

Standard Terms and Conditions of Purchase

hpl-Neugnadenfelder Maschinenfabrik GmbH
Edition September 2019



Content

Product	Name
1 -	General Information, Scope of Application
2 -	Accepting Orders, Concluding Agreements
3 -	Guarantee, Standards, Quality, Safety
4a -	Intermediate Inspections, Examinations and Testing
4b -	Final Examination, Final Testing and Acceptance of Performance
5a -	Delivery and Delivery Date
5b -	Termination, Suspension
5c -	Transfer of Ownership, Risk and Reservation of Title
5d -	Changes to the Object of Supply
5e -	Discrepancies from Ordering Information
5f -	Spare Parts
6 -	Prices and Payments
7 -	Shipping and Packaging
8a -	Warranty and Rectification of Defects
8b -	Guarantee of Functionality
9 -	Health and Safety Provisions
10 -	Liability and Indemnity
11 -	Non-disclosure, Intellectual Property
12 -	Business Conduct Guidelines
13 -	Force Majeure
14 -	Place of Performance
15 -	Applicable Law, Place of Jurisdiction
16 -	Severability and Data Protection

Definitions

- **STCP** shall mean Standard Terms and Conditions of Purchase.
- **Authorised Persons** shall mean management and/or members of the managing board as well as individuals of our Company designated by these.
- **Ordering Party** respectively **our Company** shall mean hpl-Neugnadenfelder Maschinenfabrik GmbH, Spangenbergstraße 20, D-49824 Ringe/Neugnadenfeld.
- **End Customer** shall mean client of the Ordering Party with regard to the plant for which the supply is intended.
- **Order** respectively **Purchase Order** shall mean the contractual provisions agreed by and between Ordering Party and Supplier.
- **Force Majeure** shall mean war, earthquake, epidemic plagues and similar events.
- **Intellectual Property** shall mean intellectual property and associated rights and claims.
- **Supply** shall mean goods and services, as specified in the Order, necessary certificates, attestations, instructions for assembly, maintenance and operation, drawings and, as the case may be, software or other documentation, as well as conducting training sessions and briefings, if these form part of the Order.
- **Supplier** shall mean contract partner of the Ordering Party.

Article 1 - General Information, Scope of Application

These Terms and Conditions shall apply exclusively to persons who, upon concluding the relevant agreement, were acting in the exercise of their commercial or self-employed professional occupation (entrepreneurs) and to legal entities under public law or legal entities holding special funds under public law. These STCP shall govern contractual relations between Supplier and hpl-Neugnadenfelder Maschinenfabrik GmbH. These STCP invariably shall be effective in their entirety with regard to any legal act on our part concerning the purchase of goods and services. Any other terms and conditions as well as the Supplier's conditions of sale, whether in writing or concluded verbally, shall be expressly excluded. Similarly, acceptance of order confirmation or acceptance of performance or payment without objection shall not imply acceptance of any other terms and conditions. These STCP shall be legally binding, even in the event that our Company should place an order whilst being aware of Supplier's contrasting and deviating terms and conditions. Deviations, supplements, other terms and conditions, agreements *etc.* relating to these STCP as well as transfer of the Order to third parties or sub-contractors shall be effective only with the written consent of an Authorised Person of our Company. Supplier shall be required to transfer in our favour these STCP to relevant third Parties in cases where the order has been assigned to third parties or sub-contractors for delivery of Supply, either complete or in part (ultimate liability) and this assignment was approved by us previously.

Article 2 – Accepting Orders, Concluding Agreements

Only written Orders based on our Purchase Order in conjunction with these STCP shall be binding on the part of our Company. Unless a different time limit is specified in the Order, a written order confirmation from the Supplier must be received at our premises within 5 working days after transmission of the Order. Our Company reserves the right to withdraw the relevant Order in case such time limit has not been met and/or as long as Supplier's confirmation in writing is not available. All verbal agreements shall become effective only upon written confirmation thereof by an Authorised Person of our Company. These STCP shall be legally binding also in case of change orders and/or add-on orders (*cf.* Article 5d hereof).

