

## General Purchasing Conditions

### 1. Orders

1. Orders are made exclusively according to our General Purchasing Conditions. We do not accept contradictory or deviant Terms of Business of our suppliers, unless we have explicitly consented to these in writing. Neither the acceptance of the delivery of goods, services or work (hereinafter referred as deliveries) without reservation nor the payment of invoices without reservation, constitute an acceptance of such terms of business.
2. The preparation of offers by the supplier is free of charge and non-binding for us.
3. Only written orders placed by us are deemed to be valid. Verbal agreements must be confirmed in writing. In all cases we expect a written confirmation of the order.
4. Additional conditions or contractual clauses of the supplier shall be deemed rejected by us until we have agreed to such additional conditions or clauses in writing.
5. All future individual contracts between the supplier and us shall be based on these General Purchasing Conditions, while at the same time excluding other General Contract Conditions.

### 2. Prices

1. Unless otherwise agreed, the prices apply DDP (delivery duty paid in accordance with the current version of the Incoterms) carriage free to our factory.
2. We expect most favoured customer status from our suppliers.

### 3. Terms of Payment

Unless otherwise agreed, payment shall be made after 14 days with 3% discount or within 90 days net. The term for payment commences on the date of receipt of the invoice or the goods. If the supplier has issued an incorrect invoice, in particular with regard to the agreed price, the period for discount commences with the receipt of the correct invoice by post.

### 4. Delivery time

1. The agreed delivery times and delivery dates are binding. They are deemed to be fixed deadlines.
2. The supplier is obliged to compensate us for all damages due to delay unless he can prove to us that he is not responsible for the delay. The acceptance of a delayed delivery does not constitute a waiving of claims for compensation.
3. If the agreed binding delivery dates are exceeded due to circumstances for which the supplier is responsible, after the expiry of a reasonable period of grace set by us, we are entitled, without prejudice to further legal claims, to demand at our discretion either compensation in place of fulfilment, or to obtain replacement from third parties. The right of withdrawal remains unaffected.
4. The supplier does not have any right to hold back the delivery due to any differences pertaining to other deliveries or business transactions.
5. Partial deliveries or over- or under-deliveries require our consent.
6. In case of delays to delivery, we are entitled to demand an all-inclusive compensation for delay to the amount of 1% of the value of the delivery for each started week of delay, however, not in excess of 5%. We reserve the right to further legal or aforementioned claims. The supplier is entitled to prove to us that no damage or considerably less damage has resulted from the delay.

### 5. Dispatch and Transport Insurance

1. Unless otherwise agreed, deliveries are made DDP (Incoterms in their currently valid version) to the place designated by us, including packaging and preservation measures. The currently valid versions of our dispatch and transport regulations apply. The order code must be stated in all consignment documents. Each consignment must be accompanied by a delivery note.

2. In case of unstamped deliveries we shall receive a duplicate of the consignment not in addition to the delivery note. On principle, the most economical method of dispatch is to be selected. We shall not bear the transportation costs if the supplier is forced to select a more expensive method of dispatch in order to avoid, or as a result of delays to delivery.

3. If direct dispatch to our customers is stipulated, we expect that the supplier provides a notification of dispatch signed by the carrier in order to verify the invoice.

## 6. Terms of Delivery

1. The supplier commits to fulfil the relevant applicable requirements under national and international export, customs and foreign trade law and to obtain the necessary export permits for all deliveries, unless we or a third party and not the supplier are obliged to apply for the export permit according to the applicable export, customs and foreign trade laws. In this case, the supplier will expressly point this out to us in writing in accordance with section 2 below.

2. The supplier must provide us in writing, as early as possible, however at the latest with the communication of the order confirmation, with all information and data (for each item on the order confirmation, the delivery note and the invoice) which we require for compliance with the applicable export, customs and foreign trade law, as well as in the case of resale for the re-export of deliveries, in particular the following data in the current version for each individual delivery:

- the Export Control Classification Number (ECCN) according to the U.S. Commerce Control List (CCL), insofar as the product is subject to the U.S. Export Administration Regulations (EAR);
- whether the goods were manufactured or stored in the USA or were manufactured with the aid of US American technology;
- the number of the German export list (AL) as well as the EU Dual-Use Ordinance;
- the statistical goods number according to the goods classification of the foreign trade statistics of the Federal Statistical Office (also called customs tariff number, goods tariff number or HS code ("Harmonized System"));
- the country of origin (non-preferential origin);
- a long-term supplier declaration for preferential origin (for European suppliers) or certificates for preferences (for non-European suppliers) drawn up in accordance with the requirements of EG-VO 1207/2001 in conjunction with EU-VO 2017/989.

3. In case of changes of origin or the characteristics of the goods or services or the applicable export, customs and foreign trade law, the supplier must update the existing export control and foreign trade data and inform us of this immediately.

4. The supplier commits to indemnify us from all claims by third parties, which are due to the omission of or incorrect export control and foreign trade data which he provides according to the above regulations, and to compensate us for all the necessary expenses and damages within the context of the legal regulations.

