

# CONDITIONS OF PURCHASE

# Gießerei HEUNISCH GmbH

## Gießerei HEUNISCH, Steinach GmbH

### Slévárna HEUNISCH, s.r.o.

### Slévárna HEUNISCH Brno, s.r.o.



#### **Preamble/exclusivity clause**

The HEUNISCH foundry does not recognise order confirmations or other contractual declarations of the contracting party with a reference to general terms and conditions other than these, unless the HEUNISCH foundry expressly agrees to their validity in writing. The Conditions of Purchase of the HEUNISCH foundry shall also apply if the HEUNISCH

foundry accepts the delivery of the supplier without reservation in the knowledge that the conditions of the supplier contradict or deviate from the Conditions of Purchase of the HEUNISCH foundry. The conditions of the HEUNISCH foundry also apply to future orders.

#### **Written form/confirmation of order**

##### **WRITTEN FORM**

Orders, contracts and delivery schedules as well as amendments and supplements thereto must be made in writing. Orders and delivery schedules can also be made by remote data transmission or fax.

##### **CONFIRMATION OF ORDER**

Orders and delivery schedules of the HEUNISCH foundry shall be deemed accepted if the supplier does not object to them in writing within 1 week of their receipt. The HEUNISCH foundry shall also be entitled to revoke the contract within a further week, however, if the supplier has not previously declared its acceptance in writing.

#### **Prices and conditions of payment**

##### **PERIOD OF PAYMENT/DISCOUNT**

The term of payment begins at the earliest with the receipt of the proper invoice, but not before the receipt and technical acceptance of the ordered goods and/or the acceptance of the service. The date of receipt of the invoice shall be the date of the receipt stamp. With the acceptance of an early delivery, the agreed date shall be deemed the

delivery date. A discount is also permissible if the foundry HEUNISCH offsets or withholds payments in an appropriate amount due to defects. The term of payment starts after the defects have been completely remedied. Payments do not imply any recognition of the deliveries or services as being in accordance with the contract. Payments are made subject to the correctness of the delivery and invoice.

## Pricing

### FIXED PRICE

The HEUNISCH foundry must be notified of any pending price increases in writing at least 6 weeks before the intended date of change and the reasons must be given in detail. Price increases shall only be deemed to have been agreed if they have been approved in writing by the HEUNISCH foundry. The agreement on the place of performance shall not be affected by the type of pricing. Unless otherwise agreed, the agreed prices shall be deemed fixed prices (including packaging) until the delivery of the order ex-works from our HEUNISCH foundry plant.

### PRICE ADJUSTMENT

The calculation shall be based on the agreed prices and, if these are reduced or not fixed on the market, on the lowest daily prices. Insofar as no prices have been fixed within the scope of the order, the HEUNISCH foundry reserves the right to give its consent, even if the completion of the order has already begun. General price increases until the term of delivery can only be imposed on the HEUNISCH foundry if they are stipulated in the contract. Unless agreed otherwise, the prices are fixed. Price increases shall only be effective if they have been applied with the written consent of the HEUNISCH foundry. The prices are to be determined before the order. They are fixed prices, including packaging, postage, papers and transport insurance. If, in exceptional cases, prices are not fixed in advance, they shall be stated on a binding basis by the supplier in the acceptance of order and shall only be deemed to have been agreed if the HEUNISCH foundry agrees to them in writing. In such cases, the HEUNISCH foundry is expressly entitled to withdraw from the order.

### ANCILLARY COSTS

The agreed prices are net fixed prices and are understood to be – plus the respectively valid value added tax – freely agreed place of destination including packaging and freight costs, postage, papers and transport insurance. We reserve the right to accept surplus or short deliveries. The supplier shall bear the material risk until the goods have been accepted by the HEUNISCH foundry or by the place appointed by HEUNISCH foundry to which the goods are to be delivered according to the order.

### PROCESSING OF TENDERS

These prices also include all deliveries, services and ancillary services which, according to the tender documents and drawings or catalogues of the customer, form part of the production of the total service specified in the contract, ready for acceptance. No remuneration shall be granted for visits or for the preparation of tenders and projects.

### WEIGHT

In the case of prices by weight, the official weighing is authoritative; in the absence of official weighing, the determination of weight by the HEUNISCH foundry is authoritative.

### DUE DATE/START OF TERM

Insofar as certificates for material tests (e.g. works certificate, measuring protocol, annealing protocol, etc.) have been agreed, these shall be part of the serving owing, and shall be sent to the HEUNISCH foundry together with the goods. The term of payment does not start before the receipt of the certificate owing.

### METHOD OF PAYMENT

The HEUNISCH foundry is free to choose the method of payment. In the case of payments by bill of exchange or acceptance, the HEUNISCH foundry's claim to a cash discount remains valid.

### PROVISION OF COLLATERAL

If the HEUNISCH foundry has to make advance payments, these advance payments are only due when the HEUNISCH foundry has received a directly enforceable guarantee from a major German bank, cooperative bank or public savings bank which secures these advance payments and is due on first demand to the amount of the advance payments.

