

# General Terms of Purchase

The following conditions of purchase apply for

**ml&s manufacturing, logistics and services GmbH & Co. KG**  
Siemensallee 1, 17489 Greifswald, Deutschland

in the following 'ml&s'

## § 1

### Scope of the Conditions of Purchase

1. The following conditions of purchase shall apply for all business relations between ml&s and their suppliers and other contractors (hereinafter: 'Supplier'), where the Supplier is an entrepreneur in the sense of §14 BGB (German Civil Code).
2. Any other provisions, and specifically conditions of sale, delivery and payment of the Supplier shall only be applicable with a written consent by ml&s. This approval requirement shall apply in every case, for example also if we unreservedly accept a delivery with full knowledge of the general terms and conditions of the Supplier.
3. These Conditions of Purchase shall apply in their respective version as a framework agreement also for future contracts with the same Supplier without ml&s having to refer to them again in each individual case.
4. Any framework agreements agreed between the parties shall take precedence. These agreements shall be supplemented by these conditions of purchase unless specifically agreed otherwise. Contract amendments, supplements, or verbal sub-agreements shall be valid only if approved by ml&s in writing.
5. Legally relevant declarations and notifications to be made by the Supplier to ml&s after conclusion of the contract (e.g. setting of deadlines, reminders, declaration of withdrawal) must be made in writing to be effective.

## § 2

### Conclusion of the Contract

1. Orders shall only be deemed valid in written form. An order submitted via fax, email or EDI orders shall suffice as written form. The content of the order shall be valid exclusively. The Supplier shall be obligated to notify us of any obvious errors (e.g. typing mistakes or miscalculations) and omissions in the order and order documents for correction and completion prior to its acceptance; failure to do so shall result in the contract not being concluded.

2. We are bound to our order for 14 days. The Supplier shall be obligated to confirm the order immediately, or latest within 5 working days of the order date in conjunction with a delivery date and valid prices in writing, or by unreservedly fulfilling the order by dispatching the goods, provided the delivery period matches the delivery period specified in the order (acceptance period). ml&s shall be entitled to cancel the order(s), once the acceptance period has elapsed. Claims on the part of the Supplier based on effectively exercised cancellations are excepted.
3. ml&s reserves the right to withdraw from the order in case of late deliveries.
4. ml&s shall be entitled to demand changes in the object of delivery after the conclusion of the contract, where these changes are within reason for the Supplier.
5. The Supplier shall notify ml&s if an order requires the awarding of sub-contracts. ml&s reserves the right to object to the awarding of sub-contracts for important reasons.

### § 3 Prices, Payment

1. The price stated in the order shall be deemed binding.
2. Agreed prices are fixed prices and include all costs for packaging and for transport to the designated receiving or utilising location including any transport and liability insurance. Unless otherwise agreed in individual cases, the price shall include all services and ancillary services of the Supplier (e. g. assembly, installation). The Supplier shall take back packaging material at our request, whereby at least 2/3 of the value charged to us for the packaging shall be credited to us for returned packaging. The prices stated are net prices. Where an order does not state prices, the prices demanded by the Supplier shall be made available by the Supplier beforehand for approval by ml&s. If the Supplier generally reduces his prices, he shall be obliged to pass on this reduction to us. Unless expressly agreed otherwise in writing, offers, cost estimates and other price calculations of the Supplier shall not be reimbursed by us.
3. The Supplier undertakes not to grant ml&s less favorable prices and conditions than other customers if and to the extent that they offer the same or equivalent conditions to ml&s in the specific case.
4. Invoices shall be submitted with all relevant information and a separate position for the VAT amount preferably by e-mail and as a pdf document to the respective notified e-mail address for invoices.

