

Conditions of Purchase

Status: July 1, 2021

1. Order and Confirmation of Order

- 1.1 The Customer may cancel the order if the Supplier has not confirmed acceptance of the order (confirmation) in writing within 2 (two) weeks of receipt.
- 1.2 Any alterations, amendments or additions to the order shall only become a part of the contract if the Customer accepts such in writing. In particular, the Customer is bound by the general terms and conditions of the Supplier only to the extent that such are in accordance with these Conditions of Purchase or if the Customer agrees to such in writing. The acceptance of deliveries or services as well as payments does not constitute such agreement.
- 1.3 Any provisions in other documents provided by the Supplier (such as but not limited to specifications, data sheets, technical documentation, advertising materials, order confirmation and/or shipping documents) regarding legal terms, liability, restriction of use, restriction of application and/or restriction of suitability, or any other provision that changes the provisions of these Conditions of Purchase shall not be applicable.

2. Rights of Use

- 2.1 The Supplier hereby grants the Customer the following non-exclusive, transferable, worldwide and perpetual rights:
 - 2.1.1 to use the deliveries and services including related documentation, to integrate them into other products and to distribute them;
 - 2.1.2 to install, launch, test and operate software and its related documentation (hereinafter collectively referred to as "Software");
 - 2.1.3 to sublicense the right of use under section 2.1.2 above to affiliates (as defined by § 15 of the German Companies Act (Aktiengesetz), hereinafter referred to as "Affiliates"), to contracted third parties, to distributors and to end customers;
 - 2.1.4 to license to Affiliates and other distributors the right to sublicense the right of use under section 2.1.2 above to end customers;
 - 2.1.5 to use the Software for integration into other products and to copy the Software, or to allow affiliates, contracted third parties or distributors to use and copy the Software;
 - 2.1.6 to distribute, sell, hire out, lease, make ready for download or make publicly available the Software, e.g. in the context of application service providing or in other contexts, and to copy the Software to the extent required, always provided that the number of licenses being used at any one time does not exceed the number of licenses purchased;
 - 2.1.7 to sublicense the right of use under section 2.1.6 above to affiliates, contracted third parties and distributors.
- 2.2 In addition to the rights granted in section 2.1 above, the Customer, affiliates and distributors are authorized to allow end customers to transfer the respective licenses.
- 2.3 All sublicenses granted by the Customer must contain appropriate protection for the intellectual property rights of the Supplier in the Software. All sublicenses must contain any contractual provisions used by the Customer to protect its own intellectual property rights.
- 2.4 The Supplier shall inform the Customer - at the latest at the time the order is confirmed - whether the products and services to be delivered contain open source components.
 In the context of this provision "open source components" means any software, hardware or other information that is provided royalty-free by the respective licensor to any user on the basis of a license with the right to modify and/or to distribute (e.g. GNU General Public License (GPL), the GNU Lesser GPL (LGPL), or the MIT License). Should the products and services delivered by the Supplier contain open source components, the Supplier shall comply with all applicable open source license terms and shall grant all those rights to the Customer and provide all information which the Customer needs in order to comply himself with the applicable license terms. In particular, the Supplier must deliver to the Customer promptly after the order is confirmed the following:
 - A schedule of all open source components used, indicating the relevant license, its version and including a copy of the complete text of such license and including a reference to copyright and/or authorship. Such schedule must have an understandable structure and contain a table of contents.
 - The complete source code of the relevant open source software, including scripts and information regarding its generating environment insofar as the applicable open source conditions require this.
- 2.5 The Supplier shall by the time of order confirmation at the latest inform the Customer in writing whether any open source licenses used by the

Supplier might be subject to a Copyleft Effect which could affect the products of the Customer. In the context of this provision, "Copyleft Effect" means that the provisions of the open source license require that certain of the Supplier's products, as well as any products derived from such products, may only be redistributed in accordance with the terms of the open source license, e.g. only if the source code is disclosed. In case any open source licenses used by the Supplier are subject to a "Copyleft Effect" as defined above, then the Customer is entitled to cancel the order within 2 (two) weeks of receipt of this information.

