

General Purchasing Conditions

I. General Terms and Conditions

1. These General Purchasing Conditions (GPC) shall apply to all business relationships with our suppliers in a binding and exclusive way, provided no other agreements are made in writing. The GPC especially shall apply to contracts regarding the sale and/or the supply of movable items ('goods'), irrespective as to whether the Supplier themselves produces the goods or purchases them from suppliers, sections 433, 651 of the German Civil Code (GCC) (*Bürgerliches Gesetzbuch BGB*). The GPC shall only apply if the Supplier is a business (*Unternehmer*) (section 14 GCC), a legal entity under public law or a separate asset of public law (section 310 (1) p. 1 GCC).
2. The GPC shall be accepted by an order acceptance or confirmation, however on sending of the goods by the Supplier at the latest. The GPC shall also apply as a framework agreement in the version valid at the point in time when the order was placed or at any rate in the latest version sent to the Supplier in text format for all future contracts regarding the purchase and/or for the supply of movable items with the same Supplier, without requiring us to have to refer to them in each case again.
3. The GPC shall apply exclusively. Any conditions which deviate from, contradict or supplement those of the Supplier are herewith expressly contradicted. They will only become part of the contract to the extent that we have expressly agreed that they apply in writing. This requirement for agreement shall apply in each case, i.e. even in the case that we concluded the contract unreservedly or accepted the delivery without reservation whilst being aware of deviating, contradictory or supplementary conditions on the part of the Supplier.
4. Individual agreements made with the Supplier on a case-by-case basis shall have priority over these GPC. For the content of agreements of this type, a written contract or our written confirmation shall be decisive.
5. Any notifications and declarations in law, which are to be submitted to us after conclusion of the contract by the Supplier (e.g. setting of deadlines, reminders and declaration of rescission), shall require the written form for them to be effective.
6. Notes about the validity of legal requirements shall be for clarification only. Even without a clarification of this kind, the legal requirements shall apply therefore to the extent that they have not been altered in these GPC or expressly excluded.

II. Orders/Contract agreement

1. Orders and agreements shall only be binding if they are issued or confirmed by us in writing. The Supplier shall be obliged to confirm our order within a period of 2 weeks in writing or to execute it without reservation ('acceptance') by dispatch of the items. A delayed acceptance shall be deemed as a new offer by the Supplier and shall require us to accept it (section 150 (1) GCC). An acceptance under supplements, limitations or other changes shall be deemed as a rejection linked to a new offer by the Supplier and shall also require us to accept it (section 150 (2) GCC).
2. The Supplier's order confirmations have to contain the exact product specifications, prices, delivery time and terms. The prices advised in our orders shall be binding and pending other contractual arrangements fixed prices. They shall be in euros and apply in Germany in addition to the respectively applicable statutory value added tax. The agreed delivery dates and deadlines shall be binding with the exception of *force majeure*.
3. We shall exactly describe the Supplier's contractual service with information as precise as possible about quality, dimensions etc. If the Supplier is in any doubt about the details of the contractual service, they should get in touch with us immediately. Deviations from our offer shall only be permitted if they have been approved by us in writing.

4. The documents, drawings, specifications about materials and any other information attached to our orders shall be an important element of our orders.
5. Standard commercial terms such as 'fob' and 'cif' shall apply in line with the International Chamber of Commerce's INCOTERMS in the version applicable on concluding the contract.

III. Service provision/transfer of risk

1. The Supplier shall not be entitled to have third parties (e.g. subcontractors) fulfil the service owed by them without our prior written agreement.
2. We shall be obliged to organise our procurement processes in line with the regulations of DIN EN 9100 ('Quality management systems – requirements of civil aeronautics, space and defence organisations'). We must pass on this obligation to our Suppliers and their suppliers. This is particularly relevant for standards with regard to procurement, currently regulated under fig. 8.4 ff. of DIN EN 9100. If the Supplier and/or their supplier do not have a respective quality management system in accordance with DIN EN 9100, the Supplier shall be required to inform us at the time of the first order without being prompted to do so. The Supplier shall be furthermore required to inform us immediately if there are any changes to their certification.
3. The Supplier shall be required to allow us, our clients (and if necessary their customers) and/or the relevant authorities on request access to their business premises in order to check compliance with the regulations of DIN EN 9100.
4. The Supplier shall be required to comply with all applicable laws. In particular the Supplier will not become involved either actively or passively, directly or indirectly in bribery, violation of basic human rights or forced or child labour.
5. Unless otherwise agreed, the Supplier shall bear the procurement risk for services owed by him.
6. The risk of accidental loss and the accidental impairment to the goods shall only be transferred to us on delivery of the goods at the place of receipt designated by us. In the case of machinery or machine parts, the risk of accidental loss and accidental impairment shall only be transferred on initial operation at our final site. If an acceptance procedure is agreed, this is relevant for the transfer of risk. Apart from that, for an acceptance procedure the legal provisions of the contract rules for work and services shall apply accordingly. A record shall be kept of the acceptance procedure and this shall be signed by both parties.