5. The agreed price is due for payment within 90 calendar days from complete delivery and performance (including any agreed acceptance) as well as receipt of a proper invoice to the notified e-mail address. If ml&s makes payment within 14 calendar days, the Supplier grants a 3 % discount on the net amount of the invoice. In case of bank transfer, payment shall be deemed to have been made in due time if ml&s's transfer order is received by our bank before expiry of the payment deadline; ml&s shall not be responsible for any delays caused by the banks involved in the payment process.
6. ml&s shall not be liable for late payment interest. The Supplier's right to claim late payment interest shall remain unaffected.
7. We are not obliged to accept delivery before the agreed delivery time. Any additional costs arising from premature delivery shall be borne by the Supplier. In case of an early delivery acceptance, the payment terms of the originally agreed delivery date shall remain unchanged unless ml&s has requested an early delivery.
8. ml&s shall be entitled to withhold payment or part-payment for incomplete or incorrect deliveries until the correct fulfilment of the contract. The Supplier shall only be entitled to withhold or set off against ml&s claims if we have acknowledged such claims or if these claims are or established to be final and absolute or ready for decision.

## § 4

### Delivery Dates & Terms/Delivery Acceptance

1. The agreed delivery dates and terms are legally binding. The receiving of goods at ml&s or at an agreed – in case of doubt to be specified by ml&s – fulfilment location shall be deemed fulfilment of the contract.
2. The Supplier shall be obligated to notify ml&s immediately in writing, should circumstances arise or come to his attention, which will result in an inability to comply with agreed delivery dates.
3. Where the Supplier does not comply with delivery dates or terms for reasons within his area of risk, then ml&s shall be entitled to withdraw from the contract and/or claim compensation for damages following a notice of default or extension of the deadline. ml&s furthermore reserves the right to demand a penalty for breach of contract of 0.5 % of the net order value per week or part thereof, at most 5 % of the total net value of the order. The contractual penalty paid will be credited to any damages claim.
4. Where the Supplier fails to comply with delivery dates or terms for reasons that are provably beyond his control, the parties to the contract shall make good faith efforts to adapt the contract to the changed conditions.

5. In such a case, ml&s shall be exempt from the obligation to accept the delivery and shall be entitled to withdraw from the contract, where the delivery due to its delay will no longer be economically viable for ml&s.
6. All circumstances of force majeure, the occurrence of unforeseeable, inevitable and/or extraordinary events and operational disruptions, strikes and labour disputes of any type for which ml&s cannot be held responsible, shall release ml&s from the obligation of acceptance.
7. ml&s is entitled to withdraw in whole or in part from the contract if an event described in section 6 lasts longer than 7 days and a deadline of a further 7 days persists. Should ml&s continue to be interested in a delivery, then the contractual obligations shall be extended accordingly. The Supplier cannot derive a claim for compensation from such circumstances. ml&s is entitled to claim damages instead of performance if the Supplier is at fault. In this respect ml&s is free to quantify the damage specifically or to claim a lump sum of 10 % of the net order value of the unfulfilled performance. A forfeited contractual penalty according to para. 3 shall be credited against the damages. The Supplier may prove that we have suffered no or less damage.
8. Partial deliveries shall only be permitted upon prior agreement.
9. A reservation of title is not agreed.

## § 5

### Blanket Orders & Delivery Schedules

1. Order releases within the framework of order and delivery schedule planning become binding if the Supplier does not object within two working days of receipt thereof.
2. Unless agreed otherwise, ml&s shall be entitled to determine the times for the delivery schedule and the quantity of the relevantly called delivery in accordance with their own manufacturing and business processes. Notwithstanding, the Supplier shall not be entitled to delivering the remainder of the blanket orders, nor have the right to invoice pending quantities unbidden.

## § 6

### Transfer of Risk/Packaging/Insurance

1. Delivery shall be in accordance with Incoterms 2020 DDP (from third country: DAP) to the contractually agreed receiving or util.

