

General Conditions of Purchase (GCP) of LECO-Werke Lechtreck GmbH & Co KG, Emsdetten (hereinafter referred to as LECO) Status: 01-04-2020

1. Scope of application

1.1 Our GPC apply to all deliveries and services of our business partners and suppliers, hereinafter referred to as Supplier. Our GPC shall only apply if the Supplier is an entrepreneur within the meaning of article 14 BGB (German Civil Code) or a legal entity under public law or a special fund under public law. They apply in particular to contracts for the purchase and/or delivery of movable goods or rights (hereinafter referred to as goods), irrespective of whether the Supplier manufactures the goods himself or purchases them from suppliers with or without further processing. In their respective current version, they shall also apply to future contracts with the same Supplier without explicit renewed reference. We shall inform the Supplier immediately in the event of changes to our terms and conditions.

1.2 Our GPC shall apply exclusively; conflicting, supplementary or deviating terms and conditions of the Supplier shall expressly not apply, even if we accept the Supplier's delivery without reservation in the knowledge of conflicting terms and conditions of the Supplier.

1.3 Individual agreements with the Supplier (including collateral agreements, supplements and amendments) shall take precedence over our GPC, provided that ***they are at least in written form.***

1.4 Legally relevant declarations of any kind, setting of deadlines, reminders, declarations of withdrawal need to be in writing to be effective. The list of written form requirements in our terms and conditions is therefore only exemplary and not exhaustive.

2. Conclusion and scope of the contract, rights and obligations of the Supplier

2.1 Orders from us are only legally binding if they are made in writing. The Supplier must notify us in writing of obvious errors and incompleteness of the order including order documents for the purpose of correction or completion prior to its acceptance, otherwise the contract shall be deemed not to have been concluded. The written form of our order shall be deemed to have been complied with in the case of electronic data transmission or by data carriers or by fax.

2.2 If the Supplier does not immediately accept the order in writing, we shall be entitled to revoke it. If the Supplier accepts the order with deviations, these must be clearly pointed out in the acceptance. In this case, a contract shall only be concluded if we agree to these deviations in writing. A delayed acceptance shall be deemed a new offer and requires our acceptance.

2.3 In the case of informal, i.e. oral or telephone business transactions, the order in written form shall be deemed a commercial letter of confirmation from us.

2.4 Unless otherwise agreed, delivery call-offs for continuous obligations shall become binding if the Supplier does not object in writing within two working days (6-day week) of receipt of the delivery call-off.

2.5 Cost estimates are binding and are not to be remunerated, unless expressly agreed otherwise individually in writing.

2.6 LECO may also demand changes to the delivered goods after conclusion of the contract, provided this is reasonable for the Supplier. In the event of such a change to the contract, the effects on both parties, in particular with regard to additional or reduced costs, product quality and delivery dates, must be taken into account appropriately.

2.7 The deliveries and services are to be produced and delivered by the Supplier as manufacturer in accordance with the latest state of the art. They must comply with the statutory and other provisions of the Federal Republic of Germany, the EU and those countries to which the deliveries and services are further distributed by us or by our customers, the latter insofar as we point this out before conclusion of the contract.

2.8 The Supplier **guarantees** that his deliveries and services do not contain any substances prohibited in the EU.

2.9 The transfer of ownership of any delivered goods to LECO must be made unconditionally and without regard to the payment of the purchase price. We object to any current account reservation.

2.10 LECO reserves the right of ownership and copyrights to illustrations, plans, drawings, invoices, execution instructions, product descriptions and other documents such as means of production etc. Insofar as they are essential for the fulfilment of the contract, the Supplier is obliged to check and point out discrepancies, errors, contradictions or other defects within the framework of his technical qualification. The Supplier bears sole responsibility for his planning and calculations for the contractual services even if we **release** them by approval.

2.11 The Supplier undertakes to use all documents exclusively for the execution of the contract for LECO, **not to use them** for his own purposes or those of third parties and **not to make them available** to third parties **unless approved by us in writing**.

2.12 The same applies to textiles and materials as well as to tools, templates, samples and other items that LECO provides to the Supplier for the manufacture of contractual products. Such items must be stored separately at the Supplier's expense and insured to an appropriate extent against destruction and loss (**all-risk insurance**) at replacement value and used exclusively for the performance of the contract with LECO.