### OFFSETTING

Within the meaning of the legislation, the HEUNISCH foundry is entitled to offset all receivables to which the HEUNISCH foundry or its parent company and domestic and foreign companies affiliated with the HEUNISCH foundry are entitled against the receivables of the supplier. Upon

request, the supplier shall receive a list of these companies. The supplier agrees to the offsetting of its receivables and liabilities against the HEUNISCH foundry. All conditions must be assessed on the basis of the date on which the receivables arose and not their due date. If receivables are due on different dates, they shall be settled on the value date. In current account agreements, the offsetting agreement extends to the balance.

## **OTHER**

The HEUNISCH foundry reserves the right to accept surplus or short deliveries. The HEUNISCH foundry is not obliged to accept short or surplus deliveries that have not been expressly agreed. The same applies if the goods are delivered before the agreed date. The HEUNISCH foundry may be entitled to return the goods at the expense and risk of the supplier or to store them with third parties.

## **Term of delivery/deadline**

### **DEFINITIONS**

The agreed term of delivery shall be calculated from the date of the order by HEUNISCH foundry. If the HEUNISCH foundry indicates a delivery week under the above position, all working days from Monday to Friday inclusive are recorded. In this case, the delivered item must arrive at the HEUNISCH foundry works no later than on the last of the aforementioned working days of the delivery week as specified by the HEUNISCH foundry. In this respect, the regional public holidays of the supplier are to be taken into account. If a day, week, month or quarter is specified for the delivery, in the event of non-delivery, the supplier shall be in default from the first following day without the need for a reminder. In the case of a delivery date designated as expected, approximate or similar, a margin of no more than one week is permitted. The date of receipt of the goods at the HEUNISCH foundry shall be decisive for compliance with the delivery date or delivery period. If „ex-works“ delivery (DDU or DDP according to Incoterms 2000) has not been agreed, the supplier shall make the goods available in good time, taking the time for the loading and dispatch to be agreed with the forwarder into account. The supplier can only invoke the absence of necessary documents to be supplied by the HEUNISCH foundry if the supplier has sent a written reminder for the documents within a reasonable period of time and has not received them within this period.

## **ACCOUNTING RULES**

Invoices shall be submitted to the HEUNISCH foundry in duplicate with all the relevant documents and data after delivery/performance separately in the proper form. The HEUNISCH foundry reserves the right to return invoices if the order number of the HEUNISCH foundry is not indicated. Incorrectly submitted invoices shall not be considered to have been received by the HEUNISCH foundry until they have been corrected. Invoices must contain all the information prescribed by the HEUNISCH foundry and must be submitted to the HEUNISCH foundry immediately, 3 days after the delivery at the latest. The invoice may not be enclosed with the delivery.

## **BINDING FORCE**

The agreed delivery dates and delivery periods are binding and to be understood as fixed dates.

## **EARLY PROVISION OF SERVICE**

Early deliveries, deliveries outside the acceptance times of the goods specified by the HEUNISCH foundry as well as surplus and short deliveries require the consent and express written approval of the HEUNISCH foundry. If the delivery takes place before the agreed delivery date, the HEUNISCH foundry reserves the right to return the goods at the expense and risk of the supplier. If the goods are not returned in the event of early delivery, they shall be stored at the HEUNISCH foundry and/or at third parties at the expense and risk of the supplier.

## **INFORMATION OBLIGATIONS**

In the event of a recognisable delay to a delivery or service and/or subsequent performance, the HEUNISCH foundry must be informed immediately in writing of the reason and duration of the delay and the decision must be obtained from the HEUNISCH foundry. To compensate for any delay, the HEUNISCH foundry may demand that the supplier selects the fastest possible mode of dispatch at no extra charge. Further claims of the HEUNISCH foundry remain unaffected by this.



## LEGAL CONSEQUENCES

If deadlines are exceeded due to operational disturbances, the HEUNISCH foundry shall be entitled to reject the outstanding deliveries without setting a grace period and to claim damages for non-performance or to withdraw from the contract in this respect. In all other respects, the statutory provisions on default shall apply. If the supplier is in default of delivery, the HEUNISCH foundry shall be entitled to the statutory claims. In the case of a fixed purchase (Art. 376 of the German Commercial Code), the requirement of a grace period does not apply. If the agreed delivery date is not met due to a circumstance for which the supplier is responsible, the HEUNISCH foundry shall be entitled, after the fruitless expiry of a reasonable grace period set by the HEUNISCH foundry, at the discretion of the HEUNISCH foundry, to claim damages for non-performance, to procure a replacement from a third party, or to assert further statutory warranty claims. The acceptance of a delayed delivery shall not affect any claims for damages by the HEUNISCH foundry. In the event of non-compliance with the delivery date, the supplier shall be in default without a reminder or setting a grace period.