Cost estimates and quotes shall be binding and free of charge, unless expressly agreed otherwise.

Article 3 – Guarantee, Standards, Quality, Safety

Supplier shall guarantee appropriate, high-quality design of Supplies in accordance with the Order. In particular, Supplier undertakes that the Supply is fully suitable for the intended purpose, complies with most recent and state-of-the-art technology (i.e., EN, DIN, VDE standards and similar regulations) and is free from any defects with regard to execution of drawings, manufacturing defects, defects in material, content of instructions for operation and installation, programming (software) *etc.* Supplier confirms that only new materials are used and that exclusively qualified personnel execute works. As far as an Order includes provision of personnel, Supplier undertakes always to provide over the agreed period exclusively selected staff in compliance with statutory requirements. Moreover, Supplier hereby confirms that it holds a valid licence for transfer of personnel.

All units, systems, components and parts shall comply with the health and safety provisions set forth in EU Directives and Regulations, with [German] accident prevention regulations (*Unfallverhütungsvorschriften, UVV*) and with the [German] Appliance Safety Act (*Gerätesicherheitsgesetz, GS*); moreover, these shall comply with state-of-the-art technology in terms of safety and occupational health. Supplier shall guarantee compliance with the current, most recently amended EU Directives with regard to the safety of machinery (Machinery Safety Directive). Supplier is obligated to perform a risk analysis pursuant to EN 1050 and incorporate relevant results and findings in the design of machinery, parts and safety components. Suppliers shall hand over such risk analysis to our Company upon request. Supplier is obligated, on principle, to execute CE marking and to issue a CE declaration of conformity. However, a CE manufacturer's declaration shall be acceptable only if so agreed in writing within the time limits set forth in Article 2 hereof.

The supplier confirms and acknowledges that all goods to be supplied are in conformity with the requirements of Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011, as amended from time to time, dealing with the restriction of the use of certain hazardous substances in electrical and electronic equipment (known as RoHS)

Any reference made in the Order or in appertaining attachments or in these STCP to technical, safety, quality, and/or other regulations that are not attached to the Order, Supplier is expected either to be familiar with such regulations or to promptly acquire such knowledge for the propose of appropriate performance of contract. Subsequent to receipt of the order confirmation within the time limit set forth in Article 2 hereof, Supplier is obligated to deliver conforming Supply in compliance with all regulations.

Article 4a – Intermediate Inspections, Examinations and Testing

Our Company shall be entitled to inspect and/or examine, at any time and without any restriction, the Supply, including appertaining issues and works, at Supplier's premises and/or at the premises of third parties that have been commissioned pursuant to Articles 1 and 2 hereof, as well as at any other place of performance of contract. Similarly, our Company shall have the right to conduct a progress review. Our Company shall have the right, without Supplier's approval being required, to assign the above tasks to third parties or other agencies. Supplier is obligated to provide, without any delay and free of charge, the necessary support in terms of staff and material as well as suitable space in order to execute the above tasks. Our Company shall only bear the cost of our own personnel. If such execution should prove impossible at the agreed date, or if repeating the execution of such tasks should become necessary, our Company shall have the right to charge Supplier, without any further proof, for any costs thus incurred. In the event that, according to its obligations, Supplier conducts intermediate inspections, examinations and/or testing, Supplier is obligated to notify our Company in writing of such activities within an appropriate time limit (at least 3 days in advance). However, such obligation to notify shall not constitute any obligation on our part to participate in these activities, nor shall it constitute a waiver of Supplier's obligations according to our written Order. We shall have the right, without any limitation, to request intermediate inspections, examinations and testing at our own discretion.

Standard Terms and Conditions of Purchase

hpl-Neugnadenfelder Maschinenfabrik GmbH

Edition September 2019



All intermediate inspections, examinations and/or testing shall be conducted in compliance with the requirements, regulations and documentation as set forth in Article 3, hereof. Participation and/or notice of defects, if any, on our part, shall not constitute a waiver of Supplier's obligation to perform. In case of defects, Supplier is obligated to rectify or replace defective parts at its own cost. Supplier is obligated to prepare, upon request, a report concerning the Supply and to present such report at our premises promptly, within two days. Neither intermediate inspections, examinations and/or testing, nor the absence thereof shall constitute acceptance of performance.

