

GENERAL TERMS AND CONDITIONS OF PURCHASE

Royal SMIT Transformers B.V.
P.O. Box 9107, 6500 HJ Nijmegen

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These general terms and conditions of purchase are published on our website and filed with the Court in Arnhem, the Netherlands. A copy of it can be requested at the Court free of charge.

A. GENERAL SECTION

Article 1 - Definitions

- 1.1 In these terms and conditions, the following definitions apply:
- a. "Company": Royal Smit Transformers B.V., a specialist in the development, manufacture, sales and maintenance service of high-quality transformers.
 - b. "Supplier/Contractor": any person with whom the Company has entered into or wishes to enter into an agreement for rendering a performance or delivering a good or goods.
 - c. "Subcontractor": a (juristic) person involved by the Supplier/Contractor in the Performance.
 - d. "Associated parties": any natural or juristic persons, whether in direct employment or otherwise (including temporary agency workers, seconded employees and self-employed persons) who are involved in the Supplier's/Contractor's Performance.
 - e. "Order": request from the Company to the Supplier/Contractor regarding the rendering of a Performance.
 - f. "Performance": all that which the Supplier/Contractor must supply on the basis of any agreement with the Company, including (the delivery of) goods, services, work duties, rights in rem/real rights and contractual rights. 'Delivery' is also understood to mean: all that which the Supplier/Contractor must or should do or should not do with respect to an Order.
 - g. "Contract": the Contract agreed between Company and Supplier/Contractor including annexes and these Company's general terms and conditions of purchase, excluding the Supplier's/Contractor's conditions.
 - h. "End customer": the Company's customer.
 - i. "Incoterms": International standard that defines the rights and obligations of buyer and seller in the international transport of goods, developed and published by the International Chamber of Commerce (ICC).
 - j. "Intellectual Property rights": all rights, at home and/or abroad to: patents, topographies of semiconductor products (chips), copyrights, drawings, design and utility models, trade names, brands, and know-how, whether relating to secret knowledge or not, of technical processes and products – irrespective of whether this knowledge could be patentable.

Article 2 - Application

- 2.1 These general terms and conditions of purchase apply to all requests for quotation, quotations, offers/bids, purchase orders, Orders, Contracts, and other legal acts with respect to the Performance to be rendered by the Supplier/Contractor for the Company.
- 2.2 Deviations from and additions to these general terms and conditions of purchase are only binding if expressly agreed upon in writing between the Company and the Supplier/Contractor.
- 2.3 Any general conditions, however denominated, used by the Supplier/Contractor do expressly not apply to the Contract(s), requests for quotation, quotations, offers/bids, purchase orders, Orders, and other legal acts with respect to the Performance to be rendered by the Supplier/Contractor for the Company, and are expressly rejected by the Company.
- 2.4 These general terms and conditions of purchase have been drawn up in the Dutch language and other languages. In case of any discrepancies in terms of content or meaning, the Dutch version will prevail.

Article 3 – Quotations and (conclusion of a) contract, contract variations

- 3.1 A quotation submitted by the Supplier/Contractor is deemed to be an irrevocable offer, unless the Supplier/Contractor has expressly stated in the quotation/offer that this is revocable. If the Supplier/Contractor submits the quotation within the framework of a tendering procedure, the Supplier/Contractor will be bound by the tender for a period of six months from the moment of the awarding of the contract.
- 3.2 All costs involved with submitting the quotation/offer will be borne by the Supplier/Contractor.
- 3.3 The contract is concluded upon the written acceptance of the Supplier's/Contractor's offer by the Company. If the Supplier/Contractor carries out a Performance or makes preparations to do so before a written notice of acceptance is received, this is done at the Supplier's/Contractor's own expense and risk.
- 3.4 Company is not bound by verbal commitments and agreements made by its employees or other subordinates unless and until confirmed in writing by the Company.
- 3.5 Changes in the contract are only binding if agreed upon in writing between Company and Supplier/Contractor.
- 3.6 Without prejudice to the Supplier's/Contractor's obligation to perform, the Company will only be bound to the Order if unconditional written acceptance thereof by the Supplier/Contractor is in the Company's possession within 5 working days of the date on which the Order was sent.

