



## Form

KRAH Group Terms and Conditions  
of Procurement and Ordering

Element: F10-9-12e  
Index: 4  
Current as of: June 2022  
Page 1 of 5

### I. Definitive terms and conditions; Orders, Quotations

1. The following terms and conditions apply for our orders. Contradictory terms and conditions of delivery will not be legally valid, even if we do not expressly object to them.  
By accepting the order and/or making delivery the supplier is recognising our Terms and Conditions.
2. Delivery contracts (orders, acceptance and delivery instructions) and amendments, supplements and side agreements must be made in writing to be valid. Prices stated by the supplier will only be valid if we have confirmed them in writing.
3. Should our orders not be confirmed in writing within 8 days, then we may withdraw from the order. Order confirmations must state a price and a delivery date. Our order number must be quoted in all correspondence. The supplier must comply strictly with our order and, in the event of deviations, inform us specifically of the deviation. The same will apply when the supplier provides us with a quotation.
4. Supplier quotations must be provided free of charge and will not involve any obligation on our part.
5. We may, within reasonable limits, demand that the supplier makes changes to the design and execution of the delivered item. When doing so, the consequences, in particular regarding additional and lower costs as well as also delivery dates, must be resolved in a reasonable manner.

### II. Delivery, Packaging, Place of delivery, Transfer of risk

1. Unless otherwise agreed in writing, delivery will be made at the supplier's risk free to our works respectively to the place of destination stated by us, including packaging, insurance and customs duties (DDP, Incoterms 2010). Only recyclable packaging with no plastic content and, where required, Euro-pallets may be used.
2. A specific dispatch note including individual weights must be submitted parallel to delivery of the goods. In addition to this, where goods are supplied packaged, two delivery notes must be included in the shipment and must also include all information regarding the content of the shipment. Dispatch and delivery notes must state our order details; any possible bill of material descriptions; cost centres and drawing numbers.

### III. Delivery dates, Delivery delays

1. Agreed delivery dates will be binding. Should the supplier become aware that he will be unable to comply with his contractual obligations either in full or in part or be unable to comply with them on time, then he must inform us of this without delay, stating the reasons, and notify us of the new delivery date. Should we not receive a confirmation of the delivery date in writing or electronic text form, then our deadlines will be deemed to have been acknowledged and accepted. In the case of ongoing business relationships, normal delivery times must be complied with. Changes in normal delivery times must be notified in writing or electronic text form in advance and in good time.
2. Should a delivery not be made within the agreed time, then the supplier will be liable for any losses incurred due to the delay. Over and above this, we may demand damages in lieu of performance and / or withdraw from the contract in full or in part if we have set the supplier a reasonable deadline for performance or rectification which he fails to comply with and he does not perform the service owed or does not perform it as owed.
3. Partial deliveries will only be permissible with our consent.
4. Force majeure or circumstances for which we are not responsible and which prevent acceptance of the delivery on time will entitle us to postpone acceptance by a reasonable period of time or, if it is impossible for us to accept the delivery, to withdraw in full or in part. We will inform the supplier without delay. Claims for damages are excluded.



## Form

KRAH Group Terms and Conditions  
of Procurement and Ordering

Element: F10-9-12e  
Index: 4  
Current as of: June 2022  
Page 2 of 5

### IV. Invoices, Payment

1. We will make payment within 14 days of delivery and receipt of invoice, with a deduction of 3 %, or within 30 days, with a deduction of 2 %, or within 60 days without any deduction.
2. Invoices must be sent to us separately from the goods. They must include our order details; any possible bill of material descriptions; material numbers and drawing numbers.
3. Changes in prices of components and purchased parts or changes in prices applying for ongoing contracts must be handled via the Procurement department and approved in writing or electronic text form. Changes in prices will only be permitted if the Procurement department gives its consent.