Article 4b – Final Examination, Final Testing and Acceptance of Performance

Written approval, on our part, of the Supply shall constitute acceptance of performance with regard to such Supply. This shall not apply, however, to defects which are detected subsequent to acceptance of Supply.

In case the Supply is subjected to a final test or final examination prior to acceptance of performance, the provisions set forth in Article 4a shall apply, to the exclusion of the last sentence of that Article. As far as the Supply is required to feature any characteristics, which may be ascertained only subsequent to mounting, assembly or installation, final examination and/or final testing shall take place no sooner than at the time when such Supply or the object for which such Supply is intended, has been prepared accordingly. Acceptance of performance shall take place no sooner than upon final examination or final testing. As far as supplementary Supplies of certificates, attestations, instructions for installation, maintenance and/or operation, drawings and/or other documentation, respectively conducting of trainings and/or briefings have been agreed, these shall form part of the Supply and it shall be assumed that acceptance of performance has not taken place prior to delivery of Supply, or prior to conducting such trainings and/or briefings. In case we should be prevented from meeting our obligations hereunder, having been unable to meet such obligations notwithstanding having made our best, reasonable efforts, our Company shall have the right – even in the context of a delay in acceptance of performance – to extend the time limit for acceptance of performance, whereas Supplier shall not derive from such circumstances any claim for damages or right of rescission.

Supplier shall grant our Company the right, without any limitation, to use the Supply, even prior to acceptance of performance. Such use, prior to acceptance of performance, shall not constitute acceptance of performance, either complete or in part, or any other form of acceptance of the Supply.

Examination records, certificates, records concerning acceptance of performance and other documentation, if any, shall be preserved, at Supplier's cost, for a minimum period of ten years and shall be presented to us, if so required.

Article 5a - Delivery and Delivery Date

Delivery of Supply (including delivery of parts of Supply and/or delivery of the balance of the Order), at any location, other than the agreed place of delivery, shall be deemed non-delivery. Dates stated in the Order shall be binding with regard to Supply (time is of the essence) and shall constitute an essential obligation on the part of Supplier. Supplier undertakes to monitor its own deadlines. Supplier shall be solely responsible for monitoring and instructing its sub-contractors in such a manner that compliance with agreed delivery periods is ensured and a current target/performance status is available at any time.

In case of imminent delay or other default, Supplier is obligated to notify our Company immediately and in writing, stating the reasons, expected maximum duration of delay, and relevant measures Supplier has initiated. In case Supplier fails to notify our Company in good time, any later claims on such basis on the part of Supplier shall be excluded.

If Supplier previously agreed to effect installation or assembly and, as the case may be, bringing into service of the Supply, and unless otherwise agreed in writing, Supplier shall bear all necessary ancillary costs, such as, travel expenses, provision of tools, lifting gear, cranes, forklifts etc. as well as respective, country-specific *per diem* rates. If, in this context of overall mounting, services are to be provided by several entrepreneurs, Supplier undertakes to cooperate and coordinate, at the construction site, with our Company and respective third Parties in such a manner as to meet all contractually agreed dates.

With regard to software, including appertaining documentation, that form part of the Supply, as the case may be, we shall have the right to use, to the statutory extent, as set forth in Sections 69a *et seq.* of the [German] Copyright Act. Moreover, our Company shall have the right to create a backup copy without the Supplier's approval being required.

Supplier shall bear the cost of contract penalties, if any, which Company may become liable to pay due to Supplier's non-compliance with the delivery date. We reserve the right to assert further claims for damages.

In case of any delay in delivery of the Supply, our Company shall have the right to demand payment of a contract penalty in the amount of 1%, however, not exceeding 10% of the total contract value, per week, or part thereof, of the delay. We reserve the right to assert further claims for damages.

International trade stipulations shall be interpreted according to Incoterms 2000. Unless agreed otherwise, Supply shall be delivered DDU, including packaging, shipping costs, freight charges, if any, costs of taking samples etc.