IV. Delivery/delivery deadline/delivery and acceptance delay

1. Delivery shall be free of charge to the place of receipt or station of destination specified in the order. Dispatches, for which delivery has not been agreed free of charge place of receipt or station of destination, are to be sent in the most cost-effective way unless otherwise agreed in writing. Premiums for transportation insurance and insurance against breakages can only be charged to us, if this has been expressly agreed. The acceptance and/or payment for services does not mean that compliance with the contract has been accepted.
2. An advice note with quantity and weight in duplicate is to be immediately issued on dispatch for shipments, and the delivery is to be invoiced. Our order number is to be quoted on all advice notes, delivery notes, packaging, waybills, invoices and other dispatch papers; we are not responsible if omissions lead to delays in processing or payment. We have to return invoices which have been submitted in an incomplete state.
3. The delivery timeframe shall commence from the date of the order document. In the case of orders given verbally, by telephone or by email or fax the time they are made is decisive.

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4. Regardless of the legal rights due to us, if the Supplier is late, we shall be entitled to claim a contractual penalty in the amount of 1% of the net amount per completed calendar week, but up to a maximum total of 5% of the net amount of the goods which are delivered late. We shall be entitled to claim the contractual penalty in addition to fulfilment and as the minimum amount of compensation due from the Supplier in accordance with the legal provisions; the right to claim further damages shall remain unaffected. If we accept the delayed service, we will apply the contractual penalty on final payment at the latest. If interim deliveries are agreed and the Supplier is late with them but keeps to the agreed deadline for the entire delivery, the contractual penalty will be dropped.
5. The Supplier must notify us immediately in writing if they detect any delays to delivery together with the anticipated duration of the delay. The dispatch of the goods is to be notified in good time, but no later than two working days before delivery into the place of receipt specified on the order.
6. Regarding a delay in the acceptance of the goods, the legal provisions will apply. However, the Supplier must also expressly offer their service to us, if a specified or definable calendar time for an action or a particular participation on our part (e.g. provision of materials) is agreed.

If the contract concerns a non-fungible item (individual manufacture) to be manufactured by the Supplier, further rights shall only be due to the Supplier, if we have agreed to participate and are responsible for the participation not having taken place.

7. We shall reserve the right to rescind in the event of impediments based on applicable national and international provisions of foreign trade law and customs law or embargoes or other sanctions. The seller shall not be entitled to assert claims for damages in the event that the fulfilment can only be achieved behind schedule due to one of the impediments mentioned above or in the event that we make use of our right to rescind on account of this.

V. Prices/payment terms/termination of contract

1. Unless explicitly agreed otherwise in a particular case, the price given in the order includes all the Supplier's services and additional services (e.g. installation or assembly of machinery or machine parts) and all additional costs (e.g. proper packaging, transportation costs including possible insurance). The Supplier must take back packing material at our request.
2. The agreed price shall be due to be paid within the agreed payment period, or, if no payment period has been agreed, within 30 calendar days from full delivery and fulfilment (including a possible agreed acceptance procedure) and receipt of a proper dispatch note and invoice. Early payment discounts (*Skonto*) on payments shall be agreed on an individual basis.
3. We shall owe no interest on maturity. For delayed payments, the legal requirements apply, although – by possible way of derogation – in each case a written reminder by the Supplier shall be required.
4. We shall be entitled to withhold payments due, as long as we still have outstanding claims due to incomplete or defective services against the Supplier.
5. The Supplier shall only have a right of offset or right of retention if there are counterclaims established with legally-binding effect or they are uncontested.
6. We can terminate multiple delivery contracts such as delivery in instalment contracts and procurement contracts at any time with immediate effect in writing, if we have good cause. Good cause shall be deemed to exist, in particular,
 - if the Supplier is in serious breach of contract, which cannot be remedied or constitutes a long-term breach of contract or although remediable, has however not been remedied within a reasonable period of time,

- if a significant impairment to the customer's financial position has arisen, or
- if the Supplier's company has been liquidated.