- 3.7 The Company has the right to rescind the Contract at any time free of charge if the good(s) have not yet been delivered and/or the Supplier/Contractor has not commenced execution of the work. In case of termination at a later time by the Company, the Company will compensate the Supplier/Contractor for all direct costs actually incurred, insofar as these are reasonable and demonstrable. Any further claim to (damage) compensation is excluded.
- 3.8 The Supplier/Contractor will relinquish any rights to rescind the Contract or suspend the Performance.
- 3.9 The Supplier/Contractor is deemed to have examined all relevant documents and to have received all other requested information, and will have reported all inadequacies before the conclusion of the Contract.
- 3.10 If the Supplier/Contractor discovers anything that is apparently incorrect or incomplete in the Contract and the associated documentation in which the Performance is described, the Supplier/Contractor is obliged to inform the Company immediately, and the Supplier/Contractor will first request clarification before commencing execution of the Performance.
- 3.11 The Company has the right to request that the scope/nature of the Performance be changed. If the Supplier/Contractor is of the opinion that the change will involve considerably more time or expense with respect to the execution of the Contract, he should inform the Company of this in writing within 10 days from the date of the notification of the change, after which the Company and Supplier/Contractor will enter into negotiations on this matter. If the Supplier/Contractor does not inform the Company within the time period referred to above, the Supplier/Contractor loses the right to possible modification of the Contract with respect to price and/or time frame for the execution of the Contract.
- 3.12 If changes to the order result in a new price and/or delivery time, the Company has the right to require the execution of the order to be unchanged or changed in a way that is acceptable to the Company, or else terminate the order immediately, in which case the Company will only pay the direct costs actually incurred, insofar as these are reasonable and demonstrable. Any further claim to (damage) compensation is excluded.
- 3.13 Changes do not include additional work that the Supplier/Contractor could have or should have anticipated to be necessary to deliver the agreed Performance(s) at the time of entering into the Contract, or extra work resulting from Supplier's/Contractor's failure to perform.

- 3.14 Additional work will not be carried out by the Supplier/Contractor without a written Order from the Company.

Article 4 - Price

- 4.1 The prices stipulated are fixed prices, excluding VAT and including all costs, including, but not limited to, the costs for transport, insurance, other taxes and charges (such as import and export duties), packaging, staff on site, import duties, storage, costs for disposal and/or processing of waste materials, costs for drawings and calculations, supervision, certification, materials, and all other costs reasonably considered necessary for the execution of the work or delivery of goods, unless expressly agreed otherwise.

Article 5 – Quality and description

- 5.1 Supplier/Contractor guarantees:
- a. that the Performance is complete and suitable for the purpose for which it was intended, if the purpose was made known to him, or is implicit from the nature of the performance,
 - b. that the Performance meets all the requirements specified by the Company in the Order, specifications, drawings, calculations and/or other documents supplied by the Company and fulfils all Contract conditions,
 - c. that the Performance complies with all applicable national and international rules and regulations and (international) government regulations;
 - d. that the Performance complies with the norms and standards current in the trade or industry in question;
 - f. that the Performance conforms to European legal guidelines, and meets the requirements for CE marking or EU declaration of conformity for machinery/safety components or 'manufacturer's declaration' respectively; the supplier will submit the CE-declaration of conformity;
 - g. that, in as far as the performance is rendered in a location outside the Supplier's/Contractor's premises, the laws and government regulations applicable to that location, as well as the regulations declared applicable to that location by the Company and/or the End customer, will be adhered to;
 - h. that the quality of the performance will be good and that the performance will be free of defects in design, construction, and/or materials; that new materials will be used and skilled staff assigned for all services and work relating to the Performance;
 - i. that, if the performance involves the provision of manpower, the manpower will meet the level of competence agreed upon, or (if no specific agreements have to be made in this respect) the general standard of skill/competence required,

- and that the agreed amount of manpower is available at all times during the agreed period.
- 5.2 If in the Contract/Order and/or related annexes, reference is made to technical regulations, regulations regarding safety and quality and/or other regulations that have not been attached to the Order, the Supplier/Contractor will be deemed to be familiar with them, and execute the Performance in accordance with the Contract, unless he informs the Company to the contrary forthwith in writing. In that case, the company will provide further information.