2.13 The involvement of subcontractors requires our prior written consent.

2.14 Subcontractors shall be named in the offer by name and with their registered office, including the respective scope of delivery and performance.

2.15 The Supplier must ensure through appropriate written agreements that a subcontractor approved by LECO complies with all tasks and obligations as does the Supplier itself, and must provide LECO with proof of this on request.

2.16 LECO is entitled to conclude contracts with subcontractors for other deliveries and services.

2.17 All documents of LECO are to be handed over to LECO on first request without right of retention or must be deleted after request.

3. Special confidentiality / developments and rights

3.1 The Supplier must treat the conclusion of the contract, its content and scope confidentially even beyond the end of the contract and is not authorised to advertise the business relationship without the prior consent of LECO.

3.2 The Supplier undertakes to keep secret all information and documents **marked as confidential** by LECO (e.g. technical and other data, measured values, calculations, documentation, know-how, drawings) insofar as they are not publicly known, not to make them accessible to third parties without our consent and to use them only for the purpose of executing the respective order for LECO. They are considered a trade secret.

3.3 In the case of research, development, design, engineering and other orders which have as their object the development of a technical problem solution for us, all inventions/developments of the Supplier which he makes/wins in the fulfilment of the contract are the sole property of LECO, irrespective of the question of the property right capacity. This also includes the right to protect the special rights by appropriate registration. The same applies to new technical know-how that is not part of the state of the art. We grant the Supplier a simple right of use of these rights for the purpose of fulfilling the contract. The Supplier will make use of inventions of his employees at LECO's request. The Supplier undertakes to inform LECO of the employee invention and the technical know-how within 2 weeks in writing. LECO will bear the costs under the German Employee Invention Act **if LECO claims the invention**. Otherwise, the transfer of rights is settled from the contract prices.

4. Scope of delivery, obligation to subsequent delivery, delivery time, delay, contractual penalty

4.1 All deliveries shall be made free LECO business location, duty paid, including packaging and plus transport insurance at the Supplier's expense. Unless otherwise agreed in writing, **DDP (Incoterms 2020) is generally deemed to be agreed**.

4.2 Partial deliveries or partial services and early deliveries are only permissible if agreed accordingly. LECO is not obliged to accept partial deliveries or partial services without prior agreement.

4.3 The deliveries shall be accompanied by detailed accompanying documents, from which the exact designation of the goods, the part numbers, the order numbers, the quantities as well as the certificates on the tests carried out by the Supplier can be seen. LECO shall not be liable for delays in processing and payment resulting from incomplete information. If shipping documents are missing, in particular certificates of origin or proof of VAT status, we reserve the right to refuse acceptance of the goods at the Supplier's expense and risk. With each delivery, the Supplier must issue and hand over a corresponding declaration of identity and a test certificate of conformity per delivery/service in writing. He undertakes to provide us, free of charge and in good time before delivery, with all necessary product information, such as operating instructions, maintenance instructions, assembly drawings, etc., safety data sheets, processing instructions, instructions for use, etc., in German and English and to provide us with all information and documents necessary for proper and legally compliant distribution. The Supplier shall notify us immediately in writing of any subsequent

changes and updates to the above-mentioned product information and shall also make them available to us free of charge and in good time.

4.4 The Supplier is obliged to keep *necessary* spare parts in stock for the period of the normal service life of the delivered goods and to deliver them within reasonable time, as is customary in the business relationship. In addition, the Supplier is obliged to inform us immediately in writing when he stops the manufacture of spare parts so that LECO can purchase sufficient spare parts. The Supplier is obliged to inform us in writing at least 6 months before the cessation so that LECO can still reorder spare parts to the required extent for stockpiling.

4.5 The Supplier is obliged to document his function and quality control and to keep these documents for at least 10 years since the last delivery. *He owes a 100 % output inspection.*

4.6 Agreed delivery dates and deadlines are binding. Decisive for compliance with the delivery date or deadline is the receipt of the goods or services at the receiving point specified by LECO in the order. We can reject excess or short deliveries at the risk and expense of the *Supplier.*

4.7 Even in the case of continuous call-offs, we expressly object to a reservation of self-supply by the Supplier, who *bears* the procurement risk for his services and the material risk until we accept the delivery. We object to any embargo clause and any reservation of performance. Delays in delivery must be notified immediately in writing, stating the reasons and the expected duration of the delay.