5. The supplier ensures that deliveries under the order are RoHS-compliant and therefore in conformity with the EC Directive on the **R**estriction **o**f the use of certain **H**azardous **S**ubstances in Electrical and Electronic Equipment (Directive 2011/65/EU) at the time of delivery. In the event that deliveries fail to comply with this EC Directive, the supplier must inform us of this immediately in writing and shall – without prejudice to any warranty claims NORD may raise – compensate NORD for any damage arising from such non-compliance.

6. The supplier ensures that the delivered products comply with the provisions of Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Should the delivered goods contain substances which are part of the "Candidate List of Substances of very High Concern" ("SVHC-List") of REACH, the supplier is committed to notify NORD immediately.

7. In case of violation of any of the aforementioned obligations NORD is entitled to cancel the corresponding order immediately and to refuse the corresponding delivery without any costs. Potentially existing claims remain unaffected; a cancellation or a refusal does not imply any waiver of any right to claim.

8. The supplier commits to act according to the "Dodd- Frank Wall Street Reform and Consumer Act".

9. The supplier guarantees that the latest technical documents (amongst others manual, EU-Declaration of Conformity, EU-Type examination certificate etc.) are available to us at any time. We have to be informed immediately, if the documents are modified.

## **7. Supply of spare parts**

1. The supplier undertakes to keep spare parts available for the products delivered to us for a period of at least ten (10) years from the time of delivery.

2. If the supplier intends to discontinue the production of spare parts for the products delivered to us after 10 years, he will inform us of this in writing immediately after the decision to discontinue. This decision must be made at least six (6) months prior to the cessation of production.

## **8. Warranty for Defects**

1. Unless otherwise agreed, the warranty for defects is according to the statutory regulations.

2. Our descriptions, drawings or samples are exclusively definitive for the design and quality of the product.

3. The supplier assures that all items subject to the deliveries are in his full ownership and that there are no other rights of third parties (such as liens, other creditor positions from the assignment of claims or other credit securities, sale of claims, hire purchase, conditional purchase, industrial property rights, etc.) to the contrary.

4. The supplier releases us from all claims asserted against us by third parties due to the infringement of industrial property rights through the use of the delivery. We will inform the supplier in text form if such third-party claims are asserted against us due to the infringement of property rights.

5. The supplier of goods and work undertakes a guarantee of proper material quality and workmanship and the fault-free function of the components for two (2) years as of the commissioning of the goods.

6. In case of danger to operation, danger of excessively serious damage, or to maintain our ability to deliver with regard to our customers, after notifying the supplier we may perform any reworking ourselves or have this carried out by third parties. Any resulting costs for this shall be borne by the supplier.

7. The supplier shall be liable for all direct or indirect damages and expenses incurred by us as a result of defects of the goods or work.

8. Expenses for the inspection of incoming goods and work which exceed the usual scope shall also be due for compensation if at least a portion of the delivery is identified as being defective. This also applies to a partial or complete inspection of the deliveries received by us or our customers in the further course of business. Additional expenses for transportation, journey distances or material, which result from a defective delivery, shall be reimbursed by the supplier. If the supplier utilises third parties for the provision of the services, he shall be liable for these in the same manner as for his own agents.

9. For the duration of the supply relationship, the supplier is obliged to maintain adequate insurance cover for the risks as per this section. Evidence of this must be provided in writing at our request.

## **9. Complaints**

1. The goods delivered or work will only be checked with regard to their identity on the basis of the consignment documents and for externally visible damage due to transportation. After discovery according to the circumstances of our normal course of business, faults of the delivery shall be notified to the supplier within a reasonable period of at least one week after their detection. In this regard, the supplier waives the objection of delayed notification of the fault.

2. The supplier must provide free replacement of rejected components. The costs incurred by us as a result of rejected deliveries and the resulting shipping costs shall be borne by the supplier. Faults which are established on commissioning subsequent to assembly shall be remedied by the provision of a fitter free of charge.

## **10. Assignment of Claims**

On principle, claims against us may not be assigned to third parties.

## **11. Force Majeure**

If we are prevented from accepting the delivery due to force majeure, in particular strikes, lock-outs, interruptions of operations for which we are not responsible, civil disturbances, pandemics or epidemics, official measures or other events for beyond our sphere of influence, we are entitled to entirely or partially withdraw from the contract or to postpone the date of acceptance for the duration of the obstruction, insofar as our obstruction is of a significant duration and the withdrawal or the postponement of the date of acceptance serves to safeguard our interests. Claims cannot be enforced against us.

## **12. Product Liability, Recall and Quality Assurance**

1. The supplier is obliged to indemnify us against all claims due to product liability insofar as he is liable for the fault giving rise to such liability. In such cases he shall accept all costs and expenses, including the costs of any legal proceedings or a precautionary recall action. Insofar as is possible and reasonable, we shall inform the supplier of the content and scope of recall measures and provide him with opportunity for comment. Further legal claims remain unaffected.

