

GENERAL TERMS AND CONDITIONS OF PURCHASE

of

Admedes GmbH

with its place of business at: Rastatter Str. 15, 75179 Pforzheim, Germany

As of: September 2022

1. Scope of Application; Formal Requirements

1.1 Material Scope. Our General Terms and Conditions of Purchase (hereinafter: “our Terms of Purchase”) apply to the entire business relationship between our business partner (hereinafter: “Supplier”) and us regarding our procurement of goods (hereinafter: “Contract Products”), regardless of whether the latter already exist at the time of our order or still have to be produced, as well as to other performance, including intangible works to be produced and services.

1.2 Personal Scope. Our Terms of Purchase apply only to natural and legal persons and partnerships with legal personality that, respectively, when entering into a legal transaction, pursue their commercial or independent professional business, as well as to corporate bodies under public law and to special funds under public law.

1.3 Exclusive Application. The business relationship between Supplier and us shall be governed exclusively by our Terms of Purchase. The application of Supplier’s general terms and conditions shall be excluded, even if we accept delivery or other performance by Supplier without objecting to them while being aware of them. Supplier’s general terms and conditions which deviate from, conflict with, or supplement our Terms of Purchase shall only become part of a contract if and to the extent that we have expressly agreed to their application in text form.

1.4 Future Contracts; Future Versions. Our Terms of Purchase shall also apply, as a frame agreement, to future contracts of the same kind as an earlier one without us having to refer to them in any individual case. To a future contract such version of our Terms of Purchase shall apply which we will have communicated to Supplier most recently in text form by the time of our respective order.

1.5 Priority of Individual Contractual Provisions. Individual contractual provisions between Supplier and us have priority over our Terms of Purchase. Commercial clauses are, in case of doubt, to be interpreted in accordance with the Incoterms® issued by the International Chamber of Commerce in Paris (ICC) in the version valid at the time of conclusion of the respective contract.

1.6 Statutory provisions. To the extent our Terms of Purchase and possible individual contractual stipulations do not contain provisions, statutory law shall apply. This shall be so irrespective of a reference in our Terms of Purchase to the respective applicable statutory provision.

2. Form

2.1 Form for Supplier’s Declarations and Notifications.

Supplier’s legally relevant declarations and notifications (including, without limitation, deadlines, reminders, revocation, and termination) must be in text form. Stricter statutory formal requirements as well as our right to demand further evidence, in particular in event of doubts about the declarant’s authority, remain unaffected.

2.2 Text Form.

Text form pursuant to our Terms of Purchase or individual agreements requires a readable declaration in which the person making the declaration is named on a durable medium. A signature by the issuer with his name in his own hand is not required. Text form may be complied with, without limitation, by e-mail. The requirements of text form are also complied with by written form.

2.3 Written Form.

2.3.1 Principle. Written form pursuant to our Terms of Purchase or individual agreement require a document signed by the issuer with his name in his own hand or by his notarially certified initials. In the case of a contract, the signature of the parties must be made on the same document. If more than one counterpart of the contract is drawn up, it, however, suffices if each party signs the document intended for the other party. The requirements of written form are also complied with by notarial recording.

2.3.2 Mitigation of Form. For compliance with the written form requirement it suffices that a document signed by the issuer with his name in his own hand be transmitted by way of telecommunications (including, without limitation, by telefax or e-mail);, in the case of a contract it suffices that letters be exchanged. If a form pursuant to the preceding sentence is chosen, recording in accordance with *clause 2.3.1* may be demanded by each party subsequently.

2.4 Electronic Form.

The requirements of written form are also complied with by the electronic form pursuant to the provisions of applicable law.

2.5 Consequences of Non-Compliance with Form Requirement.

A legal transaction that lacks the form prescribed in our Terms of Purchase or in an individual agreement is void.

2.6 Form Prescribed by Statute.

Statutorily prescribed written and other form requirements and the effects thereof remain unaffected.

3. Contract Conclusion; Integral Parts of Contract; Errors; Personal Obligation

3.1 Order and Acceptance. Contracts for deliveries of Contract Products or other performance (order and acceptance) including modifications and supplements thereof must be in written or text form. Delivery calls and their acceptance also require text form. Supplier can only accept our order within a period of 14 days by confirmation in text form. A later declaration of acceptance shall be deemed an offer on the part of Supplier and shall require acceptance by us.

3.2 Integral Parts of the Contract. Integral parts of the contract are, apart from our Terms of Purchase, all provisions that are included in our order or to which we refer therein or that are included in the documents attached to our orders, e.g. product requirement documents and scope statements as well as technical documentation, such as drawings and material specifications, without regard whether any of the foregoing originates from us, from Supplier, or from the manufacturer (hereinafter: collectively: "**Ordering Data**"). Ordering Data must be strictly adhered to. Any deviations therefrom are only permitted with our express consent in text form. Supplier must accept modifications to the Ordering Data requested by us to the extent reasonable. The consequences of such modifications regarding, above all, additional or reduced costs, respectively, and delivery dates, must be adequately agreed.