VI. Warranty/liability/statute of limitation

1. In the case of defects in quality and title of the goods (including false delivery and shortfall in delivery as well as improper assembly, inadequate instructions for assembly, operation and use) and in the case of other infringements to obligations by the Supplier, the legal provisions shall apply unless agreed otherwise in the following.
2. In accordance with the legal requirements, the Supplier shall be especially liable for the item being in the agreed condition when risk is transferred to us. An agreement regarding the condition is in any case those product descriptions and material specifications which are – in particular through designation or reference in our order – the object of the respective contract or were included in the contract in a similar way to these GPC. In doing so it makes no difference whether the product description is from us or from the Supplier.
3. If the Supplier does not meet their obligation to retrospective fulfilment in line with our choice through removing the defect (remedy) or through delivery of a fault-free item (subsequent delivery), within an appropriate timeframe set by us, we can rectify the defect ourselves or have it rectified by third parties and request that from the Supplier a reimbursement of the outlays required for this or a commensurate advance payment. If the retrospective fulfilment by the Supplier failed or is unreasonable for us (e.g. due to extreme urgency, risk to operational safety or impending occurrence of disproportionate damage), setting a deadline is unnecessary.

Retrospective fulfilment also includes the removal of the defective goods and the fitting of a new one, if the item was fitted or installed in another item in accordance with its type and intended use. Our legal right to reimbursement of relevant outlays shall remain unaffected.

Outlays for the purpose of checking and retrospective fulfilment shall be borne by the Seller even if it becomes apparent that there were actually no defects. Our liability for damages in the event of an unjustified request to remedy a defect shall remain unaffected. In this regard however, we shall only be liable if we recognised or were grossly negligent in failing to recognise that there was no defect.

4. The claim for fulfilment shall continue to exist until claims for damages in lieu of fulfilment are made in writing or by filing a law suit. If we withdraw from the contract because of a defect, the Supplier must also compensate us for the costs of the contract.
5. Our duty to inspect the goods and file a complaint (sections 377, 381 German Commercial Code *Handelsgesetzbuch HGB*) only begins in each case when the items have been received at the place of receipt as specified on the order and a proper dispatch note has been received. Our duty to inspect shall be limited to defects which come to light at our incoming goods inspection in an external examination (e.g. transport damage, wrong delivery and delivery with shortfall) or are apparent in our quality control within a random sampling procedure.

A notice of defects shall be deemed to have been given in due time if it has been received by the Supplier within a period of 10 working days after discovery, or in case of defects which have become openly discernible within a period of 10 working days after delivery and proper dispatch note. The recognition of excess deliveries as being contractual has to be declared expressly and in writing.

Should the retrospective fulfilment by the Supplier fail to remedy a defect which is present, there is no duty to inspect the goods and file a complaint for services rendered by the Supplier for the purpose of the retrospective fulfilment.

If an acceptance procedure is agreed, there is no obligation to examine the goods.