4.8 In case of a delay in delivery LECO is entitled to the legal rights and claims. In particular, LECO can declare withdrawal from the contract in the event of Supplier default and in addition demand compensation for non-performance.

4.9 Irrespective of the legal rights and claims, in the event of delay in delivery LECO is entitled to demand from the Supplier, in addition to performance, a contractual penalty of 0.3% of the order value per working day (6-day week) from the time of delay in delivery, but no more than 10% of the total net order value of the delivery as the minimum amount of compensation. If LECO accepts the delayed performance, LECO may claim the contractual penalty at the latest at the time of final payment.

5. Prices and terms of payment

5.1 Unless otherwise agreed in writing, payments shall always be made in euros. The price stated in the order is binding. In the case of continuous obligations, we expressly object to claims for price increases by the Supplier even if there is a period of more than 4 months between conclusion of the contract and delivery. The price shall apply in each case plus the applicable statutory value added tax at the time of conclusion of the contract, if the Supplier provides services which are subject to value added tax and if he himself provides services which are subject to value added tax. The price includes all services and ancillary services of the Supplier including packaging, transport costs and transport liability insurance, including customs clearance and ancillary customs costs. The Supplier must take back and dispose of packaging material at LECO's request at its own expense.

5.2 Due date shall be upon receipt of a properly issued invoice, which must contain all

order codes and item numbers from our order, as well as after complete delivery or performance. In the case of bank transfer, payment is on time if LECO instructs the bank to do so before the payment period expires. LECO does not owe any interest on the due date, the interest on arrears is 5% above the base interest rate per annum. A written reminder from the Supplier is required in all cases for the occurrence of default.

5.3 Invoices will only be processed by LECO if they - in accordance with the specifications in the order- state the order number, material numbers and item numbers shown and otherwise comply with all legal requirements of German law. Unless otherwise agreed, payments will be made either within 14 days of the due date of the claim and receipt of the invoice less 3% discount or within 45 days net.

5.4 Payments shall not constitute recognition of the delivery or service as being in accordance with the contract; they shall also be made subject to the reservation of invoice and goods inspection.

5.5 In the event of a defective delivery or service, including incorrect delivery or reduced performance, LECO is entitled to withhold payments to an appropriate amount. LECO is entitled to set-off and retention rights as well as the defence of non-performance of the contract to the extent permitted by law. LECO is in particular entitled to retain due payments, also from the current account, in an appropriate amount as long as LECO is still entitled to claims from incomplete or defective performance against the Supplier from the same business relationship.

5.6 The Supplier shall only be entitled to a right of set-off or retention on the basis of counterclaims which have been established as final and absolute or are undisputed, or only insofar as the claims are in a reciprocal relationship.

6. Quality control / guarantees / liability / limitation period / audits / inspections

6.1 The production tests and the inspection do not release the Supplier from his fulfilment and warranty obligations. Nor do they constitute an anticipated incoming goods inspection. The Supplier owes a 100% output inspection and therefore waives the objection of delayed notification of defects according to article 377 HGB (German Commercial Code). In all other respects **clause 6.2** shall apply.

6.2 LECO's inspection is limited to defects that become apparent on receipt of goods under external inspection, including the delivery documents, as well as during internal quality control by random sampling (e.g. transport damage, incorrect and short deliveries). If acceptance has been agreed, there is no obligation to inspect. In all cases, our complaint shall be deemed to be immediate and timely if it is received by the Supplier within 2 weeks of the defect being detected.

6.3 For all material defects and defects of title, including incorrect and short delivery, improper assembly, defective assembly, operating or instruction manual and other breaches of duty by the Supplier, the statutory provisions shall expressly apply, unless otherwise provided for below: According to the statutory provisions, the Supplier is liable in particular for ensuring that the goods have the agreed quality at the time of transfer of risk to LECO. The product descriptions are deemed to be an agreement on the quality, irrespective of whether the product description originates from LECO or

the Supplier and our specifications in the order. Notwithstanding article 442 para. 1 sentence 2 BGB, LECO is entitled to claims for defects in full even if the defect remained unknown to LECO at the time of conclusion of the contract due to gross negligence.

