

General Conditions of Purchase

1. Scope

- 1.1 These Conditions of Purchase shall apply exclusively to all our orders and contracts (hereinafter "order") governing the purchase of goods, services and work performance (hereinafter "delivery") from third parties, including from public authorities (hereinafter "supplier"). We hereby explicitly object to any deviating or supplementary conditions set by our suppliers, they shall not be binding for us and shall not be part of any agreement or contract with us. Our Conditions of Purchase shall also apply exclusively, even if we do not specifically object to the incorporation of our supplier's conditions in individual cases or if, although being aware of contrary or supplementary terms and conditions of the supplier, we accept a delivery without reservation.
- 1.2 These Conditions of Purchase also apply to all future business relations with the supplier, even if they are not explicitly agreed upon again.
- 1.3 Should any provision of these Conditions of Purchase be invalid or unenforceable, this shall not affect the validity or enforceability of the remaining provisions. The relevant provision shall be replaced by a lawful provision coming as close as possible to the commercial purpose of the relevant provision.

2. Formation of contracts

- 2.1 Any agreement with the supplier and any orders shall be considered binding for us only if they are put down in writing or in text form. Any modification, addition or subsidiary agreement before, at or after the contract formation also requires our consent in writing or text form. This form requirement may only be waived in writing or in text form.
- 2.2 If the supplier does not accept our order in writing or in text form within two weeks of receipt, we shall be entitled to revoke the order. Delivery calls shall be binding unless the supplier objects within three (3) working days of receipt of the call. Any deviation from, modification of or supplement to our orders shall only be effective if explicitly and separately indicated as deviation, modification or supplement and expressly approved by us in text form (writing, email, fax).

3. Prices and payment

- 3.1 Prices specified in the order are fixed. Prices are valid for delivery DAP, packaging, adequate transport insurance to be taken out by supplier, and all other costs of delivery, unless explicitly agreed otherwise in writing. VAT is not included in the price. Unless explicitly stated otherwise, any use of Incoterms shall be deemed as a reference to the INCOTERMS 2020 as published by the International Chamber of Commerce (ICC).
- 3.2 In cases where the supplier is responsible for erection, assembly or commissioning, and the parties have not agreed otherwise in writing, the supplier shall bear all necessary incidental costs, such as travel expenses and costs for provision of tools.
- 3.3 Invoices will be processed only if we receive them by separate mail marked with "Invoice Verification". Each order must be invoiced separately. Collective invoices may also be issued with our prior written consent. Invoices must state the order number specified in our order, the order date, the supplier number and our item number, all clearly highlighted.
- 3.4 Invoices must be made out in EUR, payments will be made in EUR only. For each bank account, the supplier shall provide the correct IBAN and BIC codes, as well as its VAT identification number.
- 3.5 Payments will be made by bank transfer after taking delivery and receipt of a verifiable invoice and all documents pertaining to the delivery. Accounts may also be settled by us in line with the credit note procedure (self-billing procedure) according to the applicable tax laws, if agreed upon in advance. Unless otherwise agreed upon in writing, we shall pay within 30 days without discount.
- 3.6 The supplier shall not be entitled to assign or otherwise dispose of its claims wholly or partly against us without our prior written consent.
- 3.7 We shall be entitled to exercise statutory setoff and retention rights.

4. Dates and terms of delivery

- 4.1 Time is of essence and delivery dates are an essential part of any contract with us. Delivery dates specified in the order or otherwise agreed upon are binding and must be strictly met. The supplier shall

promptly notify us in writing of any potential delays or non-compliance with delivery dates and deadlines, explaining the reasons for the delay and specifying how long they are expected to prevail.