3. Term and Penalty for Breach

- 3.1 For the purposes of establishing the timeliness of delivery, the relevant point in time is the date of receipt at the place of destination/delivery according to Incoterms ® 2020 designated by the Customer, and for deliveries involving installation, commissioning or rectification services, the relevant point in time shall be the date of acceptance by the Customer.
- 3.2 If any delay in delivery or performance or rectification is anticipated, the Customer shall be notified immediately and its decision sought. If – in the event of delay – the Supplier cannot prove that it is not responsible for the delay, the Customer may charge a penalty in respect of each commenced working day of delay amounting to 0.3 % (zero point three percent) but not exceeding a total of 5 % (five percent) of the total value of the contract.
 In the event that the appropriate reservation of rights is not made at the time of acceptance of delivery, services or rectification, this penalty may still be claimed if the reservation of rights is made no later than the date of final payment.
- 3.3 Additional or other statutory rights are not affected hereby.

4. Transfer of Risk, Dispatch and Place of Performance, Transfer of Title

- 4.1 For deliveries involving installation, commissioning or services, the transfer of risk occurs on acceptance and for deliveries not involving installation or commissioning, the transfer of risk shall be upon receipt by the Customer at the named place of destination/delivery according to Incoterms ® 2020. Unless agreed otherwise, DDP (named place of destination) Incoterms ® 2020 shall apply, if (a) the seat of the Supplier and the named place of destination are within the same country or if (b) the seat of the Supplier and the named place of destination are both within the European Union. If neither (a) nor (b) are fulfilled, then DAP (named place of destination) Incoterms ® 2020 shall apply, unless agreed otherwise.
- 4.2 Unless otherwise agreed, the costs of adequate packaging shall be borne by the Supplier. In case transportation costs are borne by the Customer, notice of readiness for dispatch shall be given together with the information set out in section 4.3 hereunder. On the Customer's request a routing order tool must be used by the Supplier. Transport shall be arranged by the Supplier at the lowest possible cost, insofar as the Customer has not requested a particular method of delivery or the conclusion of the contract for carriage by the Customer. Any supplementary costs arising from non-conformity with the transport requirements including costs arising from the non-application of the routing order tool shall be borne by the Supplier. In case DAP/DDP (named place of destination) Incoterms ® 2020 is agreed, the Customer may also determine the method of transportation. Any supplementary costs arising from the need to meet the delivery deadline by way of expedited delivery shall be borne by the Supplier.
- 4.3 Each delivery shall include a packing note or delivery note with details of the contents as well as the complete order number.
- 4.4 As far as the Customer and the Supplier agree that the Supplier orders the transport of deliveries containing dangerous goods for account of the Customer, the Supplier is responsible to transfer the necessary legally required dangerous goods data to the freight forwarder nominated by the Customer when placing the transport order. The Supplier is in these cases also responsible for packing, marking, labeling, etc. in compliance with the regulation relevant to the mode(s) of transport used.
- 4.5 If the Customer informs the Supplier that following the initial transport another transport with a different mode of transport is scheduled, the Supplier will also follow the relevant legal requirements concerning dangerous goods with regard to such on-going transport.

4.6 Transfer of title shall be upon delivery or acceptance by the Customer, as the case may be.

5. Payment, Invoices

5.1 Unless otherwise agreed, payments shall be due and payable no later than 30 (thirty) days net. If payment is made within 14 (fourteen) days, the Customer is entitled to a 3 % (three percent) discount. The period for payment shall commence as soon as any delivery or service is completed and a correctly issued invoice is received.

5.2 The order number as well as the number of each individual item shall be detailed in invoices. Insofar as any such details are omitted, invoices shall not be payable. Copies of invoices shall be marked as duplicates.

5.3 Insofar as the Supplier is required to provide material testing, test records or quality control documents or any other documentation, such shall be a part of the requirements of the completeness of the delivery or performance. A discount shall also be allowed if the Customer sets off or withholds any payments to a reasonable extent on account of any deficiency.

5.4 Payment does not constitute an acknowledgement that the corresponding delivery or services were provided in accordance with the contract.

6. Inspection upon receipt

6.1 The Customer shall immediately upon receipt at the named place of destination examine whether a delivery corresponds to the quantity and type of products ordered and whether there are any external recognizable transportation damage or other obvious deficiencies.

6.2 Should the Customer discover any deficiency in the course of these inspections or at any later stage, it shall inform the Supplier of such deficiency.

6.3 Complaints may be raised within one month of delivery of a product or performance, and insofar as deficiencies are not discovered until commissioning, processing or first use, within one month of detection.

6.4 In this regard the Customer shall have no other duties to the Supplier other than the duties of inspection and notification above.