3.3 Verification of Ordering Data; Errors. Supplier is obliged to check the correctness of the Ordering Data regarding their use for his own delivery or his other relevant performance. Supplier shall examine our orders for obvious errors (e.g. typographical and arithmetic errors, incompleteness, indication of an outdated versions of a Contract Product) and shall notify us of discovered errors prior to accepting the order to enable us to correct it. If we annul our offer or one of our other declarations because of mistake in transmission or error (Section 122 of the German Civil Code (BGB)), we shall be liable therefor according to statutory provisions, however only in case of our fault.

3.4 Supplier's Obligation of Personal Performance. For lack of our express consent in text form Supplier may not carry out via third parties (e.g. subcontractors) performance owed by him. In case of breach of the afore-mentioned duty, we shall be entitled to withdraw from the affected contract without prejudice to our other statutory rights.

4. Physical Objects Provided by us to Supplier

4.1 Ownership.

4.1.1 By providing physical movable objects, including embodiments of information (e.g. documents in hard copy or electronic data carriers), to Supplier in the context of the business relationship, we do not imply any transfer of ownership thereof to him.

Such physical movable objects shall include, without limitation:

- raw materials, semi-finished products, components, and other goods from which Contract Products are intended to be manufactured (hereinafter: "**our Provided Materials**");
- tools, stencils, equipment, sinks, gauges, models, samples, and other physical objects intended to be used in the manufacturing process for Contract Products or for other performance owed by Supplier (hereinafter: "**our Manufacturing Equipment**"); and
- drawings, images, design or manufacturing instructions, and other documents according to which Contract Products must be manufactured or other performance owed by Supplier must be carried out (hereinafter: "**our Manufacturing Documents**").

4.1.2 The transfer of any intellectual property right in physical objects provided by us to Supplier requires an express grant in written form. Any stricter statutory formal requirements remain unaffected.

4.1.3 Any processing or transformation of our Provided Materials by Supplier shall be carried out for us. This shall also apply to processing or transformation of our Provided Materials together with other goods not belonging to us. We thus acquire ownership of the Contract Products manufactured by processing or transformation of our Provided Material pursuant to the provision of Section 950 of the German Civil Code (BGB) or corresponding provisions of foreign law.

4.1.4 For the case that, in consequence of (i) processing or transformation, (ii) combination, (iii) intermixture, or (iv) mingling of our Provided Materials with Supplier's or possibly third parties' goods, Supplier acquires sole or co-ownership of the resulting (i) new products (ii) uniform products, (iii) intermixed products, or (iv) aggregates of goods, the transfer of partial co-ownership thereof from Supplier to us shall hereby be agreed. The share of ownership to be transferred to us is determined by the ratio of the value of our Provided Materials to the value of the entirety of processed or transformed, combined, intermixed, or mingled goods at the time of the processing or other afore-mentioned event.

4.1.5 Upon our request Supplier transfers to us ownership of manufacturing materials produced or procured by him at our expense.

4.1.6 Insofar as a development result owed by Supplier is embodied in physical objects (e.g. data carriers), ownership thereof passes to us upon acceptance of the development result.

4.2 Storage, Custody, and Marking.

Customer shall, free of charge, with reasonable care, respectively, store, keep in custody, unambiguously mark as our property, and protect from access by unauthorized persons our Provided Materials, Manufacturing Equipment, and Manufacturing Documents. Supplier's afore-mentioned obligations apply accordingly to new, uniform, and intermixed products as well as to aggregates of goods, insofar as he procures us co-ownership thereof (in particular according to *clause 4.1.4* above) or, respectively, insofar as we acquire full or co-ownership thereof by operation of law.

4.3 Use.

Supplier will use Manufacturing Equipment exclusively for the manufacture of the Contract Products or for other performance owed by him and only in accordance with our instructions, unless expressly agreed otherwise in written form. Further prohibitions of use and disclosure of our Provided Materials, Manufacturing Equipment, and Manufacturing Documents that embody Confidential Information pursuant to clause 19 hereof shall expressly remain unaffected.

4.4 Maintenance.

Supplier shall carry out at his own expense in good time all necessary maintenance and repair of our Manufacturing Materials. Supplier shall notify us of any malfunctioning immediately. Supplier shall compensate us for damages resulting from delay, omission, or incompleteness of such notification caused by fault on his part, respectively.

4.5 Insurance.

Supplier shall at his own expense insure our Provided Materials, even for the time after their processing, as well as our Manufacturing Equipment, at their purchase value, respectively, against damage by water and by fire and against theft. He already assigns us by now all his compensation claims from such insurance; we hereby accept this assignment.

4.6 Return or Destruction.

Upon our request in text form, which is permissible at any time, Supplier shall promptly at our choice (i) return to us or (ii) destroy or modify so that they are of no use anymore for the manufacture of Contract Products all of our Provided Materials, Manufacturing Documents, and Manufacturing Equipment, including all copies and replacements thereof that are in Supplier's possession. Supplier shall prove such destruction or modification to us upon our request. Supplier's above-mentioned obligations also apply to all Contract Products (including defective, returned, and unfinished units) – manufactured by means of our Manufacturing Equipment or according to our Manufacturing Documents – that are still in Supplier's possession or under his control at the end of the business relationship about the respective article of Contract Product. Our other rights in such Contract Products remain unaffected.

5. Prices; Conditions of Payment

5.1 Bindingness of our Price Information. The prices presented in our orders, including, without limitation, those for Contract Products, are binding. Reservations of price increase only become effective upon our express consent in text form.