2. The supplier shall insure himself to an adequate amount against all insurable risks resulting from product liability, including the risk of recall. He must submit the insurance policy to us for inspection on demand.

3. The supplier must perform quality assurance which is suitable both in type and scope according to the state-of-the-art and provide evidence of this to us on demand.

## **13. Tools**

1. Regardless of other agreements, we shall acquire full or co-ownership of the tools for the production of the goods supplied to the extent to which we share in the evidenced costs. The tools become our (joint) property on payment. They shall remain on loan to the supplier.

2. The supplier is only authorised to actually or legally dispose of such tools, or to change their location or make them permanently non-functional with our consent. The tools are to be marked as our (joint) property by the supplier. The supplier shall bear the costs for the maintenance, repair and replacement of the tools. According to our share in the original tools, any replacement tools become our property. In case of co-ownership of a tool, we are entitled to an option to our joint share. The supplier may only use tools which are our (joint) property exclusively for the production of the goods to be supplied.

3. On termination of the deliveries, the supplier must surrender the tools to us immediately on demand. For tools which are our joint property, we shall reimburse the current value of the share of the supplier on receipt of the tool. Under no circumstances is the supplier entitled to a right of retention. The obligation for surrender also applies to the supplier in case of an application for insolvency against him, or in case of a long-term interruption of supply.

4. The supplier must insure the tools to the agreed amount, or to the usual extent in the event that no agreement has been concluded.

## **14. Confidentiality / Information**

1. The supplier shall keep confidential any information which we provide, such as drawings, documents, know-how, samples, means of production, models, data carriers etc. and not make this available to third parties (including sub-suppliers) without our written consent and shall not utilise this for any purpose other than that for which it is intended. This applies accordingly to copies. This obligation does not apply to information which was already legally known to him without obligation to confidentiality on receipt, or which subsequently legally becomes known to him without obligation to confidentiality, or which is generally known or becomes known without any breach of contract by either of the parties, or for which written permission for further use has been granted.

2. The supplier may not use our business relationship for advertising purposes without our prior written consent.

3. We reserve ownership and all other rights (e.g. copyright) to the information which we provide. Copies may only be made with our prior written consent.

Copies become our property when they are made. It is deemed to be agreed between the supplier and ourselves, that the supplier shall keep the copies on our behalf. The supplier must carefully safeguard the documents and objects provided to him, as well as any copies thereof at his own expense and, maintain and insure the said. He must surrender or destroy these at any time on our demand. He is

not entitled to a right of retention on any grounds whatsoever. The complete return or destruction must be confirmed in writing.

4. The supplier acknowledges that a breach of confidentiality in accordance with paragraph 1 above can result in significant non-material damage to us. The supplier therefore undertakes to pay us a contractual penalty for each case of breach of confidentiality, which we shall determine at our reasonable discretion and which, in the event of a dispute, is to be reviewed by the Hamburg Regional Court. The amount of the contractual penalty is due after its final determination. If the supplier does not object to the determination of the contractual penalty within a period of one month after receipt of this determination, the determination is valid. The contractual penalty is payable to us in each case. The right to assert claims for damages beyond this remains unaffected by this contractual penalty regulation. Any contractual penalties paid shall be offset against claims for damages.

## **15. Code of Conduct / Social Responsibility**

1. Compliance with the laws of the applicable jurisdiction is a self-evident contractual obligation. The supplier also expressly declares its willingness to observe and comply with the principles of our Code of Conduct on social responsibility.

[https://www.nord.com/media/documents/certificates/coc\\_code\\_of\\_conduct\\_nord\\_drivesystem\\_de.pdf](https://www.nord.com/media/documents/certificates/coc_code_of_conduct_nord_drivesystem_de.pdf)

2. The supplier shall explicitly not either passively or actively undertake any form of bribery, infringement of the fundamental rights of his employees, or utilisation of child labour. He is responsible for the health and safety of his employees at the workplace, shall observe environmental protection laws and shall demand compliance with these principles from his own suppliers.

## **16. General Provisions**

1. These General Purchasing Conditions replace all previous terms and conditions of purchase that the parties had previously agreed orally or in writing. Previous agreements become ineffective with the inclusion of these General Purchasing Conditions.

2. If a provision of these General Purchasing Conditions is or becomes ineffective, the validity of the remaining provisions shall remain unaffected.

## **17. Place of Fulfilment, Place of Jurisdiction and Choice of Law**

1. The place of fulfilment is our headquarter. The legal domicile for business persons, legal entities under public law or public special assets is Hamburg. If the legal dispute falls within the jurisdiction of a local court, the jurisdiction of the Hamburg-Mitte district court is agreed.

2. German law applies exclusively, even for deliveries from foreign countries. The validity of United Nations law pertaining to the international sale of goods is excluded.

## **NORD Drivesystems Group, Germany**

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