Article 5b – Termination, Suspension

Our Company shall have the right to suspend or terminate, by virtue of a written notice to Supplier, further performance of the Order. Upon receipt of such notice, Supplier shall

- suspend work on the object of Supply;
- refrain from commissioning to third parties and/or sub-contractors any further work with regard to the object of Supply;
- strive, to the best of its ability, upon request of our Company, to achieve the immediate cancellation, respectively suspension, of contracts concerning the object of Supply, which it had previously concluded with third parties;
- secure any materials previously purchased or reserved for performance of the Order as well as all Supplies and/or services, that either have been completed or are currently under work, including those of sub-contractors, until further notice from our Company;
- adhere to instructions given by our Company with regard to Supplies and services.

In case of termination, on the part of our Company, for reasons within the End Customer's scope of responsibility (e.g., stoppage of payment, cancellation of contract, and such like), Supplier shall be entitled to receive payment of the proportional price of Supplies delivered and services performed according to contract, provided that the End Customer has previously made, or will certainly make, relevant payments to our Company.

In case Supplier culpably fails to comply with its obligations to meet agreed time limits and provide information, as set forth Article 5a, (even in case of insolvency, liquidation, etc.), our Company, without giving further notice of default and in the absence of judicial intervention and without limitation to any other rights on our part, shall have the right to cancel the contract either in full or in part, i.e., with respect to Supply in default of delivery, delivery in part, or delivery of the balance of the Order, and arrange for performance of contract by a third party at Supplier's cost. In this case, our Company shall not be obligated to pay the agreed purchase price or damages. Any down payments previously made must be paid back immediately and our Company reserves the right to charge on the respective amounts default interest at the rate of 5% p.a. until these have been paid back in full.

Our Company shall have the right to continue to demand performance of contract and to claim damages for delay.

Alternatively, our Company, at its own discretion, shall have the right to waive delivery of Supply and claim damages instead of delivery of Supply.

In case of termination of contract, the contractor shall hand over to our Company, immediately and without being asked, all facilities as set forth in Article 5c, including plans, data storage media and other technical documentation relating to the Order. Moreover, our Company shall have the right to accede to contracts entered into by Supplier concerning execution of the Order. Appropriate copies of such contracts, including terms and conditions agreed by and between Supplier and respective third parties and sub-contractors must be handed over to our Company.

Article 5c – Transfer of Ownership, Risk and Reservation of Title

Right of ownership to the object of Supply shall transfer to our Company upon arrival of the Supply at the place of delivery, without further declaration or measures being required. In case of severable performance, right of ownership to the Supply shall transfer to our Company, on a prorated basis, according to the progressive proportion of instalments paid by our Company in the total prices, however, no later than at the point in time specified in the first sentence of this paragraph. The risk shall pass to our Company upon acceptance of performance.

As far as we order parts from Supplier, we retain title to these. Supplier shall perform processing or alteration on our behalf. In case our conditional goods are processed along with other items that do not belong to us, our Company shall acquire co-ownership rights to the new item according to the proportion of our item (purchase price plus VAT) in the other items processed as applicable at the time of processing.

If the item provided by us is inseparably blended with other items that do not belong to us, our Company shall acquire co-ownership rights to the new item according to the proportion of the value of the conditional goods (purchase price plus VAT) in the other, blended items as applicable at the time of blending. In case blending occurs in such a manner that the item belonging to Supplier is deemed the main item, it shall be understood that Supplier assigns to our Company proportional co-ownership; Supplier shall hold in trust for our Company sole or co-ownership, as the case may be.

We reserve title to tools; Supplier is obligated to use the tools solely for the manufacture of the goods that we have ordered. Supplier is obligated to take out for the tools belonging to us, at its own cost, adequate reinstatement-value insurance cover against the risks of fire, water and theft. At the same time, Supplier already now assigns to us all claims for compensation from this insurance; we hereby accept such assignment. Supplier is obligated to perform on our tools, at its own cost and in good time, necessary service and inspection work, if any, as well as all maintenance and repair work. It shall immediately inform us of malfunctions, if any; in case it culpably fails to do so, claims to damages shall remain unaffected.

