

General Terms and Conditions of Purchase

§ 1

General - scope

(1) Our Terms and Conditions of Purchase shall apply exclusively; any terms and conditions of the supplier contradicting, supplementing or deviating from our Terms and Conditions of Purchase shall not be recognised unless we have expressly agreed to their validity in writing. Our Terms and Conditions of Purchase shall also apply in those cases where, even in the knowledge of terms and conditions of the supplier conflicting with or deviating from our Standard Terms and Conditions of Purchase, we accept delivery from the supplier without reservation.

(2) Any and all agreements concluded between ourselves and the supplier shall be made in writing. Oral agreements shall not be valid unless recorded in written form.

(3) Our Terms and Conditions of Purchase apply exclusively to our relations with business undertakings.

(4) Our Terms and Conditions of Purchase shall also apply to all future transactions with the supplier.

§ 2

Offer - offer documents

(1) Acceptance of our purchase orders shall only be possible within a period of 2 weeks from date of order. Only our written purchase orders or order confirmations shall be binding.

(2) We reserve title to and copyright in any illustrations, drawings, calculations and other documents; they may not be made accessible to third parties without our express written consent. Such documents shall be used solely for the purpose of manufacture as a result of our purchase order; following completion of the order they shall be returned to us without requiring any further request. Such documents shall be treated as confidential and not be disclosed to third parties; in this regard, the ruling of § 10 (6) applies additionally.

(3) Prior to execution of the order, the supplier shall review the texts, drawings and other documents and information provided to determine whether they are conclusive and factually correct, and shall promptly report to us, and obtain clarification of, any errors or discrepancies detected. The supplier shall bear the consequences from having failed to conduct such review and/or send a report if it detected or should have detected the errors or discrepancies.

§ 3

Prices – terms and conditions of payment

(1) The price stated in the purchase order is a fixed price and includes, in particular, the delivery and packaging costs (DDP, Incoterms 2010). The fixed price is quoted exclusive of the applicable VAT unless such VAT is already shown in the purchase order. The return of the packaging shall be agreed separately.

(2) Invoices cannot be processed unless quoting the relevant order number as requested in our purchase order; the supplier shall be responsible for any consequences arising from failing to comply with this duty unless it provides proof to the contrary.

(3) We shall either pay the purchase price within 14 days from delivery and receipt of invoice by deducting a 3% discount or strictly net within 30 days from delivery and receipt of invoice.

(4) We shall not be liable for interest payable from the due date (§ 353 of the German Commercial Code, "HGB"). Annual default interest shall amount to five (5) percentage points above the base rate.

(5) We may assert rights of set-off and retention insofar as provided by statute.

§ 4

Delivery time

(1) The delivery time stated in the purchase order shall be binding. The delivery date shall be the date on which the consignment arrives at the delivery address designated by us.

(2) The supplier shall notify us in writing without undue delay of any circumstances occurring, or of which it becomes aware, that indicate that the stipulated delivery time cannot be met.

(3) In the event of default in delivery, we shall be entitled to assert our statutory rights. In case of delayed delivery for which the supplier is responsible, we shall, after having issued a reminder, be compensated for any damage incurred as a result of such delay. A reminder shall not be required particularly in cases where a time for the performance has been specified according to the calendar. After having set a reasonable deadline which has expired without success, we may claim damages in lieu of performance.

(4) Where delivery is delayed, regardless of whether the supplier is responsible for such delay, we shall be entitled to rescind the agreement after a reasonable deadline set by us has expired without success.

(5) If the supplier is in default, we may – in addition to asserting more extensive statutory claims and claims to performance – claim liquidated damages in the amount of 0.5% of the net price of the delayed delivery for each completed calendar week of the delay, subject to an overall maximum of 5% of the net price of the delayed delivery. We reserve the right to prove higher damages, and the supplier shall have the right to prove that we suffered considerably less damage or no damage at all.

§ 5

Transfer of risk – documents – packaging

(1) The delivery shall be made DDP (Incoterms 2010).

(2) The supplier shall state our exact order number on all dispatch documents and delivery notes; if it neglects to do so, we shall not be responsible for any delays in processing caused thereby.