5.2 Costs Included in the Prices; Included Tax. In case of deliveries within Germany "free destination" the prices include all ancillary costs, e.g. proper packaging, transport costs including possible transport insurance and liability insurance, as well as additionally agreed performance with respect to Contract Products, such as assembly or installation and acceptance tests. All prices are inclusive of statutory value added tax, if the latter is not shown separately.

5.3 Invoices. Supplier must send us the invoice in two (2) copies. The invoice may not be attached to the Contract Products to be delivered. The invoice must indicate the **order number** and the **article numbers** shown in our relevant orders, as well as the **time of delivery** or of the other **performance owed by Supplier**. We are not responsible for delays in processing resulting from the absence of these indications including, without limitation, not for delays in payment. The value added tax must be shown separately in the invoices.

5.4 Maturity. We shall pay invoices within thirty (30) days. In case of payment within fourteen (14) days we are entitled to a three percent (3%) discount on the net amount of the invoice. The respective payment period begins as soon as the invoiced delivery or other performance has been fully performed and any agreed or statutorily provided acceptance of the respective Contract

Product or produced work has taken place or is deemed so; for instalments, the payment period begins when they become due pursuant to statutory provisions. Notwithstanding the foregoing, the payment period does not begin until (i) we have received the respective invoice and (ii) the agreed date for delivery or other performance has expired. In the case of bank transfer, the payment shall be deemed made on time if our transfer order is received by our bank before the expiry of the payment period. We are not liable for delays by the banks involved in the payment process.

5.5 No Maturity Interest; Default in Payment. We do not owe any maturity interest. With respect to default of payment, the statutory provisions shall apply.

5.6 Place of Performance for Payment. The place of performance for payments is our place of business.

6. Place and Date of Delivery and other Performance by Customer

6.1 Destination; Place of Performance. For lack of a different indication in our order, the place of destination for the Contract Products shall be our place of business. The respective destination is also the place of performance for the delivery of the Contract Products as well as of any possible subsequent performance. For lack of a different indication in our order, our place of business is also place of performance for other performance owed by Supplier.

6.2 Bindingness of Dates and Deadlines. The dates and deadlines for delivery and other performance owed by Supplier, as indicated in our orders or otherwise agreed, are binding.

6.3 Time for Delivery and other Performance. For lack of a different agreement in text form or indication in our order, the time for delivery of the Contract Products and for other performance owed by Supplier shall be **four (4) weeks** from the conclusion of the respective contract. For the meeting of the delivery date or deadline our receipt of the Contract Products shall be controlling.

6.4 Notification of Prospective Prevention. If circumstances arise or become apparent to Supplier that prevent him from timely delivery of Contract Products or from timely other performance owed by him, he shall immediately give us notice thereof with a comprehensive explanation of the reasons for such prevention. Supplier shall compensate us for damages resulting from delay, omission, or incompleteness of such notification caused by fault on his part, respectively.

6.5 Supplier's Default in Performance. To the extent not set forth otherwise in the following, the prerequisites for and legal consequences of Supplier's default in delivery and in other performance shall be governed by the statutory provisions. If Supplier is in default in delivery, he shall pay us a lump-sum compensation for our damage caused by the default. This lump-sum compensation shall amount to one percent (1%) of the net price of the Contract Products affected by the default for each completed calendar week of default, but no more than five percent (5%) of the net price of the delayed delivery. To the extent Supplier proves that no or only a substantially lesser damage than this lump-sum compensation is caused, we shall not be entitled to damages or only to the respective reduced amount. Our other statutory remedies for Supplier's default in performance including, without limitation, withdrawal from the contract and compensation of the actual damage, remain unaffected. We shall bear the burden of proof for damage in excess of the above-mentioned lump-sum compensation.

7. Ancillary Obligations for Delivery; Passing of Risk

7.1 Packaging; Labelling. Supplier must package the Contract Products in such a way that transport damage is avoided during their ordinary treatment in transit. Hazardous substances and dangerous goods must be packaged, labelled, and transmitted by Supplier in accordance with the applicable statutory provisions. Supplier shall, furthermore, comply with our instructions for packaging and

labelling. For lack of a respective agreement in text form or a statutory basis, we are not obliged to store packaging material or return it to Supplier.

7.2 Protective Devices. Supplier shall supply to us together with the Contract Products, even without our request, protective devices that are required for their use pursuant to applicable accident prevention regulations.

7.3 Passing of Risk. The risk of accidental loss and accidental deterioration of the Contract Products shall pass to us upon their delivery at the destination, unless otherwise stated in the following: In the case of deliveries with additional contractual obligations, such as assembly, installation, or start-up operations, the risk shall pass to us only upon complete discharge of such obligations. If an acceptance test must be carried out for a Contract Product, the risk will only pass to us if we have declared formal acceptance or are in default with it. Furthermore, the risk shall pass to us upon our default of acceptance.

7.4 Transport Insurance. Supplier shall insure the Contract Products against transport damage at his own expense if (i) they have been manufactured from our Provided Materials; (ii) we made advance payments for them; or (iii) risk passes to us, pursuant to a respective agreement, prior to delivery of the Contract Products. Supplier hereby assigns to us all compensation claims from such insurance in the amount of (i) the purchase price of our Provided Materials (ii) our advance payments, and (iii) the agreed remuneration for the Contract Products, respectively. We hereby accept these assignments.