## CONTRACTUAL PENALTY

If the agreed deadline is exceeded for reasons for which the supplier is responsible, the HEUNISCH foundry is entitled to demand a contractual penalty of 1% for each week commenced, but no more than a total of 10% of the respective order and/or release value. Further claims of the HEUNISCH foundry remain unaffected by this. If the service has been accepted without reservation, the HEUNISCH foundry can demand the contractual penalty up to the final payment or offset it against due payments.

## SHIPPING/TRANSFER OF RISK

Unless agreed otherwise, the shipping, insurance and packaging costs shall be borne by the supplier. In the case of ex-works or ex-warehouse pricing by the supplier, the goods shall be shipped at the lowest possible cost, unless the HEUNISCH foundry has determined a specific mode of transport. Additional costs due to non-compliance with the shipping instructions shall be borne by the supplier. If the price is free to the recipient, the HEUNISCH foundry can also determine the mode of transport. The supplier shall bear any additional costs for any speedier transport which is necessary to meet a delivery date. If the return of empties and packaging material is agreed, the costs shall be borne by the supplier. In the case of delivery ex-works, if the delivery has been properly handed over and accepted at the place of performance, the risk shall pass to the HEUNISCH foundry.

## COMPLIANCE WITH LEGAL REQUIREMENTS AND TECHNICAL STANDARDS

All attributes specified by the supplier about the item or required by the HEUNISCH foundry according to the order, including certificates and works certificates, shall be considered guaranteed. For materials which require special treatment with regard to packaging, transport, storage, handling and/or waste disposal due to laws, regulations, other provisions, their composition or their effect on the environment, the supplier shall provide the safety data sheet, further product information as well as an applicable accident leaflet (transport). In the event of a change in the materials, the legal situation and the production location, the supplier is obliged to immediately hand over updated data sheets to the HEUNISCH foundry. The supplier shall immediately make available to the HEUNISCH foundry the proofs of origin required by the foundry (e.g. supplier's declarations, movement certificates, etc.), including all of the necessary information, and signed accordingly.

## COMPLAINTS/INCOMING INSPECTIONS

The acceptance shall be subject to an examination for freedom from defects, and in particular for correctness, completeness and suitability. The HEUNISCH foundry shall be entitled to inspect the subject matter of the contract insofar as and as soon as this is feasible in the ordinary course of business; the HEUNISCH foundry will provide notification of any defects that are found immediately after their discovery. In this respect, the supplier waives the objection of the delayed notification of defects. Hidden defects will be reported immediately after their discovery. The HEUNISCH foundry is not obliged to examine non-obvious defects, in particular laboratory tests or similar.

## Warranty

### GENERAL INFORMATION

The statutory provisions on material defects and defects of title shall apply unless stipulated otherwise in the following. As a rule, payments made shall not constitute recognition of the delivery/service as being in accordance with the contract and free of defects.

### QUALITY DESCRIPTION

The supplier shall be liable for ensuring that the delivered items and/or the services rendered do not demonstrate any defects which could impair their value or their suitability and that they possess the warranted and/or guaranteed properties. The delivery must comply with the agreed specifications.

## Rectification of faults

### GENERAL INFORMATION

The HEUNISCH foundry is entitled to the statutory warranty claims without limitation and in full. Irrespective thereof, at the discretion of the HEUNISCH foundry, the HEUNISCH foundry shall be entitled to demand from the supplier either the rectification of defects or replacement delivery. In this case, the supplier shall be obliged to cover all the expenses necessary for the purpose of remedying the defect or providing a replacement. In the case of imminent danger or particular urgency, the HEUNISCH foundry is entitled to remedy the defect itself without setting a grace period at the expense of the supplier. The right to the compensation for damages, in particular damages for non-performance, is expressly reserved.

### RIGHT OF CHOICE

In the event of defective delivery, the HEUNISCH foundry is entitled, at its choice, to demand the free repair or delivery of flawless goods.

### COSTS OF WARRANTY

In this respect, all of the resulting expenses, in particular transport, travel, labour and material costs, shall be borne by the supplier. The assertion of further compensation for damages remains unaffected by this. If a defective item is delivered, the HEUNISCH foundry is entitled to return the defective item to the supplier at the supplier's expense. If the supplier fails to comply with the HEUNISCH foundry's request to remedy the defect and/or to deliver a defect-free

item. Product changes and/or conversions in the supplier's production which lead to changes in the specification, drawings or quality standards or have any other effect on the quality, operational safety or function of our products are only permitted with the prior written consent of the HEUNISCH foundry. Unless expressly agreed otherwise in writing, the Conditions of Purchase of the HEUNISCH foundry shall apply exclusively to orders of the HEUNISCH foundry, even if the supplier's Conditions of Sale are different and the HEUNISCH foundry does not expressly object to them.

item within a reasonable period of time, but not more than 8 days, the HEUNISCH foundry shall be entitled to withdraw from the contract or to reduce the price. A deadline need not be set if the supplier refuses subsequent performance, if it is unreasonable for the HEUNISCH foundry or if it has already been unsuccessful once. Claims for compensation for damages are not affected by the withdrawal.