Article 6 – Payment and invoicing

- 6.1 Payments will be made according to the payment schedule included in the Contract, or, if no such schedule was agreed, after the last delivery or on completion of the Performance.
- 6.2 Unless otherwise agreed, payment by the Company will take place within 60 days after completion of the Performance by the Supplier/Contractor and acceptance by the Company. Payment for the performance does not in any way constitute a waiver of rights.
- 6.3 The Company will only make payments:
- a. after receipt of the unaltered and same Order/Contract as issued by the Company, signed by the Supplier/Contractor;
 - b. if the Performance of part thereof to which a (instalment) payment relates has been delivered by the Supplier/Contractor to the satisfaction of the Company;
 - c. after receipt of an invoice that complies with the legal requirements as set out in the ‘Wet op de Omzetbelasting 1968’ (Value Added Tax Act) and the ‘Uitvoeringsregeling inleners-, keten-, en opdrachtgeversaansprakelijkheid 2004’ (Implementation regulation subcontracting chain liability), and which also contains:
 - the Company’s order number;
 - the Performance and work location(s) to which the invoice relates,
 - a statement regarding the applicability of the VAT deferment, stating: ‘VAT deferred’ if applicable, if not applicable stating the amount of VAT;
 - the registration number under which the Supplier/Contractor is registered with the Commercial Register, and place of registration.
 - d. after the Supplier/Contractor has shown, upon request, that the staff involved with the Performance have been paid what was due to them, and the relevant payroll taxes and value added tax have been paid to the appropriate authorities.
- 6.4 The Company at all times has the right to pay the payroll taxes and value added tax due in respect of the Performance, for which he is jointly and severally liable under section 34 or 35 of the

- ‘Invorderingwet 1990’ (Collection of State Taxes Act) to the Supplier/Contractor’s by depositing the amounts in the Supplier’s/Contractor’s blocked account within the meaning of the aforementioned articles.
- 6.5 By depositing the amounts due in the blocked account under paragraph 4, the Company meets his payment obligations towards the Supplier/Contractor.
- 6.6 The Supplier’s/Contractor’s invoices must, at the Company’s request, be divided into an earnings factor and other factors.
- 6.7 The Company is entitled, without judicial intervention, to suspend payment of any amount, on any grounds whatsoever, if the Company or affiliated companies have, or will have, a claim against the Supplier/Contractor.

Article 7 – Delivery and delivery terms

- 7.1 Unless expressly agreed otherwise between the parties, the delivery term is a strict and final deadline, so that in case of exceedance of the delivery term, Supplier/Contractor is immediately in default, without prior notice of default being required. Partial deliveries are not permitted, unless approved by the Company in writing.
- 7.2 If the Supplier/Contractor expects to exceed the agreed delivery time, he will inform the Company in writing immediately and state the reason for the delay.
- 7.3 In case of late/delayed Performance, the Company may, at his own discretion, impose on the Supplier/Contractor a penalty amounting to 1% of the total value of the Performance for every calendar week that the Supplier/Contractor exceeds the agreed delivery time, with a maximum of 10% of the total value of the Performance. Imposing, collecting or deducting the aforementioned penalty amount from amounts due to the Supplier/Contractor leaves intact the Company’s rights with respect to fulfilment of the performance, supplementary compensation and termination (in full or in part) of the Contract.

Article 8 - Approval, inspection, testing

- 8.1 The Company and his End customers are entitled to inspect and/or test the performance at any time. The Supplier/Contractor will provide all necessary cooperation without any charge. If an inspection or testing does not or cannot take place at the time stipulated by the Company because of actions or negligence on the part of the Supplier/Contractor, the Company will recover any additional costs from the Supplier/Contractor.
- 8.2 Any costs involved with the inspection or test will be borne by the Supplier/Contractor, unless agreed otherwise in writing.

- 8.3 The Supplier/Contractor can never derive any rights from the results of a test or inspection, or the absence thereof.

Article 9 – Confidentiality and privacy

- 9.1. The Supplier/Contractor undertakes to keep confidential from third parties all information from the Company that he should reasonably understand to be confidential, as well as all information marked confidential by the Company which he receives within the framework of the execution of the Performance, and will require his staff or any other person that the Supplier/Contractor involves in the execution of the Contract to observe the same confidentiality; in addition, this (company) information may only be used within the framework of the Contract, and is not intended for the Supplier's/Contractor's own purposes.
- 9.2. Insofar as the Company and Supplier/Contractor share personal data within the context of the execution of the Contract, they will observe the requirements in the applicable privacy legislation.
- 9.3. The Supplier/Contractor will, at the Company's first request, inform the Company about the manner in which he complies with the applicable privacy legislation, and will take appropriate measures to protect any personal data that the Supplier/Contractor receives from the Company.

