

General Terms and Conditions of Purchase of SICK (AEB SICK)

as at January 2021

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 Federal Republic of Germany, Austria and Hungary (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, contracts and release orders shall require the written form (including email) in order to be binding. The same shall apply to any modifications and amendments of the contract.

3. Partial Deliveries, Date of Delivery and Delay

Supplier is not entitled to make partial deliveries, unless the Purchaser has expressly approved them or they are reasonable for the Purchaser.

Dates specified in the order for the delivery of the ordered goods or services ("Deliverables") are binding ("Delivery Date"). 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 Deliverables or readiness for acceptance 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 Deliverables 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 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. Payment periods commence with receipt of a correct invoice, but in no event before receipt of the Product or before acceptance (where required for the performance by contract or by law).

5. Packaging

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

6. Delivery

Unless otherwise agreed in writing, deliveries within the EU shall take place according to DAP (Incoterms 2020) place of destination as specified in the order; all other deliveries shall take place FCA (Incoterms 2020) point of departure 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.

Deliverables shall conform to the rules of technology as well as any statutory provisions regarding DIN/VDE regulations and any other technical standards, in particular in view of those related to safety and environmental protection. Supplier guarantees CE 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 Deliverables. 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

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 Deliverables 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 Deliverables 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 and Legal Obligations

Supplier undertakes to comply with all delivery requirements and prohibitions of substances as well as other legal obligations, in particular registration and reporting duties, in accordance with the statutory provisions in force at the location of the Purchaser and in the European Union (in particular: Regulation (EC) No. 1005/2009 on substances that deplete the ozone layer, Regulation (EU) No. 517/2014 on fluorinated greenhouse gases, Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), Regulation (EU) No. 2019/1021 on persistent organic pollutants, Directive No. 2012/19/EU on waste electrical and electronic equipment (WEEE Directive), Directive No. 2006/66/EC on batteries and accumulators and Directive No. 94/62/EC on packaging and packaging waste, each in the version valid at the time of delivery). Supplier also undertakes to comply with the then current limit values of the RoHS Directive (2011/65/EU) 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 Directive. Excepted from this rule are only products that are not directly used for the production of the Purchaser's products, e.g. stationery, office furniture, packaging, production equipment, etc. To the extent RoHS conformity is based on permissible exemptions (2011/65/EU Annex III, IV), Supplier is obliged to explicitly specify such exemptions in its declaration (substance, permitted limit, concentration).

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

Supplier may not use any conflict minerals as defined in Section 1502 of the U.S. Dodd-Frank-Act for the production of the Deliverables and shall procure from its suppliers only products that contain no such conflict minerals. In case a Deliverable contains mineral raw materials or their derivatives, their origin shall be disclosed upon request.

12. Return of Waste Equipment

Purchaser is fully and unrestrictedly entitled to all statutory claims regarding the return of waste equipment according to the German Electrical and Electronic Equipment Act (*ElektroG*), in particular the right to return waste equipment pursuant to § 10 para. 2 of the *ElektroG*.

13. Code of Conduct, Supplier Code, Sustainability

Supplier undertakes to adhere to the principles laid down in Purchaser's Code of Conduct (available at www.sick.com/de/en/our-philosophy/code-of-conduct/w/code-of-conduct/) and in the Purchaser's Supplier Code (available at www.sick.com/de/en/procurement/w/procurement/). Supplier shall obligate its 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.

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14. Compliance with Export Control Regulations

Supplier undertakes to provide items to SICK (goods, software and technology) only in compliance with all applicable export control regulations, foreign trade laws and sanctions, in particular of Germany, the European Union and the United States of America. Supplier shall inform Purchaser of any existing licensing and approval requirements, restrictions and license exceptions pursuant to the above regulations and laws. Supplier undertakes to provide to Purchaser all documents that Purchaser may need to obtain an export license or approval.

Supplier shall provide to Purchaser, no later than on delivery and in any case on the invoice, without further request, the applicable item classification numbers (or a confirmation that that items are not listed) according to the German foreign trade law and the EC Dual-Use Regulation and in cases of items (goods, software and technology) that are subject to the US Export Administration Regulation (EAR) or the International Traffic of Arms Regulations (ITAR), the Export Control Classification Number (ECCN) and the share of US-origin content.

For items (goods, software and technology) that are included in an items list, the Supplier shall additionally send the following information to exportcontrol-data@sick.de no later than 15 business days prior to the first delivery:

- SICK materials number,
- item description,
- export control classification, if applicable license exceptions
- country of origin,
- statistical goods numbers (HS Code), and
- the contact persons responsible for export control at Supplier.

Supplier is obliged to inform Purchaser without delay of any changes to the export license and approval requirements.