(3) The supplier shall use environmentally-friendly packaging materials labelled in accordance with the EU Packaging and Packaging Waste Directive 94/62/EC. If a delivery contains hazardous goods that are subject to special dispatch or labelling duties, the supplier shall fulfil the resulting requirements and perform the dispatch in compliance with the applicable regulations.

§ 6

Inspection of defects – liability for defects

(1) We undertake to inspect the goods for possible defects within a reasonable period of time; the notice of defects shall have been provided in a timely manner if it is dispatched within a period of 5 working days calculated from date of receipt of goods, or in the case of hidden defects, as from the date of their detection (in which respect we shall only be required to provide proof of the timeliness of such dispatch).

(2) We shall have recourse to the full range of statutory claims based on defects; we shall in any case also have the right to demand, at our option, that the defect be remedied or a replacement delivered. We expressly reserve the right to claim damages, particularly the right to claim damages in lieu of performance.

(3) The limitations period for claims based on defects is 36 months, calculated from the time of transfer of risk.

§ 7

Product liability – indemnity – liability insurance

(1) If we are held liable by third parties for the defectiveness of our product and such defectiveness is attributable to goods of the supplier, the supplier shall indemnify us against any such damages claims. This duty shall arise upon first demand.

(2) In the context of the supplier's liability for cases of damage within the meaning of sub-section (1) above, the supplier shall also reimburse any expenses pursuant to §§ 683, 670 of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB") or pursuant to §§ 830, 840, 426 BGB arising out of or in connection with any recall conducted by us.

To the extent possible and reasonable, we will inform the supplier and provide it with an opportunity to comment thereon. Any other statutory claims shall remain unaffected.

(3) The supplier shall obtain and maintain sufficient insurance against any and all risks arising from product liability and to provide us with proof of such insurance upon request.

§ 8

German Minimum Wage Act/Posting of Workers Act

(1) The supplier warrants that it complies with the provisions of the German Minimum Wage Act (*Mindestlohngesetz*, "MiLoG") and Posting of Workers Act (*Arbeitnehmer-Entsendegesetz*, "AEntG").

(2) The supplier shall assume a corresponding warranty for any sub-contractors engaged by it in individual cases in compliance with the requirements set out in sentence 2 below. The engagement of sub-contractors shall be permissible only on the supplier's request and with our express prior written consent. The supplier's request shall include documentation that allows for a positive plausibility check of the sub-contractor's offer, such that the sub-contractor is found to be in full compliance with the provisions of the MiLoG and AEntG. In the event of consent being granted, the supplier agrees, here and now already, to likewise impose on the sub-contractor all obligations set forth under § 8 with respect to the MiLoG and AEntG.

(3) The supplier shall indemnify us against all claims under the MiLoG and AEntG that are asserted against us by employees of the supplier or by employees of any sub-contractors engaged in the specific case, and shall be liable for all damage and costs, including the necessary legal defence, resulting from any such disputes. No claims under sentence 1 shall exist where the supplier demonstrates that it was not responsible for the infringement of the law. The supplier's indemnification duty shall arise upon our first demand. Section 774 BGB (subrogation) shall remain unaffected.

(4) The supplier undertakes to present to us, upon request and without undue delay, the records of remuneration paid (documents pursuant to § 17 MiLoG) for the working hours completed by the employees that it deployed in executing the relevant order or delivery. The provisions of the German Federal Data Protection Act (*Bundesdatenschutzgesetz*, "BDSG") shall remain unaffected.

(5) Should the supplier breach the obligations incumbent upon it pursuant to this § 8, sub-sections 1, 2 or 4 and if such breach is likely to give rise to claims by the supplier's employees or by employees of any sub-contractors engaged in the specific case, or the initiation of administrative offence proceedings against us, we shall have the right to rescind the respective individual contract.

§ 9

Industrial property rights

(1) The supplier represents and warrants that the products delivered by it are free from any industrial property of third parties that are being infringed within the European Union.

(2) If we are nonetheless held liable by a third party for infringing industrial property rights, the supplier undertakes to indemnify us from and against any such claims. The supplier's indemnification duty shall arise upon first demand.