Article 10 – Failure to perform, liability and indemnification

- 10.1 Any failure to perform on the part of the Supplier/Contractor will entitle the Company, without prior warning or notice of default being required, to oblige the Supplier/Contractor, at the Supplier's/Contractor's expense and risk, to remedy in full or in part the failure to perform and/or the consequences thereof in a manner to be determined by the Company, and/or to rescind the Contract in part or in full without judicial intervention; this is at the discretion of the Company.
The aforementioned does in no way affect the rights of the Company with respect to the failure to perform.
- 10.2 The Supplier/Contractor is liable for, and will indemnify the Company against any claim with respect to damage which is a direct or indirect result of the Supplier/Contractor not, or not in time, or not satisfactorily fulfilling his obligations within the context of the Contract, or of the Supplier/Contractor violating any other contractual or non-contractual obligation to the Company or third parties, and for damages caused by the Supplier/Contractor to property belonging to the Company.
- 10.3 The Company has the right to repair or have repaired any defects resulting from the

Supplier's/Contractor's failure to fulfil his obligations under the Contract directly and at the expense and risk of the Supplier/Contractor.

- 10.4 The Supplier/Contractor indemnifies the Company against:
- claims from third parties with respect to damage suffered as a result of failure on the part of the Supplier/Contractor to fulfil his obligations under the Contract or as a result of a wrongful act on the part of the Supplier/Contractor;
 - claims from members of staff;
 - finances and/or penalties imposed on the Company and/or his End customer and/or third parties in connection with non-compliance with rules and regulations on the part of the Supplier/Contractor or third parties engaged by the Supplier/Contractor;
 - damage caused by the Supplier/Contractor or third parties engaged by the Supplier/Contractor to property belonging to the Company or a third party.
- 10.5 The Supplier/Contractor indemnifies the Company against fines/penalties imposed on the Company and/or his customer and/or third parties as a result of actions in breach of and/or omissions with respect to the 'Wet arbeid vreemdelingen' (Wav) (Foreign Workers Employment Act), 'Vreemdelingenwet' (Aliens Act), the 'Wet allocatie arbeidskrachten intermediairs' (WAADI) (Placement of Personnel by Intermediaries Act), and the 'Wet aanpak Schijnconstructies' (WAS) (Sham Employment Arrangements Act) on the part of the Supplier/Contractor and/or his Subcontractors/Associated parties.
- 10.6 The Supplier/Contractor must comply with all obligations under the 'Wet Ketenaansprakelijkheid' (Sequential Liability Act) and indemnifies the Company against any claims from the tax authorities regarding payroll taxes and value added tax owed by the Supplier/Contractor and/or his Subcontractors/Associated parties.

Article 11- Dissolution

- 11.1 The Company is entitled to immediately, without further notice of default, dissolve the Contract in part or in full by means of a written statement, without being under any obligation to pay damages to the Supplier/Contractor, in the event:
- that the Supplier/Contractor does not fully, or not in time fulfil his obligations within the context of the Performance(s);
 - of the Supplier's/Contractor's suspension of payment or bankruptcy, if a request to that effect is submitted to the Court;
 - that the Supplier/Contractor is put under legal restraint;
 - of the death of the Supplier/Contractor;

- e. of sale or termination of the Supplier's/Contractor's business;
 - f. insofar as the Supplier/Contractor is a legal entity or partnership, the dissolution thereof;
 - g. of attachment of a major part of the Supplier's/Contractor's company assets, or goods intended for the execution of the Contract.
- 11.2 In case of full or partial dissolution of the Contract, all claims from the Company against the Supplier/Contractor are immediately due and payable.
- 11.3 If the Company has a reasonable suspicion that the Supplier/Contractor cannot, or not in time, or not fully meet his obligations under the Contract, the latter is obliged, at first request and to the Company's satisfaction, to provide (additional) security for fulfilment.
- 11.4 The provisions in this article leave intact the Company's other rights under the law and the Contract, such as the right to damage compensation, including consequential loss.

Article 12 - Insurances

- 12.1. The Supplier/Contractor will take out adequate legal liability insurance as well as – insofar as possible – contractual liability insurance. The beneficiaries of the insurance will be the parties concerned.
- 12.2 The Supplier/Contractor will also adequately insure all goods provided by the Company within the context of the Order against damage, including damage resulting from incorrect or insufficient processing while the goods are in the possession of the Supplier/Contractor.
- 12.3 The Supplier/Contractor will take out a legal liability insurance that provides cover of at least 2 million euros per incident, unless another amount is agreed in writing with the Company, without prejudice to the supplier's/contractor's liability for the full damage.
- 12.4 The Supplier/Contractor guarantees that any auxiliary working for the Supplier/Contractor, who is not in the Supplier's/Contractor's direct employment, to whom the Supplier/Contractor has assigned or subcontracted an order or part of an order, has taken out liability insurances in the manner previously described, unless alternative arrangements have been agreed with the Company in writing.
- 12.5 The Supplier/Contractor will, at the Company's first request, provide a copy of the insurance policy (policies), as well as proof of premium payment with regard to the aforementioned insurance contracts.
- 12.6 The Supplier/Contractor will never claim coverage of his liability under an insurance that was taken out by the Company with respect to the same incident earlier or later than a policy taken out by the Supplier/Contractor himself in respect thereof.