### REPLACEMENT, ETC.

In urgent cases, or if the supplier fails to fulfil his warranty obligations immediately after being requested to do so by the HEUNISCH foundry, the HEUNISCH foundry is entitled to repair or replace defective parts at the expense of the supplier and to repair any damage incurred. If the supplier fails to immediately start to remedy the defect subsequent to the request of the HEUNISCH foundry to remedy the defect, in urgent cases, the HEUNISCH foundry shall be entitled, especially in order to avert acute risks or avoid major damage, to remedy the defect itself or arrange for it to be carried out by a third party at the expense of the supplier. Minor defects can be remedied by HEUNISCH foundry itself – in fulfilment of the obligation to minimise damage – without prior agreement and without affecting the warranty obligation of the supplier. In such cases, the HEUNISCH foundry is entitled to charge the supplier for the necessary expenses. The same applies if an exceptional degree of damage is imminent.

## WITHHOLDING OF PAYMENT

In the event of defective or incomplete delivery, the HEUNISCH foundry is entitled to withhold payment proportionally until proper fulfilment.

## LIMITATION

In the event of replacement delivery or rectification of defects, the warranty period shall commence again. Warranty claims generally expire after 2 years. For objects used for a building or for services for a building, they expire after 5 years. The statute of limitations begins with the delivery and/or acceptance of the service. In the case of equipment, machines and installations, the warranty period begins with the acceptance date stated in the written acceptance de-

claration of the HEUNISCH foundry. If the acceptance is delayed through no fault of the supplier, the warranty period shall commence with the provision of the delivered item for acceptance. For delivered parts, the operational use of which was not possible during the investigation of a defect and/or the rectification of the defect, the current warranty period shall be extended by the time of the operational interruption. For repaired or newly delivered parts, the warranty period shall begin again upon the completion of the repair or, if acceptance has been agreed, upon acceptance. Abnahme vereinbart ist, mit der Abnahme neu.

## Liability clauses

### GENERAL INFORMATION

In the case of commissioned orders, in particular the processing of castings, the supplier must exercise the greatest care and adhere precisely to the instructions of the HEUNISCH foundry. In cases of ambiguity or doubt, please contact the HEUNISCH foundry. In accepting a commissioned order, the supplier confirms that he is able to fulfil the requirements demanded by the HEUNISCH foundry on the basis of his mechanical equipment. In the event of a culpable breach of duty which extends beyond the delivery of defective goods (e.g. an obligation to inform, advise or inspect) or a non-fulfilled guarantee, the HEUNISCH foundry is entitled to claim compensation for the damage caused as a result. In such cases, the supplier shall bear all costs and expenses, including the costs of any legal action or recall action. In all other respects, the statutory provisions shall apply. Upon request, the supplier must demonstrate the existence of a product liability insurance policy which provides sufficient coverage for the risk of a recall to the HEUNISCH foundry.

### RIGHT TO EXEMPTION

If claims are asserted against the HEUNISCH foundry under German law or other product liability law, the supplier shall be liable to the HEUNISCH foundry to the extent that he would be directly liable. A contractual liability of the supplier remains unaffected. The supplier is obliged to exempt the HEUNISCH foundry from such claims if and insofar as the damage was caused by a defect in the contractual object

delivered by the supplier. In cases of fault-based liability, however, this shall only apply if the supplier is at fault. Insofar as the cause of the damage lies within the supplier's area of responsibility, the supplier shall bear the burden of proof in this respect. In such cases, the supplier shall bear all costs and expenses, including the costs of any legal action or recall action. In all other respects, the statutory provisions shall apply.

### INFORMATION

The HEUNISCH foundry will inform the supplier immediately if it wishes to make use of this in accordance with the above paragraph. As far as it is reasonable for the HEUNISCH foundry, the HEUNISCH foundry shall give the supplier the opportunity to investigate the case of the damage and to agree with the HEUNISCH foundry on the measures to be taken, such as settlement negotiations. The contracting parties undertake to inform each other immediately of any infringement risks and alleged cases of infringement that become known to them and to give each other the opportunity to counteract such claims by mutual agreement.

### INSURANCE

The supplier undertakes to maintain product liability insurance with a lump sum coverage of € 5 million per personal injury/damage to property; if the HEUNISCH foundry is entitled to further claims for damages, these shall remain unaffected.

## RECALL

If claims are asserted against the HEUNISCH foundry due to the infringement of official safety regulations, domestic or foreign product liability regulations or laws due to the defectiveness of your products which are attributable to the products or services of the supplier, the HEUNISCH foundry shall be entitled to demand compensation from the supplier for this damage insofar as the damage is caused by the products that are delivered by the supplier. This damage also includes the costs of a precautionary recall. All risks arising from product liability, including the recall risk, must be insured to an appropriate amount with a recognised insurer; the insurance policy must be presented to the HEUNISCH foundry for inspection upon request.