15. Notification of Defects

Upon delivery, Deliverables shall be examined by Purchaser only with regard to obvious damage, in particular shipment damage, deviations as to identity or quantity, unless agreed otherwise in writing with Supplier. Defects shall be notified within a reasonable time after their discovery. In all other respects, the applicability of § 377 of the German Commercial Code (*HGB*) is excluded.

16. Warranty

Purchaser is fully and unrestrictedly entitled to all statutory claims and rights in connection with defects in quality and defects of title. Purchaser shall be entitled to choose the type of remedy – removal of defects or re-performance of the services/replacement of the goods.

Should Supplier fail to rectify a defect within a reasonable time period notified by Purchaser, Purchaser is entitled to remedy the defect itself or to have it remedied by a third party at Supplier's risk and expense. In cases in which immediate rectification is reasonably necessary (e.g. due to particular urgency, endangerment of operational safety or imminent occurrence of disproportionate damage), Purchaser shall have the same right without prior notice.

The limitation period for defects in quality and defects of title shall be thirty-six (36) months from the date of transfer of risk. Longer limitation periods provided by applicable law shall remain unaffected.

In case Purchaser incurs any costs or expenses as a result of a defect, in particular costs for complaint management, sorting, transportation, transport infrastructure, work and material, installation, removal or for an incoming inspection exceeding the usual scope, Supplier shall bear such costs, unless the defect is not attributable to Supplier.

Further claims and rights of Purchaser provided by applicable law shall remain unaffected.

The Supplier is accountable for the fault of its sub-suppliers and subcontractors as it is for its own fault.

17. Liability, Insurance

In addition to warranty, Supplier shall be liable for all damages caused by defects in the Deliverable unless Supplier is not 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 Deliverables 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. Upon request of Purchaser and immediately upon change in insurance status, Supplier shall provide appropriate proof thereof. Any further claims for damages of Purchaser shall remain unaffected thereby.

18. 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 shall exempt Purchaser, without prejudice to the Purchaser's other rights, from the obligation to take and accept the Deliverables during the force majeure event. If the force majeure event lasts or is likely to last more than three months, the Purchaser may withdraw from the contract, in whole or in part.

19. 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).

Supplier guarantees that no Open Source Software is included in the Deliverables, unless the Purchaser has expressly agreed to this in writing in advance.

In order to obtain any consent from the Purchaser within the scope of the specifications, 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 copyright conditions, information on modifications made, listing of Open Source files used).

20. Cyber Security

Supplier shall comply with the SICK Cyber Security Requirements for Suppliers (available at www.sick.com/de/en/procurement/w/procurement/) to the extent that they apply to the Deliverable.

21. Source Code

If the Deliverable is or contains software for use in, or in connection with products manufactured or distributed by Purchaser, the source code shall be provided upon request to Purchaser. If, according to an explicit written agreement, the source code is not provided, Supplier shall, upon request of Purchaser, enter into a source code escrow agreement for the benefit of the Purchaser, with a reputable escrow agent selected by Purchaser.

22. 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.

23. 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.

24. Reservation of Title

Unless, the parties agree otherwise in writing, all forms of extended or prolonged reservation of title are excluded so any reservation of title effectively declared by Supplier shall apply only to the Deliverables supplied to Purchaser and only until said Deliverables have been paid for.

25. Assignment of Rights

The contract 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.

26. Minimum Wage / Release from Liability

Supplier warrants that all its employees are paid in accordance with the requirements of the German Minimum Wage Law (*Mindestlohngesetz, MiLoG*).

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 the MiLoG and other legal regulations and collective agreements the breach of which would make Purchaser liable. Supplier therefore indemnifies Purchaser in particular from any claims under § 13 MiLoG and § 14 of the German Law on the Posting of Workers (*Arbeitnehmerentsendegesetz*) that might arise from an infringement of the MiLoG or the legal regulations and collective agreements referring thereto by a) Supplier and/or b) a sub-supplier contracted by Supplier.

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

27. Free-Issue Material

Material provided by the Purchaser against payment or for free ("Free-Issue Material") shall remain the property of the Purchaser. If payment is owed, this applies until the Free-Issue Material has been fully paid for. Free-Issue Material may only be used for the purpose for which they were provided. Free-Issue Material shall be processed and combined on behalf of the Purchaser.

28. Severability, Place of Performance, Place of Jurisdiction, 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 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. Otherwise, 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, at its sole discretion, to sue Supplier either at the court of Supplier's registered office or branch or at the court of the place of performance.

All contractual relations shall be governed exclusively by the laws of the Federal Republic of Germany. The same shall apply in cases where the Purchaser's registered office is outside of Germany. The application of the UN Convention on the International Sale of Goods shall be excluded.