7.5 Delivery Note; Certificate of Origin; other Documents relating to Delivery. Each delivery must contain a delivery note indicating the dates of issue and of shipment as well as the **order number, article numbers, date of order, quantity, cost center, and commission**, as indicated in our respective order, respectively. Supplier must specify the afore-mentioned indications also in other documents relating to the respective order. If the delivery note is missing or incomplete, we are not responsible for the resulting delays in processing and payment. *The same shall apply to in case of lack or incompleteness of other documents relating to the respective order.* Separate from the delivery note, Supplier must send us a corresponding dispatch notification with the afore-mentioned indications. At the latest together with the invoice, Supplier shall send us a Certificate of Origin or, for Contract Products not manufactured in the Federal Republic of Germany, a respective statement made by himself.

8. Acceptance; Acceptance Test

8.1 Default in Acceptance.

To the extent not set forth otherwise in the following, the prerequisites for our default in acceptance shall be governed by the statutory provisions. Supplier must offer us the performance he owes us even if an act of collaboration on our part is required (e.g. the provision of material) and a specific or identifiable calendar time has been agreed for such act of collaboration. We shall not be in default in acceptance for the time in which we are prevented from accepting Supplier's performance due to circumstances of Force Majeure in terms of *clause 8.2* below. Non-agreed partial or excess deliveries or deliveries that do not comply with the agreed packaging requirements need not be accepted by us; we do not default in acceptance by rejecting such deliveries.

8.2 Force Majeure.

Events of Force Majeure are circumstances that occur after conclusion of the contract or which we become aware of, without fault on our part, only after the conclusion of the contract, and that could, not have been predicted and avoided by us by reasonable care. In case the above-mentioned prerequisites are met, Force Majeure shall include, without limitation: (i) labor struggles (above all strikes and lock-outs) at our business, to the extent as lawful; (ii) labor struggles at sub-suppliers or at transport services; (iii) business disruptions; (iv) lack of operating or auxiliary materials; and (v) staff

shortages. If we are prevented from acceptance of Supplier's performance due to circumstances of Force Majeure, we shall immediately notify him thereof.

8.3 Supplier's Rights in the Event of our Default in Acceptance.

If we are in default in acceptance, Supplier may demand reimbursement of extra expenses in accordance with the statutory provisions (Section 304 of the German Civil Code (BGB)), unless stated otherwise in the following. If for a non-physical work to be produced or a non-fungible (custom-made) Contract Product to be manufactured by Supplier, respectively, an act of collaboration by us is agreed (e.g. the provision of material), Supplier shall only be entitled to statutory rights (including, without limitation, reasonable compensation; withdrawal from the contract) in excess of reimbursement of extra expenses if we fail to perform such act of collaboration for reasons for which we are responsible.

8.4 Acceptance Test for Development Results; Formal Acceptance.

8.4.1 If Supplier undertakes to achieve a development result for us at our expense, e.g. regarding product design, equipment, processes, or computer programs, the latter shall be tested for compliance with agreed acceptance criteria.

8.4.2 A reasonable period before the agreed date for such acceptance test, Supplier shall grant us access to the development result for the purpose of respective preliminary testing.

8.4.3 Supplier will send a competent representative to the acceptance test. We shall draw up a protocol in which we shall record the compliance or non-compliance of the respective acceptance criteria. To the extent we discover other defects than non-compliance with acceptance criteria, we shall record them as well in the protocol. Such protocol shall serve as acceptance protocol upon being confirmed by both parties in text form. If acceptance criteria are not met, we are entitled to refuse acceptance. Supplier is entitled and obligated to remedy recorded defects within the agreed period or, for lack of a respective agreement, within a reasonable period. If all acceptance criteria are met, we must declare formal acceptance of the development result. Our claims to remedy of other defects than non-compliance with acceptance criteria shall expressly remain unaffected.

9. Provisions to be Observed by Supplier

9.1 While manufacturing and supplying Contract Products and carrying out other performance owed by Supplier, he shall comply with (i) the recognized rules of technology, (ii) the safety regulations, and (iii) the agreed technical requirements.

9.2 Research and development work shall be carried out by Supplier according to the latest published state of science and technology.

9.3 For the manufacture of the Contract Products, Supplier shall comply with the statutory and regulatory provisions applicable at the place of manufacture. This shall apply, without limitation, to the following fields: product safety, worker protection, accident prevention, fire prevention, avoidance of pollution, and environmental protection.

9.4 To the extent Supplier is responsible for the development of the design for a marketable product, Supplier shall also comply with the applicable statutory provisions for distribution and use of such product in all jurisdictions of which we have notified him in text form.

10. Outgoing Goods Control; Declaration of Conformity

10.1 **Outgoing Goods Control.** Supplier shall apply an outgoing goods control to the Contract Products for conformity with the agreed quality and shall issue a respective factory or test certificate for us.

10.2 Declaration of Conformity. In addition, Supplier shall attach to each lot of Contract Products a declaration of conformity in accordance with the applicable legal requirements of the European Union, e.g. (i) Regulation 2017/745/EU (Medical Products Regulation), (ii) Directive 2006/42/EC

(Machinery Directive), (iii) Directive 2014/30/EU (Ecofin Compatibility Directive), or (iv) Directive 2014/35/EU (Low Voltage Directive).