## FORCE MAJEURE

Force majeure, labour disputes, riots, action taken by public authorities, transport disturbances and other disturbances occurring at the HEUNISCH foundry or our suppliers which lead to the restriction or cessation of production at the HEUNISCH foundry shall absolve the HEUNISCH foundry for the duration and to the extent of its effect from an acceptance or liability for damages, insofar as the HEUNISCH foundry is unable to avert this disturbance by reasonable means. This applies to the obligations of the supplier accordingly. If a delay in the delivery is to be expected due to force majeure, the HEUNISCH foundry shall be notified immediately upon occurrence or expectation of the events. Events of force majeure entitle the HEUNISCH foundry to withdraw from the contract without any claim for compensation on the part of the supplier.

## RETENTION OF TITLE

If advance payments have been agreed, it shall be stipulated that the supplier shall transfer ownership of the ordered item to the HEUNISCH foundry to the amount of the advance payment made at the time of the receipt of payment, and shall keep the item owned by the HEUNISCH foundry in safe custody for the HEUNISCH foundry free of charge. The supplier is obliged to store this item separately and not to mix or blend it with other items. The supplier may not sell, pledge or otherwise dispose of items owned by the HEUNISCH foundry. The HEUNISCH foundry must be informed of any seizures or confiscations immediately. Materials, parts, containers and special packaging provided by the HEUNISCH foundry remain the property of the HEUNISCH foundry. These may only be used for their intended purpose. The processing of materials and the assembly of parts

is carried out for the HEUNISCH foundry. It is agreed that the HEUNISCH foundry is the co-owner of the products manufactured using the materials and parts of the HEUNISCH foundry in the ratio of the value of the materials provided to the value of the total product, which are kept for the HEUNISCH foundry by the supplier. If an object provided by the HEUNISCH foundry is destroyed or rendered unusable as a result of faulty treatment or processing, the supplier shall compensate the HEUNISCH foundry for the damage incurred as a result. The existence of sufficient insurance cover must be proven at the request of the HEUNISCH foundry. The delivered goods become the unrestricted property of the HEUNISCH foundry upon payment: the HEUNISCH foundry does not recognise any further-reaching reservations of title by the supplier or third parties.

## ASSIGNMENT OF CLAIMS

The assignment of claims to which the supplier is entitled against the HEUNISCH foundry requires the prior written consent of the HEUNISCH foundry. The collection of such claims by third parties is excluded. The HEUNISCH foundry is entitled to offset against claims of the supplier. If the HEUNISCH foundry is entitled to claims against other companies belonging to the same group as the supplier, the HEUNISCH foundry is entitled to withhold payment until the claim of the HEUNISCH foundry against the group company has been settled.

## WITHDRAWAL OF INSOLVENCY

In the event of application for or opening of insolvency, settlement and/or bankruptcy proceedings against the assets of the supplier and/or in the event of the rejection of such proceedings due to lack of assets, in the event of bill of exchange or cheque protests and in the event of suspension of payments, the HEUNISCH foundry shall be entitled to withdraw from the contract, even if the contract has already been fulfilled in whole or in part by the HEUNISCH foundry or the supplier or by both parties, but the warranty periods for the supplier have not yet expired.

## MODELS, TOOLS, DRAWINGS AND SUPPLIED PRODUCTS

Sub-contractors are to be obligated accordingly. The material provided by the HEUNISCH foundry may only be used for orders from the HEUNISCH foundry. Drawings, standard



sheets, printing templates, gauges, models, moulds, samples, profiles, tools and all other documents handed over to the supplier for the preparation and execution of the order as well as the know-how embodied therein remain the sole property of HEUNISCH foundry and may neither be passed on to third parties nor used for purposes other than the contractual purposes without the written consent of HEUNISCH foundry. They must be kept strictly confidential and returned immediately to the HEUNISCH foundry upon request. They shall be carefully maintained, stored and insured against damage and loss by the supplier at the supplier's expense. Repairs and modifications require the prior written consent of the HEUNISCH foundry. In this respect, a right of retention is excluded. Suppliers of models undertake to supply model equipment in accordance with the drawings and forms.

### **CONFIDENTIALITY**

The prices agreed between the contracting parties are confidential and may not be disclosed to third parties. The supplier is obliged to keep all illustrations, drawings, calculations and other documents and information received strictly confidential. They may only be disclosed to third parties with the express consent of the HEUNISCH foundry. The confidentiality obligation also extends to personal data. The confidentiality obligation shall also apply after completion or failure of this contract; it shall expire if and insofar as the manufacturing knowledge contained in the illustrations, drawings, calculations and other documents provided has become public knowledge. Sub-contractors are to be obligated accordingly.