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6. In addition to the delivered goods being free of defects, the Supplier warrants that in connection with their delivery or service and through their contractual application/use, no rights by third parties (e.g. patents, patent applications, utility models, registered design and copyrights) as well as business and trade secrets are breached. The Supplier shall be obliged to indemnify us from all claims, which third parties may assert against us on the grounds of such an infringement and to reimburse us for all necessary costs associated with this claim including the costs of legal assertion. This claim is not valid if the Supplier can prove that the infringement is not their responsibility or that they should have been able to recognise it at the time of delivery or fulfilment if exercising the due care of a diligent business person.
7. The Supplier further warrants that the delivery items – even if it is a custom-built item – comply with the applicable laws, the current state of science and technology, the (German) Equipment Safety Law (*Gerätesicherheitsgesetz*) as well as the regulations and rules in accordance with the law and the professional associations (*Berufsgenossenschaften*) and other relevant regulations and rules, relating to health and safety, and environmental protection and occupational health, and that orders of materials as well as parts or elements of machinery and installations are carried out in accordance with German industry standards (DIN).
8. The Supplier shall be liable in accordance with legal requirements to the full extent for all damages including any subsequent damage which arise through a breach of obligation or for another legal reason. If the Supplier shall be liable for damages, they will indemnify us from claims for damages by third parties in the external relationship, in particular, but not limited to, also in the event of damage to items manufactured and sold by ourselves (so-called spreading defects).
9. If the Supplier shall be responsible for product damage, they shall be required to indemnify us from third-party compensation claims at first request if the cause is within their area of control and their organisational area and they themselves are liable within the external relationship. In connection with their liability for product damage, the Supplier shall also undertake to reimburse any expenses in accordance with sections 683, 670 GCC or in accordance with sections 830, 840, 426 GCC resulting from or in relation to a recall carried out by us. We will inform the Supplier of the content and scope of the recall measures to be carried out as far as is possible and can be reasonably expected of us and give them the opportunity to respond. Other legal claims shall remain unaffected.

The Supplier shall have product liability insurance with a minimum cover in the blanket sum of €10 million per case of personal injury/property damage. The Supplier must present respective insurance documents on request. If we are entitled to further damage compensation claims, they shall remain unaffected.
10. Unless otherwise stipulated, the contractual parties' mutual claims shall be time-barred in accordance with the legal provisions.

Deferring from section 438 (1) 3 BGB (German Civil Code), the general limitation period for claims for defects shall be three years from transfer of risk. If an acceptance procedure is agreed, the limitation period begins with the acceptance procedure. The 3-year limitation period applies accordingly also to claims from defects of title although the limitation period for material claims for the restitution of property from third parties (section 438 (1) 1 GCC) remains unaffected; claims on the grounds of legal defects shall not become time-barred as long as the third party can still assert the right against us – in particular if there is no limitation period.

The limitation periods of sales law, including the aforementioned extension, apply - to the extent of the law - for all contractual claims for defects. The regular legal limitation period (sections 195 and 199 German Civil Code) shall apply to any non-contractual claims for damages due to us on account of defects unless the application of the limitation periods under the law governing the sale of goods leads, in a particular case, to a longer limitation period.

11. The supplier assures that no counterfeit parts are used or supplied.

VII. Confidentiality/reservation of title

1. We shall reserve ownership and copyrights to all documents provided to the Supplier (e.g. illustrations, plans, drawings, material specifications, calculations, execution instructions and product descriptions). Documents of this kind shall be used exclusively for the contractual service and shall be returned to us after completion of the contract. These documents shall not be made accessible to third parties (also companies associated with the Supplier in the sense of section 15 German Stock Corporation Act (*Aktiengesetz AktG*)) prior to written approval. The obligation of confidentiality expires only once and to the extent that the information contained in the documents entrusted has become generally known.

The preceding shall apply accordingly to all information marked 'confidential' or similarly as well as to business and trade secrets, i.e. all experiences and data concerning us, about which the Supplier has received knowledge in connection with the order and which refer to the technical features of our products, the state of our company and/or our market behaviour.

2. The obligation of confidentiality shall be limited to 2 years after termination of the contract. It expires if the confidential information, at the point in time of disclosure, is verifiably generally known or published or formed part of general professional knowledge or complies with the general standard of technology. The obligation of confidentiality also expires provided the confidential information becomes, after the point in time of disclosure, generally known or is made known to the Supplier by third parties individually, without the Supplier or the third party breaching an obligation of confidentiality.
3. Our company name can only be mentioned for promotional purposes within business correspondence, customer lists, promotional literature and other publications with our prior written permission.
4. We reserve the right of ownership to all substances and materials (e.g. software, finished and half-finished products) as well as tools, templates, patterns and other items which we provide to the Supplier for manufacturing purposes. Items of this type are exclusively to be used for the contractual service and – as long as they are not processed – are to be individually stored at the expense of the Supplier and insured against destruction and loss to an adequate amount. Items of this type may not be made accessible to third parties (also companies associated with the Supplier in the sense of section 15 German Stock Corporation Act (*AktG*)) prior to written approval.
5. A processing, mixing or combination (further processing) by the Supplier of items provided will be undertaken for us. The same shall apply to the further processing by us of the goods delivered so that we shall be deemed the manufacturer and, with the further processing at the latest, shall acquire the property rights of the manufactured product according to the legal provisions.
6. If the Supplier receives drawings or special technical instructions from us for the manufacture of items, the Supplier herewith transfers ownership of the manufactured items based on the drawings or the special technical instructions to us including all the parts and materials used for this purpose. We hereby accept the assignment (transfer of ownership). On start of production (and/or installation of the parts) ownership shall be transferred to us and kept safe by the Supplier until handed over to us. Such items may not be made accessible to third parties (also companies associated with the Supplier in the sense of section 15 German Stock Corporation Act (*AktG*)) nor sold to them without our prior written agreement. Furthermore, the manufacture of items based on our drawings or special technical instructions shall be exclusively permitted for the contractual service, i.e. particularly not for the Supplier's own purposes.