11. Liability for Defects; other Liability concerning Contract Products

11.1 Provisions of Statutory Law. Unless stated otherwise in the following, the statutory provisions shall apply to our rights in the event of material defects of the Contract Products (including wrong and short delivery, improper assembly, and faulty instructions of assembly, of use, or of operation), in the case of legal defects of the Contract Products, as well as for other breaches of duty by Supplier.

11.2 Freedom from Material Defects. Supplier be liable, in particular but without limitation, for the conformity of the Contract Products with the agreed quality upon passing of risk to us. A Contract Product is free from material defects if, upon the passing of risk, it has the agreed quality and complies with the other statutory requirements. In any event, specifications of the Contract Products in the Order Data according to *clause 3.2* above shall be deemed agreements on their quality.

In the case of Contract Products with digital elements or other digital content, Supplier shall supply and update of the digital content at any rate to the extent that this results from the Order Data according to *clause 3.2* above or further descriptions of the Contract Product made by manufacturer or on the latter's behalf, in particular on the Internet, in advertising or on the product label.

11.3 Claim of Cure. In case Supplier delivers a defective Contract Product to us, we shall be entitled to cure. As cure we may, at our choice, demand that the defect be remedied (i.e. rework) or that a Contract Product free of defects be supplied (i.e. replacement). Our claims against Supplier include, without limitation, that kind of cure that we owe to our customer to whom we have passed on the defective Contract Product. At Supplier's request, his cost, and his risk we shall promptly return to him the defective Contract Products to be replaced by him.

11.4 Expenses and Scope of Cure. Supplier must bear the expenses required for the purpose of cure including, without limitation, cost for transport, workmen's travel, work, and materials. If the Contract Product according to its nature and purpose of use is fitted into or affixed to another product, the cure to be performed by Supplier shall also include the removal of the defective Contract Product and the fitting or the affixture of the reworked or replaced defect-free Contract Product. The expenses required for the purpose of inspection and cure shall be borne by Supplier even if it turns out that there was actually no defect. Our liability for damages in the event of unjustified requests to rework remains unaffected; in this respect, however, we shall only be liable if we have realized or grossly negligently failed to realize that there was no defect.

11.5 Cure by Ourselves. If Supplier fails to comply with his obligation to cure within a reasonable period therefor of which we have notified him in text form, we shall be entitled to remedy the defect ourselves and to claim compensation of the necessary expenses from Supplier. We are entitled to remedy the defect on our own without granting Supplier such period to cure if the cure by Supplier (i) has failed or (ii) is unreasonable for us (e.g. due to particular urgency, risk to operational safety, or impending disproportionate damage). We will promptly notify Supplier of such circumstances – if possible, in advance.

11.6 Price Reduction; Withdrawal from the Contract; Compensation of Damages and of Expenses. Unaffected by our afore-mentioned right to remedy defects on our own shall be our statutory remedies to (i) price reduction, (ii) withdrawal from the contract, and (iii) compensation of damages and of expenses.

11.7 Supplier Recovery. In addition to the claims for defects, we are entitled without restriction to the statutory claims to recourse within the supply chain (delivery recourse pursuant to Secs. 478, 445a, 445b or §§ 445c, 327 para. (5), 327u of the German Civil Code (BGB)). If we sell a newly manufactured Contract Product supplied by Supplier and if this has a defect which already existed when the risk passed to us, Supplier must reimburse us for the expenditures that we have to bear under the statutory provisions as a result of the resale of such Contract Product. We are, particularly, entitled (but not obliged) to demand same type of cure (rework or replacement) from Supplier that we owe to our customer in the individual case; with respect to of Contract Products with digital elements or other digital content, this also applies to the claim to provision of necessary updates. The statutory provisions on recourse within the supply chain shall also apply in the case where the defective Contract Product has been further processed by us, by our customer, or by another contractor, e.g., by fitting it into another product.

11.8 Notice of Defects and Risks with respect to Comparable Goods. Supplier shall notify us promptly about all significant defects of any potential or actual risks resulting from Contract Products and comparable goods distributed by him.

12. Incoming Goods Inspection; Notice of Defects

12.1 Incoming Goods Inspection. We shall inspect the Contract Products promptly after they have been received by us by external inspection, including the delivery note (cf. *clause 7.5* above), as to whether they correspond to the ordered quantity and the ordered article, and whether there are obvious defects including, without limitation, obvious transport damage. We are not required to carry out any further inspection of the Contract Products. If an acceptance test is agreed for a Contract Product (according to *clause 8.4* above), we shall not be required to apply an incoming goods inspection thereof.

12.2 Notice of Defects. If a defect is detected in the afore-mentioned inspection, we will immediately notify Supplier thereof. Should we fail to notify Supplier accordingly, the Contract Product shall be deemed approved, unless it is a defect that was not detectable in the above-mentioned inspection. If a defect of the Contract Product is detected later (hidden defect), we must notify Supplier thereof promptly after its discovery; otherwise, the Contract Product will be deemed approved also in view of that defect.

12.3 Timeliness of the Notice of Defects. For the reservation of our rights, the timely dispatch of the notice of the defect is sufficient. Notwithstanding our duty to inspect, our notice of a defect shall in any case be deemed prompt and timely if it is dispatched within five (5) work days (i) of our receipt of the Contract Product in the case of obvious defects and, respectively, (ii) of detection in case of hidden defects. If Supplier has assumed contractual obligations in addition to the delivery, such as assembly, installation, or start-up operations, the period of our notice for obvious defects shall only begin upon Supplier's discharge of such obligations.