2. The Supplier shall use the packaging specified by us and shall pack the delivery items in a manner as to prevent transport damage.
3. Single copies of delivery bills and packing slips must be enclosed with each shipment. The delivery bill must contain:
  - number of the order (also as barcode)
  - quantity & unit of quantity (also as barcode)
  - gross, net and, if applicable, calculated weight
  - article description & our article number
  - date of manufacture (date code) (also as barcode, [ddmmyy])
  - delivery note number (also as barcode)

The 'General Terms of Delivery' of ml&s apply. If the regulations are not observed, the documents are missing or incomplete, we are not responsible for any resulting delays in processing and payment. Separately from the delivery bill, a corresponding dispatch note with the same content shall be sent to us on the day of dispatch.

4. The Supplier shall inform us of any official permits and notification requirements necessary for the import and use of the goods. For deliveries from preferential countries, the Supplier shall enclose the proof of preference with each delivery. The long-term-supplier-declaration must be submitted once a year. Furthermore, the Supplier is obligated to comply with the relevant export control regulations and to notify us, without being requested to do so, of the export control marking of the goods, in particular in accordance with EU and US law, in written form at the latest with the delivery.

## § 7

### Notice of Defects

1. ml&s shall inspect the delivered products upon receipt or latest within two weeks for visible transport damage of the exterior, and whether the products delivered comply with the ordered quantity and type.
2. Should ml&s detect a hidden or other defect, which was not apparent at the time of the incoming good inspection described in section 1, ml&s shall notify the Supplier of the defect immediately, or no later than two weeks after discovery.
3. ml&s shall not be obliged to conduct further inspections and provide further notifications other than those afore mentioned. The above inspections and notice of defects shall satisfy ml&s's obligations in accordance with § 377 HGB (German Commercial Code).

## § 8 Guarantee/Warranty

1. Supplier guarantees that all deliveries/services comply with the state of technology, relevant national, European and international legal provisions, and the regulations and guidelines issued by public authorities, professional bodies and trade associations, and are suitable for the purpose intended by the order. The warranty period for deficiencies of material is three years, insofar as no statutory provisions provide longer periods. The warranty period for deficiencies in title is five years, insofar as no statutory provisions provide longer periods. The Supplier specifically guarantees to comply with the requirements of the directives RoHS and REACH in their current version. Where a derogation exists for the directive, its explicit content must be communicated to ml&s in every case. Quality certificates (where available) shall be supplied. The contractor guarantees the viability of the relevant design in accordance with recognised rules of technology. Should the products delivered not fulfil the relevantly provided warranties, then the Supplier shall be liable for any damages including consequential damages arising from this non-fulfilment. ml&s shall be entitled to request that the Supplier present certificates of inspection for the delivery items free of charge.
2. The warranty period begins to run with the transfer of risk. Where goods were ordered by ml&s for the purpose of immediate resale or installation, the warranty period shall commence with the time of delivery to the customer or the commissioning of the product.
3. Recourse rights which ml&s may have against the Supplier are unaffected where warranty claims are made by a consumer against his contractual partner for a refund or reduction of the purchase price. Where that is the case, the provisions of the Consumer Goods Purchase Act in accordance with §§ 478, 479 BGB (German Civil Code) shall apply.
4. The Supplier shall be obligated to provide remedial measures if defects in the delivery come to light during the warranty period; these measures shall be, based on the decision of ml&s, the repair or supplementary delivery of goods free from faults. ml&s 's right to claim for damages or reimbursement of fruitless expenses shall remain unaffected. All costs incurred for repeat performance, delivery of a replacement or repair (labour/material/transport/recall/legal expenses etc.) shall be the responsibility of the Supplier.
5. In case of replacement deliveries or other actions required to remedy defects, the statute of limitation shall recommence on the date of complete fulfilment of claims or redelivery.
6. Where ml&s's entitlement to supplementary fulfilment is not fulfilled within reasonable deadlines, the supplementary fulfilment shall be deemed a failure, and ml&s shall be entitled to undertake remedial measures at the cost and risk of the Supplier, or have

remedial measures undertaken by a third party without affecting the liability for material damage of the Supplier.