- 4.2 Deliveries by instalments and premature deliveries shall be allowed only with our explicit consent. Payment claims, however, shall be due no earlier than on the delivery date originally agreed upon.
- 4.3 Unless otherwise agreed upon, deliveries must be accompanied by a delivery note and a works test certificate according to EN 10204 or any other equivalent internationally recognized test certificate specifying the characteristics agreed upon with the supplier. Initial supplies, especially those involving samples, must be accompanied by comprehensive sample documentation.
- 4.4 On-site deliveries are only possible at the time stated in the order or as otherwise agreed. When entering our site, all occupants of vehicles must be registered. It is generally prohibited to take children or animals along to our facilities. Any instructions by the safety staff must be complied with.
- 4.5 In case of delays in delivery we are entitled to impose a contractual penalty of 1% for each commenced week of delay, but no more than a total of 10% of the order value (value of the goods affected by the delay); the supplier shall however have the right to prove that no damage was caused or the damage is materially lower. We reserve the right to claim further damages. We shall apply the contractual penalty no later than upon payment of the invoice, following receipt of the delayed delivery by way of compensation with such invoice or otherwise.
- 4.6 Events of *force majeure* that render a delivery by our supplier or the acceptance or use of the delivery in our or at our customer's business impossible shall postpone our acceptance duty for an appropriate period of time, considering all circumstances of the force majeure case. The term *force majeure* is defined exclusively according to the statutory provisions of the Belgian civil code; We reject definitions that differ from this. In cases of *force majeure* affecting us or our supplier we shall also have the right, at our discretion, to wholly or partially withdraw from the contract.

5. Place of performance, passage of risk, acquisition of ownership

- 5.1 The place of performance shall be the location to which, according to the order, the goods have to be delivered or where the service is to be performed. The place of performance for our payments shall be our registered office.
- 5.2 The delivery shall be properly packed and made DAP to the address stated by us and performed there for the supplier's account and at supplier's risk. The risk of accidental perishing or deterioration of delivery will pass to us only with receipt of delivery by us or by an agent appointed by us at the agreed place of performance or after final acceptance of the delivery, whichever is later, even if we have agreed to pay the freight charges.
- 5.3 With the passage of risk we shall acquire ownership of the goods without reservation of any rights for the supplier.
- 5.4 In case of delivery of machinery or plants, the risk shall pass only after their final acceptance at the place of performance.

6. Liability for defects and other liability

- 6.1 We will check the delivered goods based on the accompanying documents for identity and quantity as well as for visible damage only. Defects in the supply will be notified to the supplier once we discover them in the ordinary course of our business, within an appropriate time of at least 5 working days following the detection. Under these circumstances, the supplier hereby waives its right to object to claims in relation to defects on grounds that they have been raised too late.
- 6.2 Unless provided otherwise in this clause 6, the supplier shall be liable according to the applicable statutory provisions, in particular for defects of the supply, and this liability shall not be limited or excluded, neither in cause nor amount, and supplier shall also indemnify and hold us harmless from and against any third party's claims to the same extent.
- 6.3 We shall in principle be entitled to choose the type of remedy in case of supplier's default. The supplier may however refuse the type of remedy chosen by us if the costs resulting from that type of remedy were unreasonably high.