Supplier is obligated to keep strictly confidential all received images, drawings, calculations as well as other documentation and information, including prototypes, and such like, and to return these to us upon performance of the contract, including copies and duplicates within the meaning indicated below. It shall not acquire any rights to these.

Disclosure of these to third parties shall be subject to our express approval. Production of copies or creation of duplicates of any type of technical nature whatsoever shall require our express prior approval. This confidentiality obligation shall survive even after performance of contract; it shall expire if and to the extent that the manufacturing knowledge and/or construction knowledge contained in such illustrations, drawings, calculations and other documentation has become publicly known. As far as security interests to which we are entitled pursuant to paragraphs (2) and/or (3) above exceed by more than 10% the total purchase price of all of our yet unpaid conditional goods, we are obligated to release upon request of the Supplier such security interests of our choice.

Article 5d – Changes to the Object of Supply

In case our Company requests any changes to the object of Supply, Supplier shall, immediately and without any further request, notify us in writing of any increases or decreases in price and of effects, if any, on agreed deadlines, and support these with sufficient proof. These increases or decreases in price shall be determined on the cost base of the Order. In case standard prices have been agreed, Supplier may request an increase in unit prices on the grounds of a reduction in quantity, provided that it is able to demonstrate a relevant, unreasonable financial burden on its part.

Standard Terms and Conditions of Purchase

hpl-Neugnadenfelder Maschinenfabrik GmbH

Edition September 2019



Any modification of the contract aimed at achieving mutual agreement and taking into account mutual interests as well as the contractual duty of good faith shall be subject to negotiations. Upon achievement of mutual agreement on modifications of contract, our Company shall issue a written supplementary Order stating the requested changes and respective modifications of contract.

However, even while agreement on such modifications is yet pending, Supplier shall promptly perform the requested changes at, for the time being, unmodified conditions as set forth in the Order.

Supplier shall notify our Company in writing within five days of the occurrence of such instance if it believes that claims, on its part, to an increase in contract prices or a change to time limits arose from this. Failure to do so shall result in such claims on the part of Supplier being forfeited.

Article 5e – Discrepancies from Ordering Information

Supplier shall be obligated to indicate, clearly and explicitly, in its order confirmation discrepancies, if any, from the ordering information. Any discrepancies shall be subject to the express confirmation of the Ordering Party prior to performance of any supply or service. In case of non-compliance on the part of Supplier, the Ordering Party shall not be obligated to accept performance or effect payment. Claims to damages are expressly reserved.

Article 5f – Spare Parts

Supplier shall be obligated up to the date on which the Supply's ordinary useful life expires, however, for a period not exceeding ten years as of the date of the delivery slip, to offer to our Company, upon request, spare parts at reasonable prices (a price increase at the rate of 3% p.a. shall be deemed acceptable on our part) and otherwise at the conditions set forth in the original Order.

Article 6 - Prices and Payments

Agreed prices shall remain effective for the entire term of the contract. Statutory value added tax shall be separately indicated in the invoice. Unless otherwise agreed in writing, the price shall include costs of packaging and shipping as well as appertaining ancillary costs. Contract variations shall require prior written approval, in the absence of which these shall not be acceptable (cf. Article 5d). Payment shall be made subject to 3% cash discount within 14 days or in full within 30 days of receipt of invoice, goods and agreed documentation. Our Company reserves the right to pay the requested price no sooner than upon complete delivery of Supply, inspection and acceptance of performance. If documents are missing or if they are incorrect or incomplete or if the invoice cannot be audited or verified for any other reason, the Supplier's claim shall be deemed not to be due. In case receipt of Supply occurs subsequent to receipt of invoice, or in case of incomplete invoice, the time limit for the cash discount shall be calculated based on the date of receipt of Supply, respectively of complete invoice. Payment prior to delivery of Supply shall be made exclusively against presentation of a bank guarantee issued by a major European bank at no charge with respect to our Company. Such bank guarantee shall be valid for a term that ends no sooner than at least 45 days after the planned date of delivery of Supply and shall be issued according to our prerequisites (please request copy of these, if necessary). Moreover, Supplier may not assign its claims against us to, nor have these collected by any third party, unless our approval has been given in writing.