- 12.7 The Supplier/Contractor will ensure that the right of recourse against the Company is excluded from the insurance contracts.
- 12.8 In the event that the Company suffers loss or damage as a result of a risk insured by the Supplier/Contractor, the Company is exclusively entitled to payment of damages up to the total amount of damage suffered. The Company has the authority, if necessary, to notify the insurance company - on behalf of the Supplier/Contractor - that compensation payments may exclusively be made to the Company. If the Company should deem this necessary, the Supplier/Contractor will transfer his right of compensation for damages to the Company.

Article 13 - Prohibition on assignment and transfer

- 13.1 The Supplier/Contractor is not permitted to assign, pledge or in any other way transfer to a third party claims that the Supplier/Contractor has or will have on the Company without written permission from the Company. With respect to the aforementioned claims, transferability is excluded as mentioned in article 3:83 paragraph 2 of the Dutch Civil Code; this exclusion has proprietary effect.
- 13.2 If the Company gives written consent, the assignment, pledge, or transfer will not relate to the amounts that the Company is authorised to pay into the blocked account, as referred to in article 6, paragraph 4.
- 13.3 The Supplier/Contractor may not assign or subcontract an order or part of an order to third parties or use (hired-in) workers made available by third parties without prior written permission from the Company.
- 13.4 If the Company grants permission for the assignment of the whole of or part of the Performance(s) to a third party, the Supplier/Contractor must have a written agreement with this third party, in which the applicability of the conditions of the Contract is confirmed with this party one by one. The permission may be subject to the condition that the Supplier/Contractor establishes an undisclosed pledge in favour of the Company on the rights of the Supplier/Contractor arising from the contract with the third party.
- 13.5 At the Company's first request, the Supplier/Contractor will produce documents to prove fulfilment by all third parties of obligations as referred to above.
- 13.6 Permission granted by the Company will not release the Supplier/Contractor from any obligation or liability relating to the Order. The Supplier/Contractor is obliged to comply with regulations in the 'Wet arbeid vreemdelingen' (Wav) (Foreign Workers Employment Act), the 'Wet allocatie arbeidskrachten intermediairs' (WAADI) (Placement of Personnel by

Intermediaries Act), the ‘Wet aanpak Schijnconstructies’ (WAS) (Sham Employment Arrangements Act), the ‘Wet op de identificatieplicht’ (WID) (Compulsory Identification Act) and the ‘Wet bescherming persoonsgegevens’ (WBP) (Personal Data Protection Act), and as of 25 May 2018 the ‘Algemene Verordening Gegevensbescherming’ (AVG) (General Data Protection Regulation). The Supplier/Contractor will fully indemnify the Company against fines and/or penalties and other damages and claims, on whatever ground, with respect to third parties failing to comply with regulatory requirements, and will compensate the Company for all payments made to third parties.

Article 14 - Guarantees

- 14.1 The Supplier/Contractor guarantees that for a period of 5 years after completion of the Performance(s), the Performance will be free of defects in design, materials, and finishing, and complies with the requirements and is suitable for its intended purpose. The Supplier/Contractor will ensure immediate and full repair or replacement of any defects, at no cost to the Company and at first notification by the Company. All extra costs, including costs for removal, repair and replacement will be borne by the Supplier/Contractor. After repair, a new warranty period of 5 years with respect to the repaired defects will commence, but with a maximum of 10 years.
- 14.2 In the event of hidden defects, any guarantee period as referred to in paragraph 1. commences at the moment the defect becomes apparent.
- 14.3 The Supplier/Contractor undertakes, for a period of 10 years after the end of the term stated in paragraph 1, to carry out maintenance and repair work, if required, and supply the required spare parts, at a reasonable price.
- 14.4 The Company is entitled to have a defect repaired at the Supplier’s/Contractor’s expense, if the Supplier/Contractor, after written notice of default, fails to repair the defect on time or in a fitting manner. In case of urgent repairs, a prior written notice of default is, contrary to what is stated in the previous sentence, not necessary.
- 14.6 This article does not affect the Supplier’s/Contractor’s liability under the Contract or the law.

Article 15 - Documentation

- 15.1 If the Contract requires submission of documents, including certificates and instruction manuals, the Supplier/Contractor will ensure that these documents are in the possession of the Company as soon as possible, unless stipulated

otherwise in the Contract, but at the latest upon delivery of (the part of) the Performance to which the documents relate. Failure to do so may lead to suspension of payment.