### V. Quality assurance; Documentation, Inspection of outgoing and incoming goods

1. The quality assurance agreement concluded with the supplier will take priority. The supplier will be obliged to test the consistent quality and reliability of his goods in accordance with the latest science and technology as well as to comply with the agreed technical data and standards. He must carry out and document inspections of outgoing goods and, upon request, present the corresponding reports. Changes to the delivered item will require our prior written consent. We will carry out inspections of incoming goods within the normal course of our business. The values which we determine for quantity, dimensions and weight will be definitive. Any deviation of these values from the values stated on the delivery note must be notified to the supplier without delay. The supplier will, following prior agreement of a date, allow us, our customers and their customers to inspect his manufacturing facilities and premises.
2. The supplier must keep special records as to when, how and by whom any characteristics of the delivered item requiring documentation have been inspected and what the outcome of the required quality tests was. Inspection documents must be archived for 30 years and must be presented to us as required. The supplier must, to the extent permissible by law, place pre-suppliers under the same obligations.
3. The supplier must notify us in writing or electronic text form without delay regarding any product changes; relocation of his business premises or any changes in the manufacturing process, materials or procurement sources, including information regarding any possible consequences for agreed deliveries. In such cases the supplier must take the quality requirements stated in our supplier guidelines into consideration. The current version of these guidelines can be downloaded at [www.krah-gruppe.de](http://www.krah-gruppe.de).

### VI. Notifications of defect; Liability for material defects and defects of title and other breaches of obligation; Liability periods

1. Notifications of defect will be deemed to have been made in good time if obvious and, in the case of random samples, recognisable defects and damages as well as deviations from the order have ordinarily been notified to the supplier within 3 working days of our receipt of the goods. We must notify the supplier regarding defects and damages which only become recognisable at a later date (concealed defects) within five working days of their discovery and detection.
2. The supplier will be obliged to provide us with possession and ownership of the goods free from material defects and defects of title.
3. A material defect will exist in particular if the goods do not have the agreed quality upon transfer of risk and / or are not fit for the purpose envisaged in the contract and / or do not retain their quality and / or usability for the usual length of time. In cases in which there is no quality agreement, a material defect will also exist if the goods are not fit for their usual purpose and / or are not of the normal quality for goods of the same kind and which we as the buyer may expect or if the goods do not correspond to a sample which the supplier provided to us prior to conclusion of the contract and which we accepted.

4. In the event of material defects and defects of title as well as of other breaches of obligation, our claims and rights will be based on the law regulated in Item 3 of Section XI. below. The following is agreed in addition to the statutory rights – should the supplier fail to comply with his duty of rectification within a reasonable period of time set by us, then we may carry out rectification ourselves or have it carried out by a third party, both at the supplier's cost unless the supplier has justifiably refused rectification. Our claims arising from material defects or defects of title as well as other breaches of obligation on the part of the supplier will, subject to longer statutory deadlines or deadlines agreed in specific cases and to the provisions of Items 6 and 7 below, expire at the earliest three years after installation on the end customer's premises. In the case of items which are used in a building structure and cause said structure to be defective, this period of time will be five years. The deadline will be extended by those periods in which the statute of limitations is suspended.
5. Should a claim arising from material defects or other breaches of obligation falling in the supplier's sphere of responsibility be asserted against us, then the supplier must indemnify us against all claims made by our contractual partners and third parties. Our claims to damages and indemnification against all damages and expenses will extend beyond the liability / expiry deadlines regulated in Item 4 above and will expire at the earliest 2 months after the date on which we met the contractual partners' and / or third parties' claims.
6. Claims and longer statutes of limitation in accordance with the German Product Liability Act (ProdHaftG) arising from unlawful acts; malicious behaviour or a guarantee will remain unaffected by this.
7. The supplier undertakes to maintain public and product liability insurance with coverage of EUR 5 million per claim for personal injuries and material damages and to provide us with proof of this insurance coverage on request.

## VII. Confidentiality, Drawings, Designs, Models, Tools

1. The contracting parties undertake to treat all non-public commercial and technical information which becomes known to them within the scope of the business relationship as a business secret.
2. Drawings, designs, models, templates, tools, samples and similar items which we provide to the supplier must be treated as confidential; may only be used to execute our orders and may not be reproduced or made accessible to third parties. These items will remain our property. Goods which are produced on the basis of these items may not be passed on to third parties in an unfinished state or as semi- or finished products; the same will apply for parts which the supplier develops as per our specifications.
3. Subcontractors must be placed under the same obligation.
4. Should the supplier produce designs, models, drawings, lithographs, tools or similar which are required to execute an order, then these must also be treated as confidential in the same way. It is agreed that these items will become our property and that the supplier will keep them for us free of charge. Following completion of the orders these items must be handed over to us on request.