6.4 LECO shall be entitled to the statutory claims arising from liability for defects in full. We object to any limitation of liability with regard to the legal rights of recourse, in particular from articles 439 para. 3, 439 para. 2 BGB. LECO is in any case entitled to demand at its own discretion either removal of defects or replacement delivery. In this case, all expenses for the removal of the defect or replacement delivery must be borne by the Supplier, this also includes installation and removal costs including other ancillary costs in this connection, which arise because the defective delivery is further processed and, if necessary, installed at third parties and must be removed again. We expressly reserve the right to claim damages, in particular the right to claim damages in lieu of performance or in addition to withdrawal from the contract.

6.5 The costs incurred by us and our customers for the purpose of inspection and rectification (including any removal and installation costs and transport/freight costs) shall be borne by the Supplier even if it is established after inspection that the defect was due to the defectiveness of the product. Our liability for damages in the event of unjustified requests for rectification of defects shall remain unaffected; however, in this respect we shall only be liable if we have recognised or grossly negligently failed to recognise that there was no defect.

6.6 If the Supplier does not remedy the defect immediately after LECO's request, LECO is entitled in urgent cases, in particular to avert acute danger or avoid major damage, to carry out the work itself or have it carried out by third parties at the Supplier's expense, notwithstanding LECO's right to arrange for the replacement work itself at the expense of the Supplier in the aforementioned urgent cases. We are also entitled to demand a reasonable advance payment for the implementation of such measures.

6.7 Claims for defects - regardless of the legal grounds - shall lapse 36 months after delivery, subject to longer statutory limitation periods, in particular for deliveries of building materials. If acceptance has been agreed, the limitation period shall commence upon acceptance of the overall performance. The limitation period for any claims arising from the infringement of industrial property rights shall be 3 years. It only begins with our knowledge of such claims against us. It shall be 10 years at the longest.

6.8 We shall be entitled, after giving 3 days' notice, during production and prior to delivery, to inspect the quality of the material used, the accuracy of dimensions and quantities and other quality of the manufactured parts as well as compliance with the other provisions of our order at the Supplier's works and those of his subcontractors. The material costs for the production tests and inspections shall be borne by the Supplier if there is a reason for such tests or inspections for us or if defects are found which would have impaired- /prevented the fulfilment of the contract.

7. Third party property rights

7.1 The Supplier warrants that the subject matter of the contract is free from third-party rights. The Supplier indemnifies LECO in the event of an infringement of third-

party rights from all claims on first demand.

7.2 LECO will inform the Supplier immediately of any claims asserted by third parties.

7.3 If the exploitation or use of the delivered goods by LECO is impaired as a result of existing property rights of third parties, the Supplier must at its own expense either obtain the corresponding approval or modify or equally manufacture/exchange the service in such a way that the exploitation or use of the delivery no longer conflicts with property rights of third parties and at the same time complies with the contractual agreements. The modification or replacement must be reasonable for LECO.

8. Product liability

8.1 In the event that a claim is made against LECO on the basis of product liability, the Supplier is obliged to indemnify LECO from such claims if and insofar as the damage was caused in whole or in part by a defect in the subject matter of the contract supplied by the Supplier.

8.2 In the cases of clause 8.1, the Supplier shall assume all costs and expenses, including costs of any legal action or recall campaign. In all other respects the statutory provisions shall apply.

8.3 The Supplier is obliged to maintain a product liability insurance with an appropriate sum insured during the term of the contract and for the period of warranty and the right to make subsequent purchases in accordance with clause 4.2 and to provide evidence of this on request.

8.4 Should recall/exchange actions, public warnings, legal action or other precautionary measures be necessary within the scope of this liability, the Supplier shall finance the costs and expenses incurred by us in advance; we shall be obliged to invoice after execution. We will inform the Supplier about the content and scope of the measures - as far as possible and reasonable.

9. Rights and obligations in connection with provisions

9.1 If LECO provides the Supplier with parts, processing and transformation by the Supplier is carried out for LECO. If these goods subject to retention of title are processed with other items that do not belong to LECO, LECO acquires co-ownership of the new item in proportion to the value of the LECO item (purchase price plus VAT) to the other items at the time of processing. Processing, mixing or combination (further processing) with items provided by LECO is carried out by the Supplier for LECO. The same applies to further processing of the delivered goods by LECO, so that LECO is considered the manufacturer and acquires ownership of the delivered goods at the latest with the further processing in accordance with the statutory provisions.