### **THIRD PARTY PROPERTY RIGHTS**

The supplier guarantees that no rights of third parties are infringed in connection with his delivery. They guarantee that the object delivered by the supplier does not infringe the rights of third parties. Should patents, utility models or other industrial property rights of third parties nevertheless be affected, the supplier shall be obliged to procure the necessary licence at his own expense. The HEUNISCH foundry is indemnified by the supplier against claims of third parties.

### **PLACE OF PERFORMANCE, CHOICE OF LAW AND LEGAL VENUE**

The place of performance for the delivery and service shall be the place of reception and/or the place of use specified by HEUNISCH foundry. The contractual relations shall be governed exclusively by the laws of the Federal Republic of Germany to the exclusion of conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG). The exclusive legal venue is the registered office of the company. The HEUNISCH foundry can also instigate legal proceedings at the supplier's premises.

### **SEVERABILITY CLAUSE**

Should any provision of these terms and conditions and any further agreements reached be or become invalid, this shall not affect the validity of the remaining provisions. The HEUNISCH foundry and the supplier are obliged to replace the ineffective provision with a provision which comes as close as possible to the economic achievement of the ineffective provision.

## Other

### SCRAP CLAUSES

Suppliers of scrap certify in writing: "We assure that the delivered scrap has been tested by us for the presence of explosive devices, objects suspected of being explosive and closed hollow bodies. On the basis of this test, we can declare to the best of our knowledge that the scrap delivered is free from explosives, explosive objects and closed hollow bodies." Scrap suppliers have to obligate their suppliers in the same way. Upon request, the supplier warrants and assures in writing that the scrap to be supplied complies with the agreed analyses and specifications, is free of explosives, objects suspected of being explosive and hollow bodies and has not been radioactively contaminated.

### QUALITY/IMPROVEMENT WORK

During the production and before delivery, the HEUNISCH foundry reserves the right to inspect the quality of the material used, dimensional and quantity accuracy and other quality of the parts manufactured in accordance with our order at the supplier's works and those of its sub-suppliers.

### PROCUREMENT OF SPARE PARTS

The supplier undertakes to execute orders for wearing parts for at least another 10 years and other orders for spare parts for at least another 7 years after the last delivery.

### DATA PROTECTION

The HEUNISCH foundry is entitled to process the personal data received within the scope of the business relationship in accordance with the provisions of data protection law. Vis-à-vis the HEUNISCH foundry, the supplier is obliged to comply with all data protection regulations and provisions.

### SUB-CONTRACTORS

The passing on of orders to third parties and/or the involvement of subcontractors is only permitted with the prior written consent of the HEUNISCH foundry. Even if consent is given, the third party involved shall be considered an agent of the supplier.

### MISCELLANEOUS

The Incoterms in the version valid at the time of conclusion of the contract shall apply to the interpretation of the trading terms. Persons who carry out work on the factory

premises in fulfilment of the contract must comply with the provisions of the respective company regulations. Liability for accidents occurring to these persons on the factory premises is excluded unless such accidents are caused by intentional or grossly negligent breach of duty by our legal representatives or vicarious agents. Without prejudice to other rights of termination and withdrawal, the HEUNISCH foundry is entitled to terminate or withdraw from the contract if the supplier is suspected of criminal acts, in particular fraud, bribery, etc., or if investigation proceedings have been initiated against the supplier or one of its key employees.

### PROOF OF ORIGIN, PROOF ACCORDING TO THE LAW ON VAT, EXPORT RESTRICTIONS

The supplier shall immediately make available to the HEUNISCH foundry the proofs of origin required by the foundry including all of the necessary information, and signed accordingly. The same applies to value added tax certification in the case of deliveries abroad and within the European Community. The supplier shall inform the HEUNISCH foundry immediately if a delivery is subject to export restrictions in whole or in part under German or other law. Suppliers from member states of the European Union are obliged to provide the HEUNISCH foundry with long-term supplier declarations within 30 days of the acceptance of order and then within the first two months of each calendar year, without being requested to do so, in accordance with the respectively valid European regulation. If this cannot be done for individual deliveries of goods, corresponding proofs of origin must be provided when the invoice is issued at the latest.

# Code of Conduct for Suppliers



The code of conduct for suppliers is an integral part of the HEUNISCH foundry's terms and conditions of purchase. This agreement shall form the basis for all future deliveries. The contracting parties undertake to comply with the principles and requirements of the Code of Conduct and to endeavor to contractually oblige their subcontractors to comply with the standards and regulations set out in this document. This agreement comes into force upon signing. A breach of this Code of Conduct may ultimately be cause and reason for the company to terminate the business relationship, including all associated supply contracts.

## A. Introduction

Ethical conduct and sustainability, understood as ecological and social responsibility, are essential components of HEUNISCH company policy. HEUNISCH expects its suppliers to implement the principles laid down in this Code of Conduct within their own business. The suppliers themselves shall be responsible for guaranteeing compliance with the principles listed below within their own supply chain. This Code of Conduct for Suppliers shall apply to all suppliers of the HEUNISCH Group globally.