7. Warranty

7.1 If deficiencies are identified before or during the transfer of risk or during the warranty period provided for in section 7.8 or 7.9, the Supplier must at its own expense and at the discretion of the Customer either repair the deficiency or provide re-performance of services or replacement of deliveries (= rectification). This provision also applies to deliveries subject to inspection by sample tests. The discretion of the Customer shall be exercised fairly and reasonably.

7.2 Should the Supplier fail to rectify (i. e. repair or replacement) any deficiency within a reasonable time period set by the Customer, the Customer is entitled to:

7.2.1 cancel the contract in whole or in part without being subject to any liability for damages; or

7.2.2 demand a reduction in price; or

7.2.3 undertake itself any repair at the expense of the Supplier or re-performance of services or replacement of deliveries or arrange for such to be done; and

7.2.4 claim damages in lieu of performance.

For the purposes of establishing the timeliness of rectification, the relevant point in time is the date of receipt at the place of destination.

7.3 The rights according to section 7.2 may be exercised without further deadline if the Customer has a strong particular interest in immediate rectification in order to avoid any liability of its own for delay or for other reasons of urgency and it is not reasonable for the Customer to request the Supplier to rectify the deficiency within a reasonable time period. The legal provisions on the dispensability of setting a deadline remain unaffected hereby.

7.4 The above-mentioned rights shall expire one year from the date of notification of the deficiency but in no instance before the expiry of the warranty periods set out in this section.

7.5 Additional or other statutory rights are not affected hereby.

7.6 If the Supplier provides subsequent performance or repairs, the warranty periods set out in section 7.8 and 7.9 shall begin to run once again.

7.7 Notwithstanding the transfer of risk regarding delivery, the Supplier shall bear the costs and risk related to the rectification (e. g. return costs, costs of transport, costs of de- and re-installation).

7.8 The warranty period for deficiencies of material is 3 (three) years, insofar as no statutory provisions provide longer periods.

7.9 The warranty period for deficiencies in title is 5 (five) years, insofar as no statutory provisions provide longer periods.

7.10 For deliveries not involving installation or commissioning, the warranty period begins to run with receipt at the place of destination named by the Customer. For deliveries involving installation, commissioning or services, the warranty period begins to run with acceptance by the Customer. Upon delivery to locations where the Customer is operating outside its premises, the warranty period begins with the acceptance

by the end customer, in no case later than one year after transfer of risk.

8. Supplier's Duty to Verify and to Inform

8.1 The Supplier is obliged to examine components such as, e.g. raw material, provided by the Customer or provided by the Supplier's suppliers, manufacturers or other third parties at the time of receipt of such components as to whether these components show any obvious or hidden defects. In case any defects are discovered in the course of such inspections, the Supplier shall immediately inform its suppliers or – in the case the components are provided by the Customer – inform the Customer.

8.2 It is essential that the products are delivered free of any third-party rights. Thus the Supplier is under a duty to verify title and inform the Customer of any possible conflicting industrial and intellectual property rights. Any breach of such duty is subject to the normal statutory limitation period.

9. Quality Management, Subcontracting to Third Parties

9.1 The Supplier shall maintain a quality management system (e.g. according to DIN EN ISO 9001).

9.2 Subcontracting to third parties shall not take place without the prior written consent of the Customer and entitles the Customer to cancel the contract in whole or in part and claim damages.

10. Provided Material, Information

10.1 Material and information provided by the Customer remains the property of the Customer and are to be stored, labeled as property of the Customer and administered separately at no cost to the Customer. Their use is limited to the orders of the Customer only. The Supplier shall supply replacements in the event of reduction of value or loss, for which the Supplier is responsible, even in the event of simple negligence. This also applies to the transfer of allocated material.

10.2 Any processing or transformation of the material and information shall take place for the Customer. The Customer shall immediately become owner of the new or transformed product. Should this be impossible for legal reasons, the Customer and the Supplier hereby agree that the Customer shall be the owner of the new product at all times during the processing or transformation. The Supplier shall keep the new product safe for the Customer at no extra cost and in so doing exercise the duty of care of a merchant.

11. Tools, Patterns, Samples, Confidentiality

11.1 Any tools, patterns, samples, models, profiles, drawings, standard specification sheets, printing templates and materials provided by the Customer or made for the Customer, as well as any materials derived there from, shall not be made available to any third party nor used for any other purpose than those contractually agreed except with the prior written consent of the Customer. Such materials shall be protected against unauthorized access or use. Subject to any further rights the Customer may demand that such materials be returned if the Supplier breaches these duties.