## § 9 Product Liability

1. The Supplier shall be obligated to compensate ml&s for damages incurred due to a defect of the delivery object. Should a claim be brought against ml&s under the provisions of domestic or foreign product liability regulations due to a defect in the goods delivered by the Supplier, the Supplier shall be obligated to indemnify ml&s of any such claims based on defects in the delivered products. The Supplier's duty to indemnify shall also include the costs of reasonable legal defense, recall, installation and removal costs, as well as administration costs and general expenses incurred by ml&s for the handling of the claim in addition to compensation for third parties.
2. The Supplier shall be obligated to take out product liability insurance at his expense and to an appropriate scope, which shall – if and to the extent that such risk is coverable – include the recall risk and provide ml&s with relevant documentation as proof.

## § 10 Confidentiality / Prototypes / Tools / Customer protection / Data Protection

1. The Supplier shall treat the contract conclusion with confidentiality. Any business-related or technical details, as well as business processes, to which the Supplier becomes privy within the scope of his business relationship with ml&s shall be kept secret as long as they constitute business secrets within the meaning of the German Act on the Protection of Business Secrets. In particular, the Supplier is prohibited to use business secrets of ml&s for his own purposes or to make them accessible to third parties without the prior consent of ml&s. The obligation to confidentiality, which extends beyond the completion of the contract shall be imposed by the Supplier on his employees, sub-contractors, or other representatives to the same extent. The exceptions pursuant to § 5 of the Act on the Protection of Business Secrets shall remain unaffected.
2. Items, and specifically tools, dies, devices, prototypes, matrices, templates, patterns, and other manufacturing implements provided to the Supplier by ml&s shall remain the sole property of ml&s. Where the aforementioned items are manufactured for ml&s, then these items shall be deemed the property of ml&s at the time of their creation or manufacture, whereby the Supplier shall act as ownership intermediary. The same shall apply for drawings, analysis methods, and for any disclosed procedural methods.
3. The aforementioned items, documents, and procedures must only be made available to third party with previous permission by ml&s in writing. Prerequisite for a permission on the part of ml&s is a notification of the intended use and the recipient.

4. The Supplier is obligated to utilise any tools that are the property of ml&s solely for the manufacture of goods requested by ml&s, and to insure these tools at his own cost against, fire and water damage, as well as theft. Any maintenance and inspection works required for these tools shall be the responsibility of the Supplier.
5. Upon written request by ml&s, the Supplier shall be obligated to return or provide proof of destruction of any and all information, documents, or means of production immediately and free of charge to ml&s.
6. During the term of the contract the Supplier undertakes not to deliver the products delivered to ml&s to such customers of ml&s to whom ml&s in turn delivers these products – processed or unprocessed. If ml&s provides the Supplier with industrial property rights, know-how or elaborated drafts or plans which are indispensable for the manufacture of the delivered products by the Supplier, the above prohibition to protect the know-how shall continue to apply for another two years after the termination of the delivery contract with ml&s.
7. If the Supplier violates his obligations under § 10 para. 1, 3, 4, 5 or 6 for a reason for which he is responsible, the Supplier shall be obliged to pay ml&s a contractual penalty for each case of violation which ml&s may determine at its reasonable discretion and the amount of which may be reviewed by the competent court in case of dispute. The assertion of a claim for damages exceeding the contractual penalty remains unaffected.
8. The Supplier is aware of the fact, that ml&s will store his personal information on data storage media.
9. The Supplier shall store and secure all necessary data for the fulfilment of the contract(s) electronically on his own IT system. Transmitted data shall be handles in accordance with the Federal Data Protection Act (BDSG) and in compliance with relevant EU law.

## **§ 11** **Property Rights**

1. The Supplier shall be liable for damages resulting from any breach of property rights and/or rights applications during the contractually agreed utilisation of the delivery items.
2. On request, the Supplier shall indemnify ml&s or clients of ml&s from any claims by third parties with regards to the utilisation of relevant property rights. The Supplier's duty to indemnify shall apply to all expenses which ml&s or clients of ml&s incur from or in connection with claims by third parties. Such costs include in particular the cost of pursuing legal remedies and exercising legal rights as well as all costs incurred in procuring a replacement.