Work performed at hourly wages shall be invoiced on the basis of work performance records to be drawn up on a daily basis and signed by an authorised person before the end of the workday. Such work performance records shall indicate the Order number, place of performance, exact details on the work performed, total hours of work – itemised according to normal working hours, overtime, hours of work performed on Saturdays, Sundays and bank holidays. With regard to reimbursement for travel times, these shall be indicated separately; otherwise, such entitlement lapses upon receipt of invoice.

Signing of man-hour sheets shall not be deemed acceptance of any obligation to pay (additional) remuneration; rather, this serves merely to determinate the actual scope of services. Any obligation to pay remuneration arise solely from separate commissioning of work at hourly wages

Article 7 - Shipping and Packaging

A delivery slip shall be attached to each Supply. Shipments of parts of Supply as well as shipments of the balance of an Order shall be designated and marked as such. If it is impossible to attach respective delivery slips to the consignments, these shall be sent to our Company by surface mail. Indications of Order number, shipping address, quantity of material, weights etc. form integral parts of delivery slip and of relevant markings. Deliveries in part shall be admissible, however, subject to written confirmation. Packaging shall absolutely comply with statutory European packaging instructions and with relevant provisions applicable in the country of final destination. Supplier shall acquire knowledge of such packaging instructions at its own initiative. Hazardous material shall be packed as required under applicable law, marked according to classification and accompanied by completed safety data sheets. Packaging must be designed in such a manner as to protect the Supply for a period of at least six months against humidity, corrosion, and other chemical and mechanical impact during the period of transport by land or sea and subsequent storage. Supplier shall warrant safe unloading of the Supply with lifting gear etc. at the place of performance. Supplier shall be liable for any damage, particularly due to inappropriate packaging, during transportation and on occasion of interim storage, which might occur prior to passing of the risk as agreed with regard to the Supply. It is incumbent upon Supplier to take out appropriate transport insurance cover. The relevant insurance policy shall be made available to our Company via facsimile transmission prior to rollout.

Packaging should be made of environmentally friendly materials (e.g., CFC free), used several times over, if possible, and labelled with accredited recycling signets. In case packaging fails to comply with these requirements, our Company shall be authorised to dispose thereof at Supplier's cost. Returning of re-usable packaging shall be free of any charge to our Company. Costs incurred, if any, shall be charged to Supplier. Any liability for such re-usable packaging shall be excluded.

Acceptance of consignments that fail to meet these requirements may be rejected. Our Company reserves the right to return to Supplier such rejected consignments at Supplier's cost and risk and subject to crediting of the relevant amount invoiced by Supplier. Supplier shall take out appropriate insurance cover for and handle necessary rented packaging with utmost care.

If take-over is temporarily impossible, our Company may request – even after notification of readiness for shipment – that Supplier postpone shipment of the Supply, or of part of the Supply or of the balance of the Order, and store appropriately the Supply for up to three months at the cost and risk of Supplier.

Article 8a – Warranty and Rectification of Defects

The warranty period shall be at least 24 months as of the date of commissioning, but shall not exceed a period of 36 months after complete delivery of Supply and acceptance of performance as set forth in Article 4b. If, due to defects, the Supply cannot be used, either in full or in part, during this period, the warranty period shall be extended for a period that is equal to the duration of such interrupted use. In the context of these time limits, Supplier undertakes to rectify completely any defects that were notified in writing, at its own cost and within the time limit set by our Company.

If necessary, such rectification of defects shall be conducted with increased application of personnel and material, in multi-shift operation and/or through overtime work. Moreover, such rectification of defects shall be conducted through work on Sundays and bank holidays, as far as such work is admissible in the country where these works are carried out.

In order to prevent interruptions of use, or limit these to the greatest possible extent, as the case may be, Supplier shall immediately create provisional solutions at its own cost and in agreement with our Company, as far as this is useful, and maintain these until the defects have been finally rectified.