Article 16 – Intellectual property

- 16.1 All intellectual property rights associated with the Performance will become the property of the company and are delivered to the company at the moment of visible execution of the creative work for the Company.
- 16.2 The Supplier/Contractor will do all that is desirable and/or necessary to establish and protect – in consultation with the Company - the rights of the Company to intellectual property.
- 16.3 The delivery of products and/or services, as well as the manufacturing, offsetting, consuming, using, stocking, bringing into economic circulation, reselling, renting, leasing, offering, importing, exporting, forwarding or otherwise trading for the company may not in any way infringe upon any intellectual property rights of third parties. The Supplier/Contractor will indemnify the Company and his End customer against any such claims, and will compensate them for any damage so caused.
- 16.4 Without prejudice to the aforementioned paragraphs, the Supplier/Contractor will send (back) to the Company all drawings, models, tools and all other goods connected with the intellectual property, at the latest with the last delivery of a Performance to the Company, unless expressly agreed otherwise. Failure to do so may lead to suspension of payment, until everything has been received or returned and/or to the Company deducting from the payment the full cost for replacing what has not been returned or received.

Article 17 – Regulations and permit

- 17.1 The Supplier/Contractor is obliged to send to the Company, at the latest one week before he is bound under a Contract to deliver a Performance, or, if this should occur earlier, one week before he commences the delivery of a performance, an unaltered copy of the “Reglement bij het uitvoeren van werkzaamheden door derden en hun personeel ten behoeve van Royal Smit Transformers B.V. te Nijmegen” (“Regulations for work executed by third parties and their staff for Royal Smit Transformers B.V. in Nijmegen”), duly initialled and signed by him. By signing the aforementioned regulations, the Supplier/Contractor is fully bound by the provisions therein, as are any Associated parties engaged by the Supplier/Contractor.
- 17.2 If, upon entering the premises, the Company issues an entry permit/pass, the permit/pass must be presented immediately and clearly at the first request of security staff. When leaving the

premises, the permit/pass must be returned, if necessary provided with the required information.

Article 18 – Applicable law and disputes

- 18.1 All Contracts, and the contracts resulting from them, are governed by Dutch law. The applicability of the ‘Weens koopverdrag’ (United Nation Convention of Contracts on the International Sale of Goods (Vienna 1980)) is expressly excluded.
- 18.2 All disputes arising from the Contract or associated contracts are subject to the jurisdiction of the Courts in Arnhem, unless the company wishes to submit the dispute to arbitration. In that case, a dispute will only be brought before, and be subject to the rules of the ‘Nederlands Arbitrage Instituut’ (Dutch Arbitration Institute).

B. DELIVERY OF GOODS

Article 19- Delivery and ownership

- 19.1 Delivery will be made to the agreed location, carriage and duties paid (Delivery Duty Paid in accordance with the latest version of the Incoterms), and unloading will take place at the location(s) determined by the Company. Transport and loading are at the expense and risk of the Supplier/Contractor.
- 19.2 Unless stipulated otherwise in the Order, the Supplier/Contractor will deliver to the Company’s premises or his End customer’s premises during the Company’s/End customer’s normal working hours in accordance with instructions from the Company/End customer regarding time and method of unloading, as well as designated location on the premises.
- 19.3 Ownership of goods that from part of the Performance will pass from the Supplier/Contractor to the Company upon delivery at the delivery location determined by the Company, or if, and insofar as the Company pays the Supplier/Contractor prior to the delivery of said goods, on the date of payment, as a result of which the Supplier/Contractor or a third party who are holding the goods, will hold the goods for and on behalf of the Company. The Supplier/Contractor guarantees that each transfer of ownership is a transfer of unencumbered ownership.
- 19.4 If and insofar as transfer of ownership occurs prior to delivery at the delivery location, the Supplier/Contractor will, from the moment of transfer of ownership, store the goods concerned at a designated location on the Supplier’s/Contractor’s premises (the ‘Storage location’), separate from other goods on the Supplier’s/Contractor’s premises, and label them

