

# General Terms and Conditions of Purchase of SICK (SSC08)

as at March 18, 2020

## 1. General Provisions

These General Terms and Conditions of Purchase shall govern and apply to all orders placed by companies of the SICK group within the People's Republic of China, including Hong Kong (hereinafter referred to as "Purchaser"). Any deviating or additional General Terms and Conditions of Supplier shall only apply insofar as Purchaser has expressly approved them in writing. These General Terms and Conditions of Purchase shall also apply to all future business transactions with Supplier.

## 2. Orders

All orders shall be placed in writing (including email) in order to be binding. The same shall apply to any future modifications and amendments.

## 3. Date of Delivery and Delay

Dates specified in the order for the delivery of the ordered goods ("Goods") or for the performance of the ordered services ("Services") are binding ("Delivery Dates"). Supplier is obliged to notify Purchaser in writing immediately in case circumstances occur, or become evident, which give reasonable grounds to expect that the Delivery Date may not be observed.

If delivery of the Goods or acceptance of Services are delayed, Purchaser is entitled to claim a contractual penalty in the amount of 0.2 % of the order value for each business day of delay, up to a maximum, however, of 5 % of the order value. The Purchaser will claim or reserve the right to claim the contractual penalty within ten business days of receipt of the delayed Goods or acceptance of the Services. The right to assert further claims for damages as well as the right to withdraw from the contract shall remain unaffected. The Purchaser shall be entitled to claim the contractual penalty and the fulfilment of the contract in parallel; in such case, the contractual penalties paid by Supplier shall be deducted from claims for damages.

## 4. Prices, Invoicing and Payment

Prices quoted in the order are binding. All quoted prices shall include delivery according to Incoterms 2010 agreed upon in section 6 hereof.

All invoices must comply with the applicable tax regulations and state Purchaser's order number and order item. The invoice must be addressed to the ordering entity. Supplier shall be liable for all consequences arising in connection with the failure to comply with this obligation.

## 5. Packaging

Supplier is obliged to use environmentally friendly packaging in conformity with valid packaging regulations. Purchaser reserves the right to return packaging at Supplier's cost.

## 6. Delivery

Unless otherwise agreed in writing, deliveries shall take place according to DDP (Incoterms 2010) place of destination as specified in the order. Each delivery shall be accompanied by a delivery note listing all order details and in particular the correct order reference number. If Supplier fails to do so, Purchaser shall not be held liable for any delays in order processing. The specified place of destination/point of departure shall be adhered to under any circumstances.

## 7. Execution, Documentation

Orders shall be carried out according to the instructions, drawings, standards, delivery and test specifications, drawings, etc. of Purchaser.

Goods and Services shall conform to the rules of technology as well as any statutory provisions regarding GB regulations and any other technical standards, in particular in view of those related to safety and environmental protection. Supplier guarantees CCC conformity. In respect of copies, diagrams, drawings, calculations and any other material and data provided by Purchaser, Purchaser reserves its proprietary rights and copyrights; such documents may not be made available to any third party without express written approval. They may exclusively be used for processing the order. Upon completion of order processing, Supplier shall return them to Purchaser at its own initiative. They shall be kept confidential and may not be disclosed to any third parties. The duty to observe secrecy shall remain in effect after execution of the contract; it shall expire if and to the extent that the production know-how contained in the copies, diagrams, drawings, calculations and other documents provided has become common knowledge.

## 8. Models and Tools

Models and tools produced by Supplier at Purchaser's cost shall become the sole and exclusive property of Purchaser upon payment and shall be permanently marked as property of Purchaser by Supplier. Supplier undertakes to use all models and tools solely and exclusively for the purpose of manufacturing the

Goods. Supplier further undertakes to insure Purchaser's models and tools against damages caused by fire, water, and theft at its own cost and at reinstatement value.

## 9. Preference, Supplier's Declaration, Export Control

Supplier shall, upon request, provide to Purchaser certificates of origin, supplier's declarations, commodity codes and/or preference certificates as well as any other documents/data according to the pertaining export requirements.

## 10. Amendments and Modifications

Until delivery of the Goods or acceptance of the Services, the Purchaser may at any time and at its reasonable discretion require the Supplier to make reasonable amendments and modification to the order. The Supplier shall propose to the Purchaser any amendments and modification to the Goods and Services which Supplier deems necessary and expedient with regard to successful performance of the contract. After written approval by the Purchaser, Supplier shall carry out such changes.

