

## Terms and Conditions of Purchase of the Koenig & Bauer Group

### 1. General aspects, applicable law

All orders placed and transactions conducted by Customer within the framework of its purchasing activities as