice, either ourselves and/or through commissioned auditors in order to ensure compliance with the Supplier's obligations pursuant to this Art. 15. The Supplier shall provide us and/or the auditor with all data, necessary documents and other information, which we and/or the auditor request for performance of the audit, in written, verbal and/or electronic form.

(4) If we establish a suspected violation of a human rights obligation or an environmental obligation by the Supplier or one of the Supplier's suppliers, the Supplier shall be obliged to take and implement appropriate corrective measures or cause the Supplier's suppliers to take and implement such measures as reasonably required by us in writing.

(5) At our request, the Supplier must immediately

(5.1) draw up a concept together with us to end the violation of a human rights obligation or an environmental obligation, including a specific schedule for such concept; and

(5.2) take the measures to implement such concept required by us at our reasonably exercised discretion.

(6) We have the right to exercise extraordinary termination of the contract with immediate effect if

(6.1) the Supplier fails to fulfil the Supplier's obligations pursuant to this Art. 15;

(6.2) implementation of the concept pursuant to Art. 15 (5) above has not remedied the violation of a human rights obligation or an environmental obligation within a schedule set out in the plan.



# General Terms and Conditions of Purchase

Heinrich Georg GmbH Maschinenfabrik

## Art. 16 *Mindestlohnengesetz (MiLoG)* [German Minimum Wage Law], minimum wage assurance

(1) The Supplier declares and undertakes to employ the Supplier's own employees, in particular if they are called on to fulfil the contractual obligation towards ourselves, in accordance with the respectively applicable provision of the *Mindestlohnengesetz*, to pay them in particular the minimum wage provided for in the *Mindestlohnengesetz*.

(2) At our request, the Supplier shall provide proof to us immediately, submitting corresponding documents (especially time sheets and pay slips), that the Supplier is complying with and has complied with the respectively applicable provisions of the *Mindestlohnengesetz*, in particular is paying the minimum wage provided for.

(3) Should the Supplier use another work contractor, service provider or other subcontractor to fulfil the Supplier's contractual obligations towards ourselves, the Supplier undertakes to subject such work contractor, service provider or other subcontractor likewise to a comprehensive obligation to provide proof of compliance with the provisions of the *Mindestlohnengesetz*. The Supplier furthermore undertakes at our request to provide us with a copy of proof of compliance with the *Mindestlohnengesetz* by the downstream contractor.

(4) The Supplier undertakes to review compliance with the provisions of the *Mindestlohnengesetz* by the work contractors, service providers or other subcontractors commissioned by the Supplier on a regular basis and in individual cases for specific reasons and to inform us immediately, without being requested to do so, of the findings of such review.

(5) In the event that the Supplier fails to comply with the foregoing obligations or fails to do so in full or in the case of false information on compliance with the *Mindestlohnengesetz*, we shall be entitled to terminate the contractual relationship with the Supplier without observing a notice period. Such right of termination shall also exist if a work contractor, service provider or other downstream contractor commissioned by the Supplier, whose employees are used to fulfil the Supplier's contractual obligations towards ourselves, fails to comply with the provisions of the *Mindestlohnengesetz*.

The assertion of a violation of the provisions of the *Mindestlohnengesetz* shall suffice, unless the Supplier can completely and verifiably refute this within a period of 10 days after becoming aware of the assertion. Prior notice shall not be required.

(6) The Supplier must make good to us any damage arising directly or indirectly from the violation of the foregoing obligations or termination of the contract.

(7) The Supplier shall indemnify us at first request against any receivables and claims of third parties, also such receivables and claims by subcontractors, service providers and other downstream contractors of the Supplier as well as any payments of fines due to violation of the *Mindestlohnengesetz*, including legal expenses, if it is based on a contravention by the Supplier of one of the obligations arising from this declaration.

In the event of a claim, we can also require the Supplier to provide appropriate securities based on the potential amount of damage.

## Art. 17 Correspondence

Our purchase order number and purchase order date are to be specified at all times in letters, dispatch notes, invoices and other

correspondence. In the case of several purchase orders, each purchase order is to be dealt with separately in correspondence.

## Art. 18 Data protection

We and the Supplier are responsible for compliance with all relevant statutory data protection regulations, in particular the General Data Protection Regulation (GDPR) and the *Bundesdatenschutzgesetz (BDSG)* [German Federal Data Protection Act] as well as for the lawfulness of data transfer and data processing of personal data. We and the Supplier undertake to process reciprocally provided personal data exclusively in a lawful and transparent manner and exclusively for the provision of services in accordance with the contract. In addition our privacy policy applies:

<https://www.georg.com/de/impressumdatenschutz/>.

## Art. 19 General provisions

(1) The law of the Federal Republic of Germany shall apply exclusively to these terms and conditions and all legal relationships between ourselves and the Supplier, to the exclusion of the Vienna Convention on Contracts for the International Sale of Goods (CISG).

(2) If the Supplier is a trader within the meaning of the *Handelsgesetzbuch* [German Commercial Code], any disputes arising directly or indirectly from this contractual relationship shall be settled exclusively before a competent Kreuztal court of law. We are, however, entitled to bring an action against the Supplier at another place of jurisdiction as well.

(3) Place of performance for all contractual obligations is Kreuztal.