9.2 If the item provided by LECO is inseparably mixed with other items that do not belong to LECO, LECO acquires co-ownership of the new item in the ratio of the value of the item subject to retention of title (purchase price plus VAT) to the other mixed items at the time of mixing. If the mixing takes place in such a way that the Supplier's item is to be regarded as the main item, it is agreed that the Supplier transfers proportional ownership to LECO; the Supplier keeps the sole ownership or co-ownership for LECO.

10. Legal consequences in case of force majeure

10.1 LECO shall not be liable for the non-fulfilment of bindingly agreed acceptances if LECO proves that the non-fulfilment is due to an impediment beyond its control and that it cannot reasonably be expected to take the impediment into consideration when concluding the contract or to avoid or overcome the impediment or its consequences (force majeure is unavoidable events, these are natural disasters, earthquakes, floods, storms, volcanic eruptions, low coincidence, riots, blockade, fire, civil war, embargo, hostage-taking, war, revolution, sabotage, [strikes, if they take place at a third party,] terrorism, traffic accidents, pandemics- /epidemics, production disturbances). If the non-fulfilment is based on the non-fulfilment by a third party LECO uses for the fulfilment of the contract, it is only exempt from liability, i.e. does not have to accept liability, if it is exempt according to sentence 1 and the third party itself would also be exempt according to sentence 1, if sentence 1 would apply to it. The exemption applies in principle for the period for which the impediment exists. In such cases LECO is obliged to inform the Supplier of the impediment and its effects on its ability to fulfil. The obligation to inform must be fulfilled immediately from the moment the impediment becomes known. Failure to comply with this notification obligation within a reasonable period of time will result in LECO being liable for the damage arising from the failure to receive the notification. The liability release mechanisms in this clause are final. National law applies only as a supplement and is subordinate; in the event of contradictions, this contract takes precedence.

10.2 If the conditions of the above-mentioned clause 10.1 are met, LECO is released from the obligation to accept delivery in the above-mentioned sense and from any claims for damages. If it is possible to postpone acceptance to a later date and if this is reasonable for LECO, the Supplier is entitled to deliver the contractual products at the later date to be specified by LECO and LECO is obliged to accept them. If it can be proven that this possibility does not exist, LECO is authorised to terminate the contractual relationship in whole or in part without damage. LECO will furnish proof of this.

11. Supplier's duty of notification, premature termination of the contract in case of suspension of payments, insolvency

11.1 The Supplier must inform LECO immediately in writing of any transfer of contract and/or any change in the company name, relocation of the registered office and change in the shareholding of more than 50% in the Supplier.

11.2 If the Supplier ceases payments or if execution is levied on its assets and not stopped within a period of three weeks or if a provisional insolvency administrator is appointed or insolvency proceedings are opened on its assets or if bill or cheque protests are made against the Supplier, LECO is entitled to terminate the contract in whole or in part without penalty and without notice.

11.3 In the event of termination of the contract, the deliveries made up to that point shall only be invoiced at contract prices to the extent that they can be used for the intended purpose. Any damage incurred by the LECO will be taken into account in the

settlement.

12. Applicable law/court of jurisdiction/place of performance/final provisions

12.1 The law of the Federal Republic of Germany shall apply between the parties. The provisions of the UN Sales Convention (CISG) are excluded.

12.2 The place of jurisdiction for all disputes is Emsdetten, Germany. LECO is further entitled, at its own discretion, to sue the Supplier at the court of its registered office or branch or at the court of the place of performance.

12.3 The place of performance for all deliveries and services under this contract is Emsdetten, Germany.

12.4 The Supplier agrees that LECO may store, process and, if necessary, transmit to third parties company and personal data of the Supplier and its employees for the purpose of processing the transaction, insofar as this is necessary within the scope of processing the contract and shall ensure that the relevant approvals are obtained. We guarantee compliance with the provisions of the GDPR.

12.5 Should individual parts of these GPC be or become legally ineffective, the effectiveness of the remaining provisions shall not be affected thereby. The invalid provision shall be replaced by a valid provision which comes closest to the economic purpose of the invalid provision.