11.2 The Supplier shall treat as confidential the knowledge and findings, documents, terms of reference, business processes or other information that it receives from or about the Customer in the context of performing the deliveries and services, as well as the conclusion of the contract and any results, with regard to third parties - and shall keep the same confidential beyond the term of the contract - for as long as and insofar as such information has not become publicly known by legal means or the Customer has not consented in writing to its transfer in the individual case. The Supplier shall make confidential information available only to those employees who need the information for the fulfillment of their duties and shall ensure that such employees are also subject to a duty to treat such information as confidential. The Supplier shall use this information exclusively for the purpose of performing the deliveries and services. Insofar as the Customer agrees to any subcontracting to a third party, such third party shall agree to such terms in writing.

12. Assignment of Claims

Any assignment of any claim is only allowed with the prior written approval of the Customer.

13. Right to Terminate and Cancel

13.1 In addition to any rights provided by law to withdraw from or cancel a contract, the Customer may cancel the contract in whole or in part in case (a) the Supplier is in delay with its delivery or service and such delay - despite a corresponding reminder by the Customer - persists for more than 2 (two) weeks after receipt of such reminder or in case (b) that adherence to the contract by the Customer cannot reasonably be expected from the Customer because of a reason attributable to the Supplier and taking into consideration the circumstances of the case and both parties' interests. This might, in particular, apply in case of an actual or possible deterioration of the Supplier's financial situation thus threatening the due fulfillment of the Supplier's obligations under the contract.