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7. We shall be entitled to sell on the goods delivered to us within the context of proper course of business.

If we take external property, which is located at our premises in connection with the execution of orders, into safekeeping, we shall only be liable for loss and damage of this property in cases of intent or gross negligence.

VIII. Execution of orders at our company

If employees of the Supplier those of subcontractors, commissioned by the Supplier with our written agreement, are working in our premises in execution of or in relation to the contractual service, the Supplier must require these people to abide by the health and safety regulations of the law, the professional associations (*Berufsgenossenschaften*) - especially those of the chemical industry - and the company and the recognised regulations relating to safety and occupational health, as well as our general and special company arrangements - in particular the ban on smoking and alcohol.

For building and installation contracts, our building site regulations as well as the special conditions listed within the respective order specifications shall be additional elements of these GPC.

IX. Export control

1. The Supplier shall undertake to meet all requirements of the applicable national and international customs, export control and other foreign trade law (all things considered within foreign trade law).
2. At the latest when placing their order as well as in the case of changes, the Supplier must immediately provide us in writing with any information and data that we need for compliance with foreign trade law upon exporting, importing and reimporting goods, in particular:
 - all classifications of goods subject to export control, including the positions in accordance with export list, annexes to the EC Dual-Use Regulation and the Export Control Classification Number in accordance with the US Commerce Control List (ECCN) if the product is subject to US Export Administration Regulations (EAR);
 - the statistical goods number according to the current commodity classification for foreign trade statistics or the Harmonized System (HS) Code;
 - Country of origin (non-preferential origin) and, at our request, Suppliers' declarations of preferential origin (in the case of European Suppliers) or certificates regarding preferential status (in the case of non-European Suppliers).
3. The Supplier shall only be entitled to complete the import clearance on our behalf if we have agreed to this in advance in writing. In this case, they undertake to hand over and inform us of all documents and other import-related information which they receive in connection with imports clearance (in particular tax bill) immediately and unprompted,
4. If the Supplier breaches foreign trade law, or the Supplier does not provide us with the information and data mentioned in figure 2 or the documents and information mentioned in figure 3 despite the passing of an appropriate time-limit, or in an incomplete way, we shall be entitled to rescind the entire contract and or terminate the entire contract exceptionally and without notice.
5. The Supplier shall reimburse us for all losses and damages and indemnify us from all civil law, administration law and criminal claims and or sanctions, resulting from the breach to the aforementioned obligations committed by them.

X. Place of fulfilment/place of jurisdiction/choice of law/partial invalidity

1. The place of performance for the delivery and a possible retrospective fulfilment shall be the place of receipt specified on the order (obligation to provide *Bringschuld*). The place of payment and exclusive place of jurisdiction shall be Wuppertal. However, we shall be entitled to file a law suit at the general place of jurisdiction of the Supplier in all cases.
2. Only the law of the Federal Republic of Germany shall apply to these GPC and all the legal relationships between us and the Supplier under exclusion of International civil law and of the United Nations Convention on Contracts for the International Sale of Goods.
3. If any provision of this GPC is or will become ineffective or unenforceable in whole or in part, the remaining provisions shall remain unaffected by this.

XI. Corporate Social Responsibility

We refer to our CSR Guideline which is part of our **General Terms and Conditions of Purchase:**

https://www.teijin.com/csr/social/purchase_procurement/procurement.html