## B. Compliance with Social Standards and Respect of Human Rights

### 1. COMPLIANCE WITH INTERNATIONALLY ACCEPTED HUMAN RIGHTS

HEUNISCH expects its suppliers to commit to complying with internationally accepted human rights. In their business activities, they shall respect no less than the following international human rights standards as minimum standards:

- United Nations' Universal Declaration of Human Rights
- Core labour standards of the International Labour Organization (ILO).

### 2. PROHIBITION OF FORCED LABOUR AND SLAVERY

HEUNISCH will not tolerate forced labour or slavery, whether in its own business or by its suppliers. Employees shall carry out any and all activities voluntarily and without coercion or any threat of punishment.

### 3. PROHIBITION OF CHILD LABOUR

HEUNISCH will not tolerate child labour, whether in its own business or by its suppliers. Suppliers shall comply with the minimum working age in accordance with applicable government regulations. In the absence of national legislation, ILO core labour standards shall apply.

### 4. FAIR WAGES

HEUNISCH expects its suppliers to ensure that their employees are able to maintain a work-life balance and for the suppliers to comply with applicable national legislation regarding working hours. Employees shall be entitled to regular annual leave.

### 5. WORKING HOURS

HEUNISCH expects its suppliers to ensure that their employees are able to maintain a work-life balance and for the suppliers to comply with applicable national legislation regarding working hours. Employees shall be entitled to regular annual leave.

## **6. FREEDOM OF ASSOCIATION**

HEUNISCH expects its suppliers to maintain an open and constructive dialogue with their employees and employee representatives. Employees shall have the right to collective negotiations and to form and/or join trade unions. If, for political reasons, no trade unions are permitted in a country, the supplier must allow independent associations in another form. Suppliers must not discriminate against employees who act as employee representatives.

## **7. PROHIBITION OF ANY FORM OF DISCRIMINATION**

HEUNISCH will not tolerate any form of discrimination and expects its suppliers to prohibit any kind of unequal treatment in their organisation, such as on the basis of sex, marital status, skin colour, social background, ethnic affiliation, nationality, religious affiliation, sexual orientation, disability, political beliefs or any other personal characteristics.

## **8. HEALTH AND SAFETY IN THE WORKPLACE**

The suppliers shall ensure that their employees work in a safe and healthy environment. They shall comply with health and safety regulations at their operating sites. Every supplier must introduce policies and procedures for health and safety in the workplace and make these known to its workforce so that accidents and occupational illnesses can be avoided.

## **9. PROTECTION AGAINST ATTACKS**

HEUNISCH expects its suppliers to refrain from exercising any form of physical or psychological punishment on their employees. Inhumane treatment such as torture and abuse are strictly prohibited. Furthermore, there must be no unacceptable treatment of employees such as psychological abuse, sexual harassment and humiliation. No security services shall be hired or used where their deployment would lead to persons being treated inhumanely or in a demeaning manner, to persons being injured or to the freedom of association being impaired.

## **10. PROTECTING PEOPLE'S ACCESS TO NATURAL RESOURCES**

The suppliers must not violate legitimate rights to the use of land, forests or waters the use of which ensures the livelihood of people. The suppliers shall refrain from causing

harmful changes to soil, water and from causing air pollution, harmful noise emissions and excessive consumption of water where this damages the health of persons, significantly impairs the natural resources for food production, or prevents persons' access to clean drinking water or sanitary installations.

## **C. Compliance with Environmental Standards**

### **1. ENVIRONMENTAL LEGISLATION**

HEUNISCH expects its suppliers to comply with applicable national environmental legislation and other relevant national and international regulations for the protection of the natural environment.

### **2. AVOIDANCE AND REDUCTION OF ENVIRONMENTAL POLLUTION**

HEUNISCH expects its suppliers to use the resources they require, in particular materials, energy and natural resources, effectively and to minimise environmental impacts. This also applies to logistics/transport. The continuing reduction of greenhouse gases must be ensured. Emissions in the production process are to be reduced, harmful emissions must be monitored and treated as far as possible before being released into the environment. Air quality in the suppliers' local area must not be negatively affected by their activities. Waste shall be avoided or recycled as much as possible. HEUNISCH suppliers shall use or develop processes for environmentally compatible water consumption. Any significant deterioration of water quality following its use shall be avoided.



### 3. ENVIRONMENTALLY COMPATIBLE PRODUCTS

When developing products and services, HEUNISCH suppliers shall ensure energy efficiency and a sparing use of natural resources. As far as possible, products should be suitable for reuse, recycling or safe disposal. Products supplied to HEUNISCH shall contain no substances of high concern covered by the REACH Regulation. Any such substances must be reported to HEUNISCH in advance. The suppliers shall, in consultation with HEUNISCH, use substitutes for any materials or purchased parts that do not meet the RoHS specifications. Where necessary, the suppliers shall issue an EU declaration of conformity regarding compliance with the RoHS Directive.