If an amendment or modification results in an increase or reduction of costs and/or in the event a deadline can no longer be met, the Supplier is obligated to notify the Customer hereof at the same time as his proposed change or immediately after receipt of the Purchaser's request for amendment/modification and to submit a corresponding supplementary offer. The remuneration shall be adjusted taking into account the change in costs.

## 11. Compliance with Restriction of Hazardous Substances

Supplier undertakes to adhere to all delivery requirements and observe all prohibitions of substances in conformity with the statutory provisions which are in force at the location of the Purchaser.

Supplier also undertakes to comply with the then current limit values of the China RoHS (effective from July 1, 2016) or of any successor regulation applicable at the time of delivery. This obligation shall also apply to products which do not fall within the scope of the China RoHS. Excepted from this rule are only products which, due to their nature or composition, cannot be components of electronic products from the Purchaser portfolio, e.g. stationery, office furniture, packaging, production equipment, etc.

Supplier may request a list of the prohibited substances that Purchaser considers most critical; however, such list does not claim to be exhaustive.

## 12. Return of Waste Equipment

Purchaser is fully and unrestrictedly entitled to all statutory claims regarding the return of waste equipment according to Chinese relevant laws and regulations about recycling electrical and electronic equipment, in particular the right to return waste equipment.

## 13. Code of Conduct, Supplier Code, Sustainability

Supplier undertakes to adhere to the principles laid down in Purchaser's Code of Conduct (available at <https://www.sick.com/de/en/our-philosophy/code-of-conduct/w/code-of-conduct/>) and in the Supplier Code (available at <https://www.sick.com/de/en/procurement/w/procurement/>). Purchaser will obligate its sub-suppliers and subcontractors accordingly.

Supplier further undertakes to provide Purchaser with data for determining resource efficiency or drawing up an ecological balance sheet (e.g. CO2 emissions, total water consumption, etc.), to the extent that such data are collected on a statutory basis or are available to Supplier without any significant additional effort.

## 14. Compliance with Export Control Regulations

The Supplier is obliged to inform the Purchaser about existing export license requirements or restrictions regarding (re)exports of the Goods under national, CN, European and/or US export regulations. In addition, the Supplier undertakes to comply with all export control regulations (of the EU, Germany and the USA) and sanctions and embargoes of the UN, CN, the EU, Germany and the USA. The Supplier undertakes to provide all the documents that the Purchaser needs to obtain an export license if applicable.

The Supplier shall provide, without further request, to the Purchaser the valid goods classification number pursuant to the China foreign trade law and the China Dual-Use Regulation and, for Goods subject to US (re)export control law, the Export Control Classification Number (ECCN) and the share of components originating in the US in RMB no later than upon issuance of the invoice.

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For Goods that require an export license, the Supplier shall send the following information to [exportcontrol@sick.de](mailto:exportcontrol@sick.de) no later than 15 business days prior to the first delivery:

- SICK materials number,
- goods description,
- all applicable export control classifications including the Export Control Classification Number pursuant to the US (re)export control law (ECCN),
- country of origin of goods,
- statistical goods numbers (HS Code), and
- the relevant contact persons at Supplier.

The Supplier is obliged to inform the Purchaser without delay about all changes to the export license requirements for the Contract Products due to technical, statutory or official acts.

## 15. Warranty

Purchaser is obliged to examine the goods as to any possible deviations in quality and quantity within a reasonable period.

Purchaser is fully and unrestrictedly entitled to statutory claims for warranty and damages in case of material defects and defects of title.

Purchaser shall be entitled to choose the type of remedy – removal of defects or delivery of a new product.

In cases where Supplier may not remedy a defect in due time in order to counter acute risks or prevent major damage as well as in cases where Supplier culpably fails to begin to remedy a defect within a reasonable period of time despite being asked to do so and an additional period of time being granted to Supplier, Purchaser will be entitled to remedy the defect itself or have it remedied by a third party at Supplier's expense. The same shall apply in cases where, given the particular urgency, it is no longer possible to notify Supplier of the defect and the imminent damage in advance.

The limitation period for material defects and defects of title shall be forty-eight (48) months from the date that the Purchaser is aware of or shall be aware of such defects. Longer limitation periods provided by applicable law shall remain unaffected.

In case Purchaser incurs any costs as a result of the defective delivery of the Goods, in particular transportation, transport infrastructure, work and material costs or costs for an incoming inspection exceeding the usual extent, Supplier shall bear such costs.