## VIII. Property rights

1. The supplier will be liable for claims arising in the course of contractual use of the delivered items which are due to infringement of property rights or pending property rights. He will indemnify us and our customers against all claims arising from the use of such property rights. He will also be liable for damages unless he can prove that he is not responsible for the breach of obligation.
2. This will not apply insofar as the supplier has manufactured the items in accordance with drawings or models or descriptions and information which we supplied and does not know or, in connection with products which he develops, cannot know that this infringes third-party property rights.



## Form

KRAH Group Terms and Conditions  
of Procurement and Ordering

Element: F10-9-12e  
Index: 4  
Current as of: June 2022  
Page 4 of 5

### IX. Assignment, Retention of title

1. Rights and obligations arising from our orders may not be assigned or passed on to third parties. The supplier will, with the exception of extended retention of title, not be entitled to assign claims against us to third parties.
2. The supplier will be entitled to retain title to delivered items until we have paid for them without this prejudicing our rights to process and sell on the goods.

### X. REACH Regulation, RoHS, Environmental responsibility/ product safety, Social responsibility

1. The supplier undertakes to comply with the REACH Regulation (Registration, Evaluation and Authorization of Chemicals) and to provide us with all required information regarding the contractual products in good time.
2. The supplier undertakes to comply with the relevant valid EU RoHS Directive (Restriction of Hazardous Substances) and to confirm this to us in writing on request.
3. As regards possible environmental impacts caused by suppliers or their business partners, the former must act in accordance with the precautionary principle; implement measures to promote environmental responsibility and drive forward the development and use of environment-friendly technologies. Chemicals and other substances which may represent a hazard if released into the environment must be identified. Optimum environmental protection and minimisation of environmental impacts must be ensured at all stages of production. This includes the reduction of CO<sub>2</sub> emissions and air pollution control as per existing standards. All manufactured products across the entire supply chain must meet the environmental protection standards for their market segment.
4. The supplier undertakes to pay the statutory minimum wages set in the country where the relevant service is performed. He will also place all subcontractors and temporary personnel agencies which he uses under the same obligation. He guarantees to us that he will cover all costs which we incur in connection with claims based on Art. 13 German Minimum Wage Act (MiLoG). The supplier must, at our request, provide proof that he and any subcontractors and temporary personnel agencies which he uses to perform contracts pay minimum wages.
5. The supplier must comply with the requirements linked to the KRAH Group's ethical principles. These principles are specified in the "Code of conduct for KRAH Group suppliers" and are binding for all KRAH Group suppliers. The code of conduct can be retrieved on our homepage under [www.KRAH-gruppe.de/download](http://www.KRAH-gruppe.de/download).

### XI. Place of fulfilment, Place of jurisdiction, Applicable law

1. The place of fulfilment will be the location of our registered offices.
2. In the case of contracts with businesspeople, legal entities under public law or special funds under public law the place of jurisdiction will be the registered offices of the KRAH Group company placing the order. However, we reserve the right to sue the supplier before the court with jurisdiction over his registered offices.
3. All transactions in the EU relating to orders, deliveries and services of German KRAH Group companies will be subject to German law. The United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded. In the case of cross-border transactions with companies located outside the EU the CISG will apply and, if it does not include any provisions, German law will apply. KRAH Group companies which do not have their registered offices in Germany will be subject to relevant national laws with the CISG taking precedence.



## Form

KRAH Group Terms and Conditions  
of Procurement and Ordering

Element: F10-9-12e  
Index: 4  
Current as of: June 2022  
Page **5** of **5**

## XII. Severability clause

Should individual provisions of these Terms and Conditions and / or any additional agreements which have been concluded be or become invalid, then this will not affect the validity of the remaining provisions of the contract. The contracting parties will be obliged to replace the invalid provisions with a legally permissible regulation which comes as close as possible to the commercial success of the invalid provisions.