### 4. COMPLIANCE WITH INTERNATIONAL CONVENTIONS FOR THE PROTECTION OF THE ENVIRONMENT

HEUNISCH expects its suppliers to comply with the provisions of international conventions for the protection of the environment, such as:

- the Minamata Convention on Mercury for the containment of emissions and releases of mercury
- the Stockholm Convention on Persistent Organic Pollutants (measures to eliminate or restrict the production and use of persistent organic pollutants)
- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

## D. Business Ethics

### 1. COMPLIANCE WITH STATUTORY PROVISIONS

We expect HEUNISCH suppliers to comply with applicable statutory provisions, to respect human rights and, in particular, to protect human dignity.

### 2. PROHIBITION OF CORRUPTION

HEUNISCH will not tolerate any form of corruption from its suppliers, such as bribery or the granting or acceptance of unlawful advantages to and from private individuals or public officials, whether directly or via intermediaries. This includes but is not limited to the arrangement (active bribery, granting of advantages) and acceptance (passive bribery, acceptance of advantages) of benefits intended for obtaining an unlawful advantage.

### 3. FAIR COMPETITION

HEUNISCH expects its suppliers to comply with international and national legislation on safeguarding fair competition. This includes the provisions on unfair competition and restrictive practices (antitrust) laws. Any arrangements with competitors on prices, terms of sale, volume limitations, territorial allocation, or bids for public tenders etc. are strictly prohibited.

### 4. DATA PROTECTION

HEUNISCH expects its suppliers at all times to comply with data protection and information security legislation and official regulations for the collection, storage, processing, transmission and disclosure of personal information. Personal data must be reliably protected against unauthorised access.

### 5. PROTECTION OF INTELLECTUAL PROPERTY

Suppliers shall protect the intellectual property of HEUNISCH, such as patents, trade marks, copyright, designs, trade secrets, prototypes, models and expertise, and shall respect the intellectual property of third parties. In particular, suppliers shall ensure that the products supplied to HEUNISCH do not violate the intellectual property of third parties.

### 6. PRODUCT SAFETY

HEUNISCH products and services and the products purchased from its suppliers shall not endanger humans or the environment and shall meet the agreed and legally prescribed product safety standards. Suppliers shall communicate clearly any information about the safe use of their products.

### 7. AVOID OF HAZARDOUS SUBSTANCES

Substances the release of which poses a danger to humans and the environment shall be avoided. HEUNISCH suppliers shall maintain a hazardous substances management system for ensuring their safe use and transport, and their safe storage, recycling, reuse and disposal. Our suppliers shall demonstrate a responsible management approach based on the minimum allocation of resources principle.

## **8. RESPONSIBLE PROCUREMENT OF RAW MATERIALS, PROHIBITION OF THE USE OF CONFLICT MINERALS**

HEUNISCH suppliers shall promote activities which ensure the responsible procurement of raw materials. The procurement and use of raw materials obtained unlawfully or through ethically objectionable or unconscionable measures shall be avoided. The use of raw materials subject to embargoes or other import restrictions, such as conflict minerals, must be ruled out. Suppliers shall therefore undertake to identify these raw materials in manufactured products in the supply chain and to disclose the origin and procurement source of any raw materials used by them.

## **9. SUBCONTRACTORS**

HEUNISCH suppliers shall make suitable contractual arrangements with their subcontractors to ensure compliance with the rules laid down in this Code of Conduct for Suppliers.

## **10. MANAGEMENT SYSTEMS**

HEUNISCH expects its suppliers to maintain management systems to ensure compliance with the principles set out in this Code of Conduct. HEUNISCH favours suppliers implementing a quality management system in accordance with ISO 9001, an environmental management system in accordance with ISO 14001, a certificate as a specialist disposal firm (Entsorgungsfachbetrieb, EFB) or equivalent systems.

## **11. EXPORT CONTROLS AND ECONOMIC SANCTIONS**

HEUNISCH suppliers are obliged to comply with the export control regulations applicable to their business activities. In addition, the existing national and international regulations on economic sanctions and embargoes must be respected in all business activities.

## **12. CONFLICTS OF INTERESTS**

HEUNISCH expects its suppliers to make decisions relating to business activities with HEUNISCH exclusively on the basis of objective criteria. Conflicts of interests in private matters or other economic or other activities, including those of family members or other related persons or organizations, must be avoided. Any conflicts of interest that may occur in relation to the business connection with HEUNISCH must be reported by the supplier.

## **13. WHISTLEBLOWING AND PROTECTION FROM RETALIATION**

HEUNISCH expects its suppliers to provide a complaint mechanism that enables whistleblowers to report information about violations of laws and human rights as well as other abuses with negative effects related to the company. Suppliers prohibit all forms of retaliation and any reprisals against whistleblowers and ensure that the identity of the whistleblower is treated confidentially. Suppliers must appropriately investigate whistleblower reports and (if necessary) take corrective actions.