3. The Supplier has no obligation to indemnify if the supplied goods were manufactured in accordance with drawings, prototypes or other similar means of descriptions or information provided by ml&s in ignorance of third-party property rights. This shall not apply in case of grossly negligent ignorance on the part of the Supplier. Insofar as the Supplier is not liable as described in section 3, ml&s shall indemnify the Supplier from third party claims.
4. The Supplier shall notify ml&s of his use of published, own unpublished, or licensed third party property rights and/or property right submissions latest before the conclusion of the contract negotiations in writing. The Supplier shall not have any additional claim for compensation due to the utilisation of own or third party property rights or property right submissions for items delivered.
5. The period of limitation for the claims against the Supplier outlined in this paragraph is 10 years from the date of conclusion of the contract.

## § 12

### Code of Conduct

ml&s expects from the Supplier the compliance with legal regulations as well as a socially responsible corporate governance, especially considering the following basic principles:

1. The Supplier shall respect and protect all regulations in force to protect human rights as a fundamental and general prerequisite. This shall specifically include that the Supplier does not and will not use forced labour or child labour. The Supplier shall comply with the regulations laid out in ILO Convention 138 on the minimum age for the employment of minors.
2. The Supplier shall not discriminate on the basis of ethnicity or nationality, race, gender, religion, ideology, age, disability, sexual orientation, or any other personal characteristic protected by law.
3. The Supplier shall act responsibly with regards to environmental protection and shall comply with all legal requirements pertaining to the environment and sustainability. He shall utilize natural resources with consideration and endeavour to minimise pollution.
4. The Supplier shall ensure adequate remuneration of his employees, which will at least reflect legally guaranteed minimum wages or the minimum wage guaranteed by national collective agreement.
5. The Supplier shall take measures with due diligence to avoid the use in its products of raw materials originating from conflict and risk areas and contributing to human rights violations, corruption, the financing of armed groups or similar negative arrangements.

The Supplier guarantees that the goods delivered by him do not contain any raw materials from crisis areas, in particular from such areas as defined in Section 1502 of the Dodd-Frank Act (so-called 'Conflict Materials'). Upon request, the Supplier shall provide us with all information and documents enabling the traceability of the supply chain of the goods so that it can be excluded that Conflict Materials have been used in the goods.

6. The Supplier undertakes to comply with ml&s's Code of Conduct, which can be viewed at [www.mlands.com](http://www.mlands.com).
7. The Supplier undertakes to reduce the risks in the supply chain by encouraging his subcontractors to comply with the standards and regulations listed in this document.

## § 13

### Safety Provisions

1. The Supplier shall comply with the recognised rules of technology, and safety regulations, and technical data/limit values reflecting or surpassing the current standard of technology for all his deliveries. He shall pay particular attention to the compliance with DIN, EN, ISO, VDE, and EC standards (e. g. the EC Machine Directive) and other relevant regulatory documentation.
2. The Supplier commits to utilising only those materials, which comply with currently applicable statutory safety requirements and regulations, specifically in terms of restricted, toxic and harmful materials. The same shall apply for all environmental regulations as well as regulations regarding electricity and electromagnetic fields.
3. ml&s shall be entitled to withdraw from the contract where products of the Supplier do not comply with the requirements set out in sections 1 and 2. Any further claims for damages shall be unaffected by above stipulation.
4. ml&s shall be notified of any intended modifications to the delivery object. Modifications shall require a prior written approval by ml&s.

## § 14

### Quality & Documentation

1. The Supplier commits to maintaining a DIN EN ISO 9000 ff. quality management system for the duration of his entire business relationship with ml&s and to monitor compliance in periodic internal audits and initiate relevant action immediately, where deviations are detected.