12.4 Fraudulent Concealment of Defects. Supplier may not assert the provisions of this *clause 12* with respect to a defect he has fraudulently concealed.

13. Product and Producer's Liability

13.1 Indemnification. In case we are held liable, under domestic or foreign law, by a third party for damages or expenses caused to such third party by the Contract Product, Supplier shall indemnify us on first demand from the respective claims to the extent the cause therefor originates from Supplier's sphere of control and responsibility and Supplier is himself liable in relation to third parties.

13.2 Product Warnings and Recalls. In case the prerequisites pursuant to *clause 13.1* above for Supplier's obligation to indemnify us from possible third-party claims are met, he shall also reimburse

us – in accordance with the provisions on agency without specific authorisation (Secs. 683, 670 of the German Civil Code (BGB)) – for the expenses incurred by us for warnings and recalls of Contract Products that we could consider necessary in the circumstances. As far as possible and reasonable, we shall inform Supplier in advance about the content and scope of the intended measures and shall give him the opportunity to comment thereon. Our further statutory rights remain unaffected.

13.3 Product Liability Insurance. Supplier shall maintain Extended Product Liability Insurance with a coverage sum of at least € 1,000,000.— per incident of damage and an aggregate annual coverage of € 2,000,000.—. Supplier shall maintain the relevant insurance cover for all Contract Products supplied during Supplier’s business relationship with us until the respective expiry of the limitation period for defects. If we are entitled to compensation claims in excess of Supplier’s insurance cover, these shall remain unaffected.

14. Rights in Intellectual Property

14.1 Technical Improvements to our Specifications.

14.1.1. Supplier's Obligation to Disclose. If we provide Supplier with specifications for the manufacture of Contract Products (including, without limitation, those indicated in our Manufacturing Documents or embodied in our Manufacturing Equipment), in particular regarding the quality of the Contract Products or the manufacturing process, and if Supplier develops technical improvements thereof in the context of the business relationship, he shall promptly disclose them to us free of charge. Supplier shall, however, only be obliged according to the foregoing to the extent our specifications are (i) Confidential Information pursuant to *clause 19 below* or (ii) protected by copyright or industrial property rights owned by us or licensed to us, including, without limitation, patents, utility models, registered designs.

14.1.2. Our Rights to Technical Improvements; Supplier’s related Obligations. We are entitled to use and pass on the technical improvement to be disclosed to us by Supplier without restriction. Insofar as technical improvements to our specifications in terms of *clause 14.1.1* above are not capable of being exploited without use of such specifications, Supplier shall also treat such technical improvements as our Confidential Information pursuant to *clause 19* below.

14.1.3. Inventions. If a specification provided by us to Supplier is a patentable invention and Supplier discovers an invention relating to improvements or new applications of that original invention, he hereby grants us a non-exclusive license in the improvement or new application patent for the term of the basic patent held by us. Such license shall be free of charge, territorially unlimited, transferable, sublicensable, and shall cover all types of use (including, without limitation, distribution, manufacture, research, and development). Insofar as the improvement or application developed by Supplier is incapable of being used independently of specifications provided by us to Supplier, such license shall be an exclusive one.

14.1.4. Supplier’s Research and Development. Unaffected by the preceding provisions is Supplier’s right to dispose of the results of his own research and development work, where such results are capable of being exploited independently of our underlying specifications.

14.2 Development Results.

14.2.1. Comprehensive Grant of Rights. The intellectual property in the development results achieved by Supplier on our order and at our expense shall be granted to us in a comprehensive manner in order to enable us to exploit them, whether in an unaltered or modified state, in all respects, whether in our own enterprise or by passing it on to third parties.

14.2.2. Inventions. Supplier hereby transfers to us the rights in such inventions that are patentable or capable of registration as a utility model which have been discovered in the context of the aforementioned development work; we hereby accept such transfer. To this end, he shall make unlimited use of the inventions discovered by his employees. Supplier shall furthermore assert his relevant

claims against other persons engaged for the development work. He must enter into agreements with such persons to ensure the transfer of relevant rights to such inventions to us.

14.2.3 Copyright. To the extent the development result is a work protected by copyright, Supplier hereby assigns to us the exclusive, permanent, worldwide, transferable, and sub-licensable right of use therein, which is unlimited as to content. We hereby accept this assignment. This right of use shall include, without limitation, the reproduction, distribution, communication to the public, and making available to the public of the development result in all known and currently unknown types of use, including the right to process and further develop the development result and to use of the obtained results to the entire afore-mentioned extent. Supplier shall ensure that possibly existing rights to publication (Section 12 of the German Copy Right Act (UrhG)), to authorship designation (Section 13 para. (1) UrhG), and to access copies of the work (Section 25 UrhG) are not asserted by any of its employees or other persons engaged for the development work.

14.2.4 Confidential Treatment. Supplier shall treat the development result as Confidential Information in accordance with *clause 19* below. This does not apply to know-how that was already available to Supplier before the start of the development work or which he obtained independently thereof.