- 6.4 If the supplier fails to remedy the defect promptly upon our request, we shall - in urgent cases, in particular to avert imminent danger or higher damages - have the right to remedy the defect ourselves at the supplier's cost or have this done by a third party without having to grant a period of grace in advance and without being required to have secured supplier's consent prior to remediation.
- 6.5 Claims for defects shall become time-barred 24 months after the sale by us of the final product to the consumer, but no later than 30 months after receipt of the delivery by us, unless agreed otherwise or unless mandatory statutory provisions provide for longer limitation periods. In case of claims resulting from contracts for services and works, claims for defects shall become time-barred 30 months after the written final acceptance. This shall not apply to deliveries that, consistent with their common application, are used in buildings and have caused the building's defectiveness, in that case claims will lapse after 5 years. Our additional statutory rights under the applicable law shall remain unaffected by this provision (including the ten-year warranty under art. 1792 and 2270 Belgian Civil Code).
- 6.6 In addition, the supplier shall hold us harmless and indemnify us from any third-party claims related to deficiencies in title. For deficiencies in title, including indemnification claims pursuant to sentence 1, a limitation period of 10 years shall apply.
- 6.7 If a defective delivery necessitates extra work in the incoming inspection process, the supplier shall bear the resulting costs.
- 7. Product liability**
- 7.1 The supplier shall hold us harmless and indemnify us from any third party claims arising out of the death of or injury to any person or damage to property, if and to the extent the causes for the respective claim lie in the supplier's domain. Under these circumstances the supplier shall also reimburse us for all costs and expenses according to the statutory provisions on the administration of others' affairs that we incur as a result of or in connection with a recall action or any other measure.
- 7.2 The supplier shall undertake to maintain a product liability insurance (including coverage for extended product liability and recall costs) with a coverage of at least EUR 3,000,000 (EUR three million) in total per claim for personal, property or product-related damages; however, our claims shall not be limited to the covered amount.
- 8. Industrial property rights and legal provisions**
- 8.1 The supplier shall ensure that neither the delivery nor the use of the product infringe industrial property rights or other rights of third parties and do not violate statutory provisions or official regulations of any kind. The supplier must comply with our guideline „Avoidance of particularly hazardous substances“(FSS 7), which the supplier acknowledges to have received and accepted, and with the environmental standard ISO 14001 which the supplier acknowledges to have accepted. As we participate in the UN initiative "The Global Compact", we also require our suppliers to comply with the principles stipulated therein. Upon our request, the supplier shall provide all relevant IMD system data, REACH data, GHS data and any other data relevant under export and chemical law free of charge. The supplier acknowledges that we use the supplier's product in lubricants which are subject to special chemical regulations. In the event of exports abroad, this could entail the registration of substances and/or products, including the disclosure of relevant data, if necessary also vis-à-vis third parties. In the event of additional registrations (e.g. for drinking water, food products or bio-products), the supplier shall provide full support for obtaining such registrations, including disclosure of relevant data, if necessary vis-à-vis third parties. Moreover, the supplier shall make - insofar relevant for the delivery - available an EU safety data sheet in electronic form at least in the English language which complies with the current EU legislation. In the event of changes in the composition or in legislation, the supplier shall provide us an updated safety data sheet without being explicitly asked to do so.
- 8.2 The supplier shall hold us harmless and indemnify us from all claims raised against us by third parties for reasons of or in connection with the delivery or the use of the product. Clause 6.6, sentence 2 shall apply to such claims.
- 8.3 The supplier's obligation of indemnification shall also cover all costs and expenses incurred by us, arising from or in connection with claims raised by a third party.
- 8.4 For the supply of machinery and plants falling under the EU Machinery Directive 98/37/EC, the supplier shall also provide a risk analysis in conformity with EN 1050 free of charge and together with the products.
- 8.5 The supplier acknowledges that we, as a producer of chemicals, chemical compounds and articles, are considered as a manufacturer, downstream user and importer within the meaning of the European Chemicals Regulation No. 1907/2006 (REACH regulation) and supplier warrants to comply with all EU-REACH obligations, in particular those governing the sale, processing or trading of goods within the EU, including (a) to perform any legally required registration or authorisation of chemical substances or preparations, (b) to implement internal organisational measures to document compliance with EU-REACH, (c) to ensure that any use(s) of chemicals or preparations in the products (including packaging materials), or in the laboratory, or in production, etc., which we or any of our customers have specified or notified to the supplier, is covered by the respective registration or authorisation, (d) to inform us without undue delay if a substance or preparation is not registered or authorised within the given period, (e) not to sell or deliver any product, which pursuant to REACH contains prohibited substances and (f) to inform us immediately in the event of Substances of Very High Concern (SVHC) ((a) to (f) together: "EU REACH Compliance).The supplier acknowledges that any breach of the EU REACH Compliance will generally result in a defect of the respective substance, preparation or other product or item under the applicable law and agrees to hold us harmless and indemnify us against any claims, liabilities, expenses and damages caused by the supplier as a result of breaching the aforesaid EU REACH Compliance, and will support us in our legal defence against such claims at supplier's cost.
- 8.6 The supplier undertakes to provide a so-called proof of origin for the products, i.e. the supplier shall provide us with the required declarations of origin in terms of commercial and preferential law in a timely manner, and shall also notify any change of origin without undue delay and without request. The supplier may have to prove its declarations of the products' origin by means of an information sheet certified by its competent customs office. If the supplier fails to fulfill this obligation, he shall be liable for any resulting damage and commercial disadvantages.
- The supplier is obligated to ensure that all goods and services delivered comply with all current applicable national and international export-, customs- and foreign trade regulations ("foreign trade and payments legislation"). The supplier shall apply for the required import, transit and export permits and clearances (despite the choice for DAP) unless we or a third party are obliged to apply for them according to the applicable foreign trade and payments legislation. Should a required import or export permit not be granted within 3 months after an order was accepted, we can withdraw from the contract. As soon as possible, at the latest on accepting the order, the supplier shall provide us in writing with all information and data required under foreign trade and payments legislation for import, export, transfer and, in case of resale, for re-export for all goods and services delivered.
- 8.7 The supplier ensures that it will provide the performance owed pursuant to clause 1.1 itself and that it will use subcontractors and downstream contractors (hereinafter referred to as the "Subcontractor Chain") only with our previous written consent.
- The supplier further ensures that it shall itself, and all contractors of the Subcontractor Chain who have been duly contracted by it as well as possible temporary employment agencies commissioned by such contractors shall also pay to the deployed workers the applicable legal minimum wage.
- Regarding work sites in Belgium and for each supplier having a presence in Belgium, the supplier undertakes to only employ employees who fulfil all the legal requirements and have received appropriate training. In particular, the supplier guarantees that all the employees whom he deploys on the construction site or otherwise in Belgium are at all times in possession of a valid work permit and a valid residence permit (if required by law). The supplier shall also cause each sub-supplier (if any) to guarantee the same in writing in respect of its employees and shall provide a copy of that written guarantee to us before such sub-supplier undertakes any works on the construction site or otherwise in Belgium. We hereby inform the supplier that the details with respect to minimum wages due when working on the Belgian territory are available on the following websites of the Belgian Federal Public Service Employment:
- <https://www.werk.belgie.be> and <https://www.minimumlonen.be>.
- The supplier declares and guarantees that it pays and shall pay its employees at least the minimum wages stipulated by law. In the event