## 16. Liability, Insurance

In addition to warranty, Supplier shall be liable for all damages caused by defects in the object of the contract to the extent Supplier is responsible for such defects. If damage is caused to a third party, Supplier shall indemnify Purchaser from any claims of such third party.

Furthermore, Supplier shall warrant that the delivery or use of the goods does not infringe any patent rights, copyrights, trademark rights or utility model rights of third parties, provided that Supplier is liable for such infringements. In case third parties assert claims against Purchaser, Supplier shall indemnify Purchaser from such claims.

Supplier undertakes to maintain a product liability insurance with a lump sum coverage of EUR 5 million for each personal injury/property damage; any further claims for damages of Purchaser shall remain unaffected thereby.

## 17. Force Majeure

Force majeure events, in particular natural disasters or other disruptions (e.g. major health threats, for example, due to epidemics or nuclear radiation), war, terrorist attacks, riots and similar occurring threats as well as industrial disputes or official interventions (e.g. import and export restrictions) or operational breakdowns through no fault of Purchaser entitle the Purchaser, without prejudice to the Purchaser's other rights, to extend the deadline for the contractual performance by the duration of the force majeure event. If the force majeure event continues for more than three months, the Purchaser may withdraw from the contract, in whole or in part.

## 18. Open Source Software

"Open Source Software" means any software that is made available to an indefinite number of users, royalty-free, with the right to adaptation and/or distribution based on specific licenses or contractual provisions (e.g. Apache License, GNU General Public License (GPL), Mozilla Public License, MIT License).

The supplier guarantees that no Open Source Software is included in the Supplies and services, unless the Purchaser has expressly agreed to this in writing in advance.

In order to grant any consent by the Supplier within the scope of the specifications, the Supplier shall provide the Purchaser with all information relevant to the use of the Open Source Software (e.g. source code, license text, version number, possible copleft

conditions, information on modifications made, listing of Open Source files used).

## 19. Set-off, Retention

The Supplier may only offset such counterclaims and assert a right of retention on the basis of such claims which are undisputed or have been found binding and confirmed by a final court decision, or which are reciprocal with claims of the Purchaser.

## 20. Termination

Purchaser has the right to withdraw from the contract in whole or in part or to terminate the contract without notice for good cause. In particular but without limitation it shall be considered good cause if the financial condition of Supplier deteriorates significantly and the fulfilment of the contract is endangered, in the event of insolvency, over-indebtedness, liquidation or because the Supplier ceases its business activities. To the extent that the Supplier is responsible for the termination, the purchaser reserves the right to claim damages.

## 21. Assignment of Rights

The contract for delivery or individual rights and/or duties resulting therefrom may not be transferred, in whole or in part, to any third party without express written approval of Purchaser.

## 22. Minimum Wage / Release from Liability

Supplier warrants that all its employees are paid in accordance with the requirements where the Supplier is located.

Where Supplier uses sub-suppliers to perform work or provide services under a contract for work and services, Supplier shall ensure that the sub-suppliers' employees are also paid in accordance with the requirements of their respective country and other legal regulations and collective agreements. Supplier therefore indemnifies Purchaser from any claims under abovementioned that might arise from an infringement or the legal regulations and collective agreements referring thereto by a) Supplier and/or b) a sub-supplier contracted by Supplier.

The Supplier also undertakes to inform the Purchaser on request at any time whether Supplier complies with the applicable obligations and to provide the Purchaser with all documents that are necessary or useful to allow Supplier to verify the same.

## 23. Severability, Place of Performance, Applicable Law

If any of the provisions stipulated herein or in any further agreements based thereon is or becomes invalid, the validity of the remaining provisions shall remain unaffected thereby. The contracting parties are obliged to replace the invalid provision by a provision which comes as close as possible to the intended economic purpose of the invalid provision.

Place of performance shall be the location defined as the place of destination/point of departure in the order. In case such location is not defined in the order, the place of business of Purchaser shall be the place of performance.

Place of jurisdiction for all disputes arising directly or indirectly in connection with this contractual relationship shall be the place of business of Purchaser. Purchaser is further entitled to sue Supplier either at the court of its registered office or at the court of the place of performance at Purchaser's option.

All contractual relations shall be governed exclusively by the laws of the People's Republic of China. The same shall apply in cases where the contracting party's registered office is abroad. The application of the UN Convention on the International Sale of Goods of April 11, 1980 (CISG) shall be excluded.