2. ml&s shall be entitled to test the Supplier's quality assurance efforts at any time with prior notice. The Supplier shall allow ml&s access to certification and auditing reports, as well as to results of internal audits.
3. The Supplier shall notify ml&s of any product changes individually and in writing.
4. The scope of delivery shall include – without further charge – the product-specific and/or technical documentation, declaration of conformity, as well as any other documents and certifications required for the ordered item or its use, as well as any required labelling on its parts (brands, manufacturer's mark, order ID, item number, serial number etc.), and/or their packaging.
5. The costs incurred for obtaining declarations of conformity are the responsibility of the Supplier. Declarations of conformity are to be submitted to ml&s immediately in a German language version.
6. Notwithstanding any certifications, the Supplier shall be obligated to continuously verify the quality of the delivery items. The Supplier shall notify ml&s of any improvements immediately. This shall apply specifically in the case of safety-relevant components. The Supplier is obligated to perform design verifications in terms of feasibility and plausibility. He shall notify ml&s immediately of any notable errors in the specifications and any foreseeable complications.
  - Where minimum and maximum parameter values are provided as part of an order, the specified maximum values must not be surpassed in any area of the workpiece or product, and the indicated minimum values must not be undercut in any case or any area.
  - Compliance is to be verified and documented in appropriate test and measuring procedures.
  - ml&s shall be entitled to demand a publication of the results of these tests at any time and at no further cost in written form.
7. The Supplier shall be obligated to perform and document tests for safety-relevant parts. He shall specifically be obligated to document in separate documentation, when, with what procedure, and by whom the delivery items have been tested for these features. The same shall apply for test results. All safety-relevant parts shall be subject to testing, which are relevantly marked in the product-specific or technical documents, or which are marked as safety-relevant based on a separate agreement, or the safety-relevance of which is apparent. Test documentation shall be archived for a minimum period of 10 years and shall be made available to ml&s free of charge on request. The Supplier shall apply the same obligations to all upstream Suppliers in written contracts.
8. Should any authorities tasked with the monitoring of product safety, production identification, emissions standards etc. request ml&s to provide access to the

production workflow and test documentation, the Supplier shall agree to allow ml&s full access rights to his facility and provide reasonable fact-finding support.

## § 15

### Contractual Performance by Third Parties/Assignment of Claims

1. The Supplier shall not be entitled to have the performance owed by him rendered by third parties (e. g. subcontractors) without the prior written consent of ml&s. The Supplier shall bear the procurement risk for its services unless otherwise agreed in individual cases (e. g. sale of goods in stock).
2. If the Supplier wants to assign claims against ml&s to third parties, this shall require our written consent. § 354 a HGB remains unaffected.

## § 16

### Auditing

1. ml&s shall be entitled to initiate their own auditing of the Supplier or commission an auditor of their choice to do so. This audit shall include a verification of the business and quality assurance system of the Supplier with a subsequent assessment. The findings shall be used as basis for the awarding of future orders and for the internal assessment of the Supplier (Supplier rating) by ml&s.
2. ml&s shall be entitled to perform - with advance notice - inspections of the Supplier's ongoing business operations to monitor quality assurance measures.
3. ml&s shall furthermore be entitled to inspect the Supplier's records, where appropriate and rightful interest can be demonstrated. An appropriate and rightful interest shall be warranted in cases, where the inspection may provide information that will allow an assessment of the necessity and scope of a product recall.

## § 17

### General Provisions

1. ml&s shall be entitled to withdraw from the non-performed part of the contract, should the Supplier suspend his services, or if insolvency proceedings with regard to his assets or for judicial or extra-judicial settlement proceedings are initiated.
2. The ineffectiveness of individual provisions shall not affect the general validity of these Conditions of Purchase. Both parties undertake to replace invalid provisions with provisions that as closely as possible reflect the intent of the invalid provisions. The same shall apply in case of an omission.

3. The laws of the Federal Republic of Germany shall apply. The contractual, procedural and judicial language is German.
4. The applicability of the UN Convention on the International Sale of Goods (CSIG) is excluded.
5. The place of performance and jurisdiction shall be the domicile of ml&s. ml&s shall, however, be entitled to sue the Supplier at his domicile or at the location of service provision.