of subcontracting, the supplier shall cause each sub-supplier to guarantee the same in writing in respect of its employees and shall

provide a copy of that written guarantee to us before such sub-supplier undertakes any works on the construction site or otherwise in Belgium.

9. Reservation of title, tools

9.1 We reserve title to all items provided by us to the supplier (e.g. parts, components, semi-finished goods). In case the supplier wishes to store our items in leased premises, the supplier shall inform the landlord in writing of such items' ownership status prior to bringing these items on site and the supplier shall provide proof of such notice to us.

9.2 The reservation of title to us shall also apply to new products resulting from the processing of our items, or their mixing or combining with other items, in each case at the full value of the respective new product. These processes shall be performed on our behalf so that we shall be deemed to be the manufacturer. If third-party ownership rights remain after processing of our items or their mixing or combining with third party items, we shall acquire joint ownership in the new product at the ratio of the objective value of the processed, mixed or combined items.

9.3 Tools made available to the supplier as well as tools manufactured by the supplier on our behalf or ordered from a third party on our behalf shall remain in our property or shall become our property upon manufacturing or acquisition by the supplier, in each case provided that we have entirely or partially paid for the tools. All of the abovementioned tools must be clearly marked as our property and stored clearly separated from other items. In the circumstances described in this article 9.3., the obligations set out in art. 9.1. second sentence above also apply to the supplier.

9.4 The supplier shall store our tools on our behalf free of charge and clearly separated from other items, insure them sufficiently and provide evidence of the insurance cover upon request. The supplier shall use the tools exclusively for the purpose of manufacturing parts for us, unless otherwise agreed. We hereby already approve to the supplier's use of our tools for the manufacturing of parts based on orders from other companies of the Freudenberg Group.

9.5 The supplier shall ensure proper maintenance and repair of the tools provided at his own cost. Upon termination of a contract, the supplier shall return the tools without undue delay at our request, and without exercising any right of retention (whatever claims or entitlements the supplier may have against us, even if such claims or entitlements are confirmed by a court or arbitrator). At the time of their return, the tools must be in impeccable condition, taking into account their previous use. Costs of repair shall be borne by the supplier. The supplier is prohibited from scrapping the tools without our prior written approval.

10. Quality assurance

The supplier undertakes to maintain a quality management system throughout our business relations in line with standards TS16949, DIN EN ISO 9000 ff., QS9000 etc., to monitor the system by internal audits in regular intervals and to promptly take action if any deviation is detected, in order to ensure faultless quality of all items supplied to us. We shall have the right to inspect the supplier's quality assurance system anytime with prior notice. Upon request, the supplier shall permit us to examine certification and audit reports, as well as inspection procedures including all test records and documents relevant to the delivery.