- property of the Company, and inform the Company as soon as the goods concerned have been stored in the Storage location. The Supplier/Contractor will bear the risk of loss or theft of these goods, and will take out adequate insurance against such risk for as long as the goods are stored on his premises. The Supplier/Contractor will, at the Company’s first request, provide copies of the relevant insurance policies, and proof of premium payments.
- 19.5 Transfer of ownership does not imply approval of the Performance by the Company.
- 19.6 Equipment and materials made available by the Company are and will under all circumstances remain the property of the Company, and will be clearly marked as such in an easily identifiable manner to third parties by the Supplier/Contractor. The equipment and materials are deemed to be in good condition and compliant with required specifications upon receipt by the Supplier/Contractor, unless the Supplier/Contractor informs the Company in writing of the contrary within 14 days of receipt.
- 19.7 In the event that the Company puts goods at the disposal of the Supplier/Contractor for processing, or for the purpose of attaching, combining or mixing with goods not belonging to the Company, the Company will acquire ownership of the resulting goods.
- 19.8 Before delivery of the goods, the Supplier/Contractor will carry out a thorough inspection and/or testing of the goods to ensure that goods meet the specifications and requirements in the Contract. In addition, the Supplier/Contractor will meet all supplementary conditions for testing and inspection as described in the specifications, the Order, or imposed by the Company in another way. The Supplier/Contractor will carry out testing as required by the Company and will inform the Company in a timely manner about testing dates and times. If no authorized representative of the Company is present during testing, the test report will be sent to the Company without delay.
- 19.9 If (parts of) the goods are rejected because they fail to meet the specifications or other (contractual) requirements, the Company will issue a non-conformity report, stating both nature and extent of the non-conformity. The report will also contain a request for correction and/or replacement measures. Delivery is considered incomplete until the repaired or replaced good(s) has/have been accepted by the Company.

Article 20 – Export control

- 20.1 If a delivery contains American technology which is subject to the US Export Administration Regulations or controlled under the export regulations of the EU or an EU member state, the

Supplier/Contractor is obliged to inform the Company in accordance with the relevant provisions.

Article 21 - Packaging

- 21.1 The performance must be appropriately and properly packaged, taking due account of the nature of the goods and the method of transport, and marked according to the Company's instructions. The Supplier/Contractor is liable for any damage caused by insufficient or inadequate packaging. All used packaging, with the exception of packaging on loan, becomes the property of the Company, unless the Company refuses it. In that case, the Supplier/Contractor is responsible for disposing of the packaging at his own expense and risk.
- 21.2 The Supplier/Contractor guarantees that the Performance is supplied with the correct labelling, product information, and all applicable instructions and directions, including for transport, storage, handling, processing, use, and use of personal protective equipment. The Supplier/Contractor will ensure that the consignment is marked with the Company's order number, as well as the correct delivery address details. A packing list, stating the contents of the consignment, will be attached to the outside of the packages.
- 21.3 Consignments that do not meet the requirements referred to in paragraph 1 and/or paragraph 2 may be refused by the Company, without prejudice to the Supplier's/Contractor's liability if the Company does not refuse.

C. PERFORMANCE OF WORK AND SERVICES AND SPECIAL PROVISIONS

Article 22 –Working hours

- 22.1. Unless otherwise agreed in writing, the working hours for Associated parties are the same as those for the Company's staff, or those determined by the End customer on site.

Article 23- Associated parties, details

- 23.1 No later than upon commencement of the execution of the order, and subsequently on a weekly basis, the Supplier/Contractor will, at his own initiative, provide to the company a written list of the personal details of all auxiliaries (in a supervisory and executory capacity) employed by him on a day-to-day basis and thus involved in the delivery of the Performance: their (first) name, address, date of birth, Social Security number, ID-number, type of ID and expiry date, and earned or to be earned wages, and any other specific details required by law or of (possible) importance to the customer, and other

- documents, such as work permits required on the basis of country of origin or on other grounds, this said permit and other legally required documents, especially a valid proof of identification, or at least the number thereof. For all self-employed associated parties, a copy of a relevant contract drawn up by the tax authorities and signed by both parties must be provided.
- 23.2 All associated parties must be in possession of written evidence, signed by the Supplier/Contractor and the auxiliary concerned, that shows that they work for the Supplier/Contractor in this capacity. This evidence, together with a numbered proof of identification, must, at first request, be presented immediately and clearly for inspection to persons appointed by the Company upon entering the Company's premises, during their presence there, and upon leaving the premises.
- 23.3 The Supplier/Contractor must comply with all obligations under the law and the collective labour agreement (CAO), which he is deemed to be familiar with, towards the persons employed by him, and he will, in part within the same context, provide to the Company on a monthly basis, at his own initiative, a copy of the payroll summary report (including expense allowances, etc.).
- 23.4 The Supplier/Contractor undertakes to observe and comply with all regulations, terms and conditions, and provisions, including those referred to in paragraph 3, insofar as they relate to the work to be performed by him, including in particular the 'Arbeidsomstandighedenwet' (Working Conditions Act). The Supplier/Contractor is responsible for taking and observing safety precautions and complying with relevant statutory provisions insofar as applicable or related to the work undertaken and to be executed by him.