- 13.2 The Customer may also terminate the contract in case insolvency proceedings or similar proceedings in relation to the assets of the Supplier are applied for or commenced.
- 13.3 In case of a termination by the Customer the Customer may continue to utilize existing facilities, deliveries or services already performed by the Supplier in exchange for reasonable payment.
- 14. Code of Conduct for Flender Suppliers, Security in the Supply Chain**
- 14.1 The Supplier is obliged to comply with the laws of the applicable legal system(s). In particular, the Supplier will not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labor. Moreover, the Supplier will take responsibility for the health and safety of its employees and shall fulfill the applicable minimum wage requirements. By acting in accordance with the applicable environmental laws, the Supplier shall take adequate measures to avoid the deployment of so-called conflict minerals and shall create transparency over the origin of raw materials. The Supplier shall provide a protected grievance mechanism for its own employees to report possible violations of this Code of Conduct and will use reasonable efforts to promote this Code of Conduct among its suppliers.
- 14.2 The Supplier shall provide the necessary organizational instructions and take measures, particularly with regard to the following security: premises security, packaging and transport, business partner, personnel and information - in order to guarantee the security in the supply chain according to the requirements of respective internationally recognized initiatives based on the WCO SAFE Framework of Standards (e. g. AEO, C-TPAT). The Supplier shall protect the goods and services provided to the Customer or provided to third parties designated by the Customer against unauthorized access and manipulation. The Supplier shall only deploy reliable personnel for those goods and services and shall obligate any sub-suppliers to take equivalent security measures.
- 14.3 In addition to other rights and remedies the Customer may have, the Customer may terminate the contract in case of breach of the obligations under section 14 by the Supplier. However, provided that the Supplier's breach of contract is capable of remedy, the Customer's right to terminate is subject to the proviso that such breach has not been remedied by the Supplier within a reasonable grace period set by the Customer.
- 15. Product Conformity, Product Related Environmental Protection including Substance Declaration, Dangerous Goods, Occupational Health and Safety**
- 15.1 Should the Supplier deliver products, to which product-related statutory and legal requirements apply in view of their placing on the market and further marketing in the European Economic Area or to which corresponding requirements apply regarding other countries notified by the Customer to the Supplier, then the Supplier must ensure compliance of the products with these requirements at the time of transfer of risk. Furthermore, the Supplier must ensure that all documents and information which are necessary to provide the proof of conformity of products with the respective requirements can be furnished immediately to the Customer upon request.
- 15.2 Should the Supplier deliver products, substances of which are set out in the so-called "List of Declarable Substances" (www.bomcheck.net/suppliers/restricted-and-declarable-substances-list) applicable at the time of the order or which are subject to statutorily imposed substance restrictions and/or information requirements (e. g. REACH, RoHS), the Supplier shall declare such substances and provide written information to Customer no later than the date of first delivery of products. With respect to statutorily imposed substance restrictions the foregoing shall only apply to laws which are applicable at the registered seat of the Supplier or the Customer or at the place of destination named by the Customer.
- 15.3 Should the delivery contain goods which – according to international regulations – are classified as dangerous goods, the Supplier will inform the Customer hereof in a form agreed upon between the Supplier and the Customer, but in no case later than the date of order confirmation. The requirements concerning dangerous goods in section 4.4 and 4.5 remain unaffected.
- 15.4 The Supplier is obliged to comply with all legal requirements regarding the health and safety of the personnel employed by the Supplier. It must ensure that the health and safety of its personnel as well as indirect subcontractors employed to perform the deliveries and services is protected.
- 16. Cybersecurity**
- 16.1 The Supplier shall take appropriate organizational and technical measures to ensure the confidentiality, authenticity, integrity and availability of Supplier Operations as well as products and services. These measures shall be consistent with good industry practice and shall include an appropriate information security management system consistent with standards such as ISO/IEC 27001 or IEC 62443 (to the extent applicable).
- 16.2 "Supplier Operations" means all assets, processes and systems (including information systems), data (including Customer data), personnel, and sites, used or processed by the Supplier from time to time in the performance of this contract.
- 16.3 Should products or services contain software, firmware, or chipsets:
- 16.3.1 the Supplier shall implement appropriate standards, processes and methods to prevent, identify, evaluate and repair any vulnerabilities, malicious code, and security incidents in products and services which shall be consistent with good industry practice and standards such as ISO/IEC 27001 or IEC 62443 (to the extent applicable);
- 16.3.2 the Supplier shall continue to support and provide services to repair, update, upgrade and maintain products and services including the provision of patches to the Customer remedying vulnerabilities for the reasonable lifetime of the products and services;
- 16.3.3 the Supplier shall provide to the Customer a bill of materials identifying all third-party software components contained in the products. Third-party software shall be up-to-date at the time of delivery to the Customer;
- 16.3.4 the Supplier shall grant to the Customer the right, but the Customer shall not be obliged, to test or have tested products for malicious code and vulnerabilities at any time, and shall adequately support the Customer;
- 16.3.5 the Supplier shall provide the Customer a contact for all information security related issues (available during business hours).
- 16.4 The Supplier shall promptly report to the Customer all relevant information security incidents occurred or suspected and vulnerabilities discovered in any Supplier Operations, services and products, if and to the extent the Customer is or is likely to be materially affected.
- 16.5 The Supplier shall take appropriate measures to achieve that its subcontractors and suppliers shall, within a reasonable time, be bound by obligations similar to the provisions of this section 16.
- 16.6 Upon the Customer's request, the Supplier shall provide written evidence of its compliance with this section 16 including generally accepted audit reports (e.g. SSAE-16 SOC 2 Type II).
- 17. Export Control and Foreign Trade Data Regulations**
- The Supplier shall comply with all applicable export control, customs and foreign trade regulations ("Foreign Trade Regulations"). The Supplier shall advise the Customer in writing within 2 (two) weeks of receipt of the order - and in case of any changes without undue delay - of any information and data required by the Customer to comply with all Foreign Trade Regulations in case of export and import as well as re-export, including without limitation:
- all applicable export list numbers, including the Export Control Classification Number according to the U.S. Commerce Control List (ECCN); and
 - the statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding; and
 - the country of origin (non-preferential origin); and - upon request of the Customer- the Supplier's declaration of preferential origin (in case of European suppliers) or preferential certificates (in case of non-European suppliers).
- 18. Reservation Clause**
- The Customer shall not be obligated to fulfill the contract if such fulfillment is prevented by any impediments arising out of national or international foreign trade or customs requirements or any embargoes or other sanctions.
- 19. Mention as Reference Customer**
- Only upon the Customer's prior written approval, the Supplier shall be allowed to mention the Customer as a reference customer and/or make reference to products or services which the Supplier has developed during the performance of an order for the Customer.
- 20. Supplementary Provisions**
- 20.1 Insofar as the provisions of these Conditions of Purchase do not regulate certain matters, relevant statutory provisions shall apply.
- 20.2 The Supplier shall be liable for any expenses and/or damages incurred by the Customer due to any breach of these conditions, in particular of sections 2, 3, 4, 7, 8, 14, 15, 16 and 17, unless the Supplier is not responsible for such breach.
- 21. Place of Jurisdiction and Applicable Law**
- 21.1 German law shall apply, excluding the provisions of the United Nations Law on the Sale of Goods of 11th of April 1980.
- 21.2 The relevant court of jurisdiction shall be Duesseldorf.