If the defects cannot be rectified within the time limit set or if reliability of operation is compromised, our Company shall be authorised either to carry out the necessary works and services (crane works, transport etc.) on its own, or have these carried out by third parties, and charge to Supplier all costs incurred plus 5% administrative fee. In urgent cases, we shall immediately and without bidding the Supplier be authorised to replace or repair faulty parts and rectify any damage that may have occurred at Supplier's cost.

In case of new delivery or rectification of defects, the warranty period for relevant parts shall start anew. Place of rectification of defects shall be the place of acceptance of performance, respectively commissioning.

If a similar defect occurs repeatedly despite repeated rework, or if other parts of the Supply can be assumed to be affected by such defect, Supplier is obligated to eliminate, free of charge, the principal cause of such defects in these parts through suitable measures, e.g., altered concept/design, alternative materials or auxiliary equipment, or agree without objection to a reasonable extension of the warranty period for the affected parts as requested by our Company.

If Supplier delivers faulty technical documentation, based on which our Company or the End Customer have otherwise created or procured equipment, Supplier shall rectify such technical documentation at its own cost and reimburse our Company respectively the End Customer for costs, if any, incurred for thus necessary changes to, repair and/or replacement of such equipment.

The above-mentioned provisions shall not release Supplier from other statutory liabilities. Sections 377 and 378, [German] Commercial Code, shall not apply as far as the relevant defect is not conspicuous.

Article 8b – Guarantee of Functionality

Moreover, Supplier shall guarantee proper functionality of its Supply for an operation period of twelve months (at conditions of operation and processes of the plant and local conditions at the place of erection). Conditions of operation and processes as well as local conditions shall be notified to Supplier upon request issued within three weeks of the Order.

Article 9 - Health and Safety Provisions

If Supplier or persons authorised by Supplier provide services either at our Company premises or at those of the End Customer, Supplier shall ensure compliance with all country-specific health and safety provisions. In case of non-compliance, Supplier shall be liable for any relevant damage and other claims. Any liability on our part for accidents such persons might meet shall be excluded unless such accidents are due to any intentional or grossly negligent breach of duty on our part.

Article 10 – Liability and Indemnity

Supplier shall fully indemnify and hold our Company harmless against any third-party claims, including those for defects of title, and shall compensate our Company for any injury to persons, damage to property and consequential damage suffered as a result of or in connection with the Supply, particularly as regards claims arising from product liability, with minimum cover in the amount of 10 million EUROS. Claims for damages, particularly claims for compensation for non-performance and consequential damage, if any, remain expressly reserved. Our Company undertakes to notify Supplier immediately of such claims. Supplier shall assign to our Company, in advance and by way of precaution, potential recourse claims to which Supplier is entitled vis-à-vis third parties and/or its sub-contractors pursuant to Sections 478 and 479, [German] Civil Code, in order to secure existing recourse claims for the benefit of our Company. Supplier is obligated to take out product liability insurance cover with regard to the Supply and provide proof of such insurance cover upon request on our part. Purchase of such product liability insurance and/or provision of proof thereof shall not limit the

Standard Terms and Conditions of Purchase

hpl-Neugnadenfelder Maschinenfabrik GmbH

Edition September 2019



scope of statutory liability or our claims as set forth in the first sentence of this Article. Moreover, Supplier is obligated, in this context, to pay compensation for expenses, if any, pursuant to Sections 683 and 670, [German] Civil Code, which may arise from or in the context of a recall-action, if any, on our part. We shall notify Supplier, as far as possible and reasonable, of the content and scope of recall measures to be taken and provide him with an opportunity to present its comments. Our Company reserves the right to assert claims against Supplier that may arise under pertinent liability legislation, even after relevant time limits, if any, have expired.

Article 11 – Non-disclosure, Intellectual Property

Supplier shall always, even after termination of the business relationship, keep confidential our enquiry and/or Supplier's quote and/or our Order, including all pertinent technical and commercial details. Reference being made to any business relationship with our Company shall be subject to our prior written consent. The same shall apply to any publication and professional references.