Article 24 – Storage and disposal of waste materials

- 24.1. The Supplier/Contractor is not permitted to store any more goods on the Company's premises than deemed necessary by the Company for immediate execution of the Order. Costs for storage and liability for damage as a result of damage and/or injury of and/or by goods remain the responsibility of the Supplier/Contractor.
- 24.2 The Supplier/Contractor will ensure that all rubbish, waste, surplus materials and substances left by him or associated parties are disposed of on a daily basis at his expense. He will guarantee that all environmental regulations will be observed during the execution of the Order. He will compensate the Company for all damages that may arise as a result of non-compliance with these regulations, and indemnify the Company against claims from third parties in this respect.

Article 25 - Safety

- 25.1 The Supplier/Contractor will conduct timely and continuous inspections of the premises to be delivered to, on behalf of the associated parties. If any danger to the safety, health and/or welfare of persons exists (within the meaning of the Working Conditions Act ('Arbowet') and related provisions in an Order) he will, in consultation with the Company, take immediate measures to eliminate all danger.
- 25.2 The Supplier/Contractor has the responsibility to provide his employees with all necessary personal protection equipment. If the Supplier/Contractor is unable to eliminate danger through instructions or measures, he will inform the Company immediately and send a written report without delay. The Supplier/Contractor is liable for any damage resulting from the aforementioned dangers, insofar as he has not, or not sufficiently, and/or not in a timely or continuous manner, complied with the provisions in paragraph 1.

D. COMPLIANCE

Article 26- Compliance regulations

- 26.1. Supplier/Contractor undertakes to act in its own business operations in accordance with SGB SMIT Group's Supplier Code of Conduct (<https://www.sgb-smit.com/sgb-smit-group/procurement/>), hereafter "Supplier Code of Conduct", which is made part of any Contract. The Supplier/Contractor shall for this purpose establish a sufficient risk management system, including preventive actions, to control and stop respectively mitigate risks of being non-compliant with the principles set out in the Supplier Code of Conduct.
- 26.2 Supplier/Contractor shall oblige its subcontractors to comply with the Supplier Code Of Conduct and shall provide a copy of the Supplier Code of Conduct to its subcontractors latest upon conclusion of the respective subcontract. Supplier/Contractor shall ensure that its subcontractors address and pass on the expectations from the Supplier Code Of Conduct along the Supply Chain. Supplier/Contractor shall be authorized to comply with the obligations from this subsection on the basis of its own code of conduct provided that the protected rights set out there in correspond to those of the Supplier Code of Conduct made part of the Contract. Further on Contractor shall establish regular trainings for its employees, that contain the principles of the Supplier Code Of Conduct, especially the therein included points to human and environmental rights.

- 26.3 Supplier/Contractor shall ensure unhindered access by its employees to the whistleblowing channel and its Ombudsman, set up by the SGB SMIT Group (www.sgb-smit.group/procurement). In particular, Supplier /Contractor shall not undertake any actions that hinder, block or impede access to this channel. The Contractor undertakes to pass on the obligations specified in sentences one and two of this subsection to its subcontractors and to ensure that the obligations are passed on along the supply chain.
- 26.4. Supplier/Contractor is obliged to obtain and provide Company and its affiliates all information and documents required to comply with all regulatory requirements arising from the Contract. Regulatory requirements in the former sense includes in particular but is not limited to the regulations of the German supply chain due diligence act or similar legislation.
- 26.5 Supplier /Contractor recognizes that the principles of the Supplier Code of Conduct are mandatory part of the Company's supplier audits and supplier evaluation and therefore grants necessary access rights to its premises and offices within normal business hours for any such supplier audit or ensures participation in relevant inquiries by Company (e.g. by means of self-assessments).
- 26.6 In the event of breaches by Supplier/Contractor of the obligations set out in the Supplier Code of Conduct, Company shall be entitled to suspend performance of the Supplier/ Contract or, at its reasonable discretion, decide to resign from or terminate the Contract, if the breach is not remedied within a reasonable deadline set by Company. In cases of material, persistent or repeated breaches, the deadline need not be set.
- 26.7 In the event of breaches by Supplier/Contractor of the Supplier Code of Conduct, Supplier/Contractor shall be obliged to pay damages resulting from such breach. Further on Supplier/Contractor is obligated to indemnify Company against claims by third parties arising from a breach of the Supplier Code Of Conduct.