14.3 Customized Software.

14.3.1 Right of Use. The provisions under *clause 14.2* above shall also apply – according to the following provisions – to computer programs developed by Supplier individually for us at our expense (hereinafter: “**Customized Software**”). Supplier assigns us the rights of use therein pursuant to *clause 14.2.3* above. We are entitled to such rights of use only on a non-exclusive basis to the extent the development result contains (i) components developed by third party contractors or (ii) open source components (hereinafter collectively: “**Third-Party Components**”).

14.3.2 Integration of Third Party Components; Extent of Development Result. Supplier may only integrate Third-Party Components into the development result with our express consent in text form. Supplier shall submit to us the development result in the object code as well as in the source code including user and development documentation along with all interim results. Notwithstanding the foregoing, insofar as the Supplier has indicated to us in text form prior to our consent to the inclusion of a Third-Party component that only the object code is available for this purpose, his Supplier is only obliged to submit us the latter. Supplier guarantees that the integration of Third-Party Components does not result in the application of the licence terms thereof to the use, distribution, or publication of other elements of the development result. He furthermore guaranties that the integration of Third-Party Components does not result in the obligation to disclose the source code of other elements of the development result.

15. Guarantee of Non-Infringement of Intellectual Property

15.1 Extent.

15.1.1 Supplier guarantees that by any – not contractually excluded – use of (i) Contract Products or (ii) the development results achieved by him for us on our expenses no intellectual property rights or intellectual property applications are infringed at least one of which is in the family of intellectual property rights either in the country of Supplier’s place of business, by the European Patent Office, or in any of the following countries: Germany, France, Great Britain and Northern Ireland, Austria, or USA.

15.1.2 Supplier furthermore guarantees that by any not contractually excluded use of development results achieved by him for us at our expenses – including Customized Software – none of the rights of him, of his employees, or of any other person engaged in the development work be infringed, including, without limitation, rights of (co-)authorship and rights to employee invention.

15.1.3 The above guaranties do not apply to intellectual property infringements as a result of our specifications (including, without limitation, those indicated in our Manufacturing Documents or embodied in our Manufacturing Equipment), unless to the extent those have been developed by Supplier on our order and at our expenses.

15.1.4 Supplier's contractually determined or statutory liability for legal defects of Contract Products or of his other performance remain unaffected and independent of the afore-mentioned guarantees.

15.2 Indemnification; Compensation for Expenses.

In case we are held liable by a third party for an infringement whose absence Supplier guarantees pursuant to *clause 15.1* above, Supplier shall indemnify us on first demand from the respective claim. In accordance with the afore-mentioned provision, Supplier shall, at our request, also indemnify our customers. Supplier's above-mentioned obligation to indemnify shall also cover all necessary expenses that we or our customers will incur as a result of any third parties' claims. We expressly reserve claims for damages against Supplier.

16. Procurement Risk

Supplier shall bear the unrestricted procurement risk, even without any fault on his part, for the Contract Products and other performance owed by him, including sub-supplies required therefor. Provisions to the contrary (e.g. limitation to stock) must be agreed expressly in text form.

17. Extent of our Liability

17.1 Statutory Provisions. Unless stated otherwise in our Terms of Purchase, including the following provisions, we shall be liable in the event of a breach of contractual and non-contractual duties pursuant to the statutory provisions.

17.2 Limitation of liability. Our liability for negligence – regardless of its legal basis – is limited, subject to *clause 17.3* below, as follows:

- Our liability is limited to compensation for foreseeable, typically occurring damage.
- In cases of ordinary (i.e. non-gross) negligence, we are furthermore only liable for breaches of significant contractual duties (i.e. duties of a kind the fulfilment of which is necessary for the contract to perform effectively and on the compliance of which the respective co-contractor usually and legitimately relies).
- Statutory limitations of liability for ordinary negligence (e.g. limitations to the standard of care applied in one's own affairs and limitations in case of insignificant breaches of duty) shall apply.

17.3 Unaffected liability. The liability for injury caused by fault to human life, body, or health remains unaffected. Unaffected shall also remain our mandatory liability pursuant to the German Product Liability Code (Produkthaftungsgesetz).

17.4 Limitations of Personal Liability. To the extent our liability is limited pursuant to *clause 17.2* in conjunction with *clause 17.3* above, such limitation shall also apply to the personal liability of our employees, statutory representatives, authorized agents, and vicarious agents.

18. Ownership of Contract Products and Manufacturing Equipment Made by Supplier

18.1 Supplier shall transfer title to the Contract Products manufactured for us according to our Manufacturing Documents or by means of our Manufacturing Equipment already at the time of their manufacture. All processing and transformation of the Contract Products delivered to us shall be carried out by us for ourselves.

18.2 Manufacturing Equipment and Manufacturing Documents which are manufactured or procured by Supplier on our order and at our expense, shall become our property at the latest upon payment therefor by us. The provisions of *clause 4* above shall expressly apply to such Manufacturing Equipment.

18.3 All forms of expanded and extended retention of title of Supplier are excluded.

19. Confidentiality

19.1 Obligation of Secrecy; Prohibition of Exploitation.

Without our express consent in written form Supplier shall neither disclose to third parties (with the exception of consultants obliged to maintain professional secrecy) nor exploit in any way for himself or third parties any information made available by us in the course of the business relationship which termed confidential or in respect of which the interest in confidential treatment is conceivable due to other circumstances (hereinafter: “**Confidential Information**”). The afore-mentioned obligation of confidential treatment shall persist for an unlimited time, even after the end of the business relationship.