(3) The supplier's indemnification duty shall apply to all expenses necessarily incurred by us due to or in connection with such third-party claim. The indemnification duty shall not apply if the supplier manufactured the products according to our drawings, designs or other comparable descriptions. The supplier shall promptly inform us in those cases where it fears that industrial property rights may be infringed.

§ 10

Retention of title – provision of parts – tools – confidentiality

(1) Title in the goods shall transfer to us unconditionally and without regard to whether or not we have paid the purchase price. Where acceptance has been agreed, title to the goods shall be transferred to us by the supplier no later than upon acceptance.

(2) However, if contrary to sub-section (1) any retention of title on the part of the supplier has been agreed in the specific case, all forms of an expanded, extended or assigned retention of title shall be excluded.

(3) Insofar as we provide parts to the supplier, we reserve title to such items. For as long as such parts are not processed, they shall be stored separately at the supplier's expense or identified as our property. Any processing or alteration by the supplier shall be performed on our behalf. If our retained goods are processed together with other items not belonging to us, we shall acquire co-ownership in the new commodity in the proportion of the value of our commodity to the other processed items at the time of processing.

(4) If the commodity provided by us to the supplier is inseparably amalgamated or combined with other items not belonging to us, we shall acquire co-ownership in the new commodity in the proportion of the value of the retained goods to the other amalgamated or combined items at the time of amalgamation or combination. If, as a result of such amalgamation or combination, the supplier's commodity is to be considered as the principal commodity, the supplier shall hereby assign to us, in advance, a co-ownership share to the commodity created by virtue of the combination or amalgamation corresponding to the pro-rata value of our commodity. We hereby accept this offer. The delivery will be replaced by storage of the goods free of charge.

(5) We shall retain title to tools; the supplier undertakes to use the tools solely for the manufacture of the goods ordered by us. The supplier shall insure the tools belonging to us at replacement value, at its own expense, against damage caused by fire, water and theft. At the same time the supplier agrees to assign to us, here and now, all claims for compensation under this insurance; we hereby accept such assignment. The supplier undertakes to perform all required maintenance, inspection, service and repair work to our tools in a timely manner and at its own expense. The supplier shall immediately notify us of any incidents in this connection.

(6) The supplier undertakes to keep strictly confidential any and all illustrations, drawings, calculations and other documents and information received. They shall not be disclosed to any third party without our express consent. The obligation of confidentiality shall survive the winding up of this agreement; it shall lapse if and when the manufacturing know-how contained in the illustrations, drawings, calculations and other documents received from us has become public knowledge.

(7) To the extent our security interests as defined in sub-section 1 and/or sub-section 2 exceed the purchase price of all our retained goods not yet paid by more than 10 %, we are, upon request, obligated to release the security interests at our discretion.

§ 11

Code of Conduct (CoC)

(1) As part of our voluntary undertaking to comply with the principles contained in the KAUP Code of Conduct, we also expect our business partners to act in accordance with similar standards. You can read the current version of our Code of Conduct at <https://www.kaup.de/code-of-conduct>

(2) The supplier shall comply with the aforementioned Code of Conduct.

(3) The Code of Conduct contains binding minimum standards. If it conflicts with local laws however, the local laws shall take precedence.

(4) KAUP may amend the Code of Conduct if there are any changes made to applicable legal official, or institutional requirements, case law, or ethical business principles. KAUP shall notify suppliers of changes or additions to the Code of Conduct.

(5) The supplier acknowledges and agrees that any infringement of the rules contained in this section (Code of Conduct) of this agreement shall be viewed as a material contractual infringement, which shall entitle KAUP to terminate the agreement at any time and with immediate effect. Following the exercise of its rights of termination, KAUP shall not be obliged to make outstanding payments or payments of any other kind. KAUP is not obliged, moreover, to compensate losses sustained by the supplier due to a termination exercised in accordance with this section.

§ 12

Place of jurisdiction – place of performance

(1) Where the supplier is a merchant (*Kaufmann*), the exclusive place of jurisdiction for all disputes arising out of the contractual relationship shall be Aschaffenburg.

(2) Unless otherwise provided in the purchase order, the place of performance shall be the location of our registered office.

(3) The laws of the Federal Republic of Germany shall apply. The application of the UN Convention on Contracts for the International Sale of Goods shall be excluded.

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