11. Confidentiality, documents, data protection

11.1 The supplier shall treat any information, formulas, drawings, models, tools, technical records, procedural methods, software and other technical and commercial knowhow made available by us or acquired through us, as well as any related work results (hereinafter "Confidential Information") strictly confidential towards third parties. The supplier may only use the Confidential Information in its own business for purposes of performing deliveries to us and may only make it available to such persons who need to have access to it in connection with our business relation and are bound by a respective confidentiality obligation. This provision shall apply beyond the duration of our business relation if and to the extent the supplier is unable to prove that the Confidential Information was known to him or was in the public domain already at the time it was acquired by the supplier or was later made public without the supplier's fault.

11.2 We retain title to any documents (e.g. drawings, figures, test specifications), samples, models etc. made available by us to the

supplier in the course of the business relation, they shall be returned to us or destroyed at the supplier's cost upon our request at any time, but no later than upon termination of the business relationship (including any copies, extracts and replicas). The supplier does not have any right of retention in relation to Confidential Information (whatever claims or entitlements the supplier may have against us, even if such claims or entitlements are confirmed by a court or arbitrator).

11.3 The disclosure of Confidential Information does not establish any industrial property rights, rights to knowhow or copyrights of the supplier and does not constitute a prior publication or right of prior use according to the applicable patent, design and utility model laws. Any kind of license is subject to a written agreement.

11.4. The supplier must comply with the mandatory obligations of the applicable data protection laws (in particular the European General Data Protection Regulation). A transfer of personal data to third parties or abroad (i.e. outside Belgium) requires our express prior written consent. If necessary, the supplier will conclude an agreement for data processing based on our template.

11.5. We collect, save, process and use personal data within the framework of the statutory provisions. You can find all data protection related information on our website.

12. Social Responsibility, Supply Chain, Compliance

12.1. We expect the supplier to adhere to recognized standards of responsible entrepreneurial activity, corporate citizenship and compliance in its own business activities and with its sub-suppliers.

12.2. The supplier has taken note of our Code of Conduct (available on our website at

[<https://www.fcs-muenchen.com/company/responsibilities>])

and guarantees compliance thereof with at least equivalent internal standards.

12.3. In particular, we require the supplier and all parts of the supply chain to adhere to the United Nations Guiding Principles on Business and Human Rights, the core conventions of the International Labor Organization (ILO) and the UN Global Compact. The supplier will take contractual and organizational precautions (i) to ensure that corresponding obligations are passed on to its sub-suppliers and by them along the supply chain; and (ii) that they are complied with. Upon request, the supplier will provide evidence of these points (i) and (ii) in a suitable manner.

12.4. The supplier also ensures that it maintains a compliance management system that enforces internationally accepted compliance standards. The supplier ensures that its compliance measures ensure compliance with the mandatory legal requirements, in particular with regard to combating bribery, corruption and money laundering.

12.5. If there is a suspicion of a violation of the Code of Conduct, the above-mentioned international standards or compliance rules with the participation of an employee of the supplier, we are entitled to terminate the cooperation upon a simple notice (without the need for a prior notice of default or reliance on court or arbitrator) and the supplier can be excluded from future deliveries to us and all of our group companies.

13. Applicable law, place of jurisdiction

13.1 ""The agreement or order, incorporating these Conditions of Purchase, and all claims made under the agreement or order or in relation thereto, are governed by Belgian law, excluding its conflict-of-law provisions. The application of the Uniform UN Sales Convention (C.I.S.G.) and other bilateral and multilateral agreements serving to standardize international sales are excluded.

13.2 For all claims resulting from our business relation with the supplier, in particular claims under or in relation to the contract or order, including its validity, the exclusive place of jurisdiction shall be the Commercial Court of Hainaut (Tribunal de l'entreprise du Hainaut - division de Tournai, Belgium). This exclusive competence shall also apply to disputes concerning the formation and validity of a contractual relationship. We shall, however, also have the option to sue the supplier in the Courts where the supplier has its corporate seat.

13.3 If the supplier's place of business is located outside of Belgium, we shall be entitled to have all disputes arising out of, or in connection with our business relationship with the supplier, including disputes about the validity of contracts or orders, finally settled under the CEPANI Rules of Arbitration by one or more arbitrators appointed in accordance with the said Rules, and such without recourse to the ordinary courts of law. The place of arbitration shall be Brussels, Belgium. Upon your request, we shall exercise our right to choose arbitration, before proceedings are initiated. The arbitration proceedings, if any, shall be conducted in English. In case we have not exercised our right to choose arbitration within fourteen calendar days following your written request, the supplier can proceed before the ordinary courts of law in accordance with clause 13.2 above.