In particular, rights of ownership as set forth in Article 5b, including authorised use thereof exclusively in the context of the Order and for the purpose of performance of contract, shall apply. Supplier shall guarantee that such obligations are similarly assigned to its employees, workers, other agents and authorised third parties, if any. In case of non-compliance, our Company reserves the right to assert relevant claims for damages.

Supplier shall guarantee vis-à-vis our Company as well as vis-à-vis our customers that the Supply does not infringe any third-party intellectual property rights (patents, registered designs, trademarks, licences, etc.); Supplier hereby undertakes to indemnify and hold harmless our Company and its customers in this respect. Unless the statute of limitation provides for a longer period, claims arising from this Article shall become time-barred ten years after conclusion of the contract.

Article 12 – Business Conduct Guidelines

The treatment of our business partners, employees and the general public is based on integrity. This statement forms the basis of the Business Conduct Guidelines. Our strategic considerations and activities are based on the applicable ethical and legal standards. The reputation of our company is determined, among other things, by our suppliers' actions and the way each and every one of our suppliers presents and conducts itself. Each of our suppliers is responsible to support us to fulfill the company's social responsibility worldwide. Every Supplier and its employees must observe the "Business Conduct Guidelines" and the respective national legal regulations as binding provisions. These "Business Conduct Guidelines" play a key role in meeting ethical and legal demands in day to day work life.

Article 13 – Force Majeure

Supplier shall not be liable for any incidence of force majeure.

The need to scrap parts that determine time limits, delays on the part of Supplier and/or its sub-contractors, unauthorised strikes and such like shall not be deemed cases of force majeure unless such delays are caused by force majeure events.

Supplier and/or its sub-contractors shall immediately notify and demonstrate commencement and cessation of such events, expected duration of the delay and other consequences. Such written notice, including proof, shall be prerequisite for acceptance of postponements.

Supplier and/or its sub-contractor are obligated to take, respectively make, all arrangements, respectively measures that are reasonably necessary to mitigate as far as possible the effects of force majeure events.

In case the force majeure event prevails for a period exceeding three months, either party may cancel the Order by virtue of a written note. Our Company may request delivery of completed or partially completed parts against payment of a prorated proportion of the price.

Article 14 - Place of Performance

Place of performance with regard to the Supply shall be the place of destination as indicated in the Order. Place of performance with regard to payment shall be the domicile of our Company

Article 15 - Applicable Law, Place of Jurisdiction

These General Terms and Conditions of Purchase and all relating agreements shall be governed solely by the law of the Federal Republic of Germany, to the exclusion of conflict of laws provisions. Application of the United Nations Convention on Contracts for the International Sale of Goods dated 11 April 1980, the Hague Convention on the Law Applicable to International Sale of Goods and the Vienna UNCITRAL Convention (CISG) shall be excluded.

The exclusive place of jurisdiction with regard to suppliers having their principal place of business within the territory of the EU, Norway, Iceland or Switzerland shall be Osnabrück.

In case of suppliers having their principal place of business outside of the above-mentioned territories, the following regulation shall apply:

Any disputes arising in the context of these STCP shall be decided, with finality, according to the Rules of Conciliation and Arbitration of the International Chamber of Commerce, Paris, by one or more arbitrators nominated under those Rules, on basis of German procedural law and under exclusion of recourse to the courts. The arbitral tribunal shall be held in the German language at Osnabrück.

Our Company reserves the right to initiate proceedings against the Supplier at another location of our choice.

Article 16 - Severability and Data Protection

If any provision set forth in these STCP should prove invalid, in full or in part, the validity of the remaining provisions shall not be affected.

Moreover, the contract parties undertake to replace an invalid or unenforceable provision set forth in these STCP by a valid respectively enforceable provision, which effectively and enforceably achieves the economic intention of the invalid respectively unenforceable provision.

Pursuant to Section 33, [German] Federal Data Protection Act (*Bundesdatenschutzgesetz, BDSG*), our Company is pointing out that Supplier's data will be stored for the purposes set forth in that Act.