19.2 Form or Carrier Medium.

The obligation according to *clause 19.1* above shall apply to information without regard to the form or carrier medium in which it is made available to Supplier; it shall apply, without limitation, to information transmitted orally, in writing, electronically, visually or as physical objects. It shall cover, without limitation, the information contained or embodied in our Manufacturing Documents, Manufacturing Equipment, and Provides Materials.

19.3 Exceptions.

The obligations pursuant to *clause 19.1* above does not apply to information that (i) was, at the time of its receipt by Supplier, already publicly available or controlled by or known to him, or (ii) has subsequently become publicly available without breach of an obligation of confidentiality by Supplier or (iii) has subsequently been disclosed to Supplier by a third party thereby not breaching any confidentiality obligations or (iv) has subsequently been developed by Supplier independently of any Confidential Information.

19.4 Measures to Protect Confidential Information.

19.4.1 Supplier will only record, reproduce, or disclose Confidential Information in physical, electronic, or other form to the extent necessary for the discharge of his obligations under the business relationship.

19.4.2 Notwithstanding the provision in *clause 19.4.1* above, Supplier shall only be permitted to reproduce our Provided Materials or Manufacturing Equipment embodying, respectively, our Confidential Information, with our express written consent.

19.4.3 Supplier will treat Confidential Information with the same care applied by him to the protection of his own information requiring confidential treatment and business or trade secrets, in no case however with less care than reasonable. In doing so, he will take reasonable precautions to also avoid involuntary disclosures to unauthorized persons.

19.4.4 Supplier shall inform all employees who have access to Confidential Information about the obligations under this *clause 19* and oblige them for an unlimited time to maintain secrecy of and to refrain from exploiting Confidential Information.

19.5 Obligations in the Event of Disclosure to Third Parties.

Even in the event of our consent to disclosing Confidential Information to a third party, Supplier may do so only if and after such third party will have assumed in written form obligations in relation to it at least corresponding to those in this *clause 19* to their full extent

19.6 Return or Destruction.

At our request, which is permitted at any time, Supplier will immediately return or destroy any embodiment of Confidential Information and delete electronic files of it. As an exception to this, Supplier may retain documentation limited to the extent necessary to demonstrate compliance with the obligations under this *clause 19* or to comply with applicable mandatory statutory provisions.

19.7 Further Rights.

Our possible further rights according to statutory provisions on the protection of business or trade secrets and industrial property rights and with respect to physical objects provided pursuant to *clause 4* above remain unaffected.

20. Limitation Period

20.1 Statutory Provisions. The mutual claims between Supplier and us are time-barred according to the statutory provisions, unless otherwise stated below.

20.2 Liability for Defects; Guarantee. The general limitation period for claims for material and legal defects of Contract Products is – notwithstanding Section 438 para. (1) no. 3 of the German Civil Code (BGB) – three (3) years from the passing of risk. Notwithstanding the foregoing, claims arising from legal defects shall be in no case time-barred, as long as the holder of the right that constitutes the defect can still assert it against us or against our customers. The statutory limitation period for actions for recovery of property (Section 438 para. (1) no. 1 of the German Civil Code (BGB)) shall be unaffected by the foregoing. Claims against Supplier on the basis of a right whose absence he guarantees pursuant to *clause 15.1* above shall not become time-barred as long as its holder can still assert it against us or against our customers.

20.3 Non-Contractual Claims for Damages. Insofar as we are also entitled to non-contractual claims for damages due to a defect, the general statutory limitation period (Secs. 195, 199 of the German Civil Code (BGB)) shall apply, unless the application of the particular provisions of sale of goods law results in a longer limitation period in the individual case.

21. Set-Off and Retention Rights

Supplier is entitled to set-off against and retention of any of our claims from the business relationship only on the basis of counterclaims that are undisputed or determined by final judgment.

22. Assignment

Without our express consent in text form, which shall not be unreasonably withheld, Supplier is not entitled to assign his claims against us or to have them collected by third parties. If Supplier assigns a claim for money against us without our consent contrary to this prohibition, the assignment is nevertheless effective. However, we may at our choice discharge our liability by payment either to the assignee or to Supplier.

23. Place of Jurisdiction

If Supplier is a merchant in terms of the German Commercial Code (HGB), a legal entity under public law, or a special fund under public law, the exclusive – also international – place of jurisdiction for all disputes arising from the contractual relationship, including for cheque and bills of exchange matters, shall be our place of business or, according to our choice, Supplier's place of business. Statutory provisions according to which the place of jurisdiction for particular disputes cannot be contractually determined remain unaffected.

24. Choice of Law

Our Terms of Purchase and the business relation between Supplier and us are governed by the law of the Federal Republic of Germany, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG) of April 11, 1980).

25. Non-Incorporation or Ineffectiveness of Provisions

25.1 If our Terms of Purchase or any provisions thereof have not become part of a contract concluded in the context of the business relationship or are invalid or if a provision of such contract is invalid, the remainder of such contract shall remain valid.

25.2 To the extent that our Terms of Purchase have not become part of the contract or that they are invalid or that a provision of a contract is invalid, the contents of the contract are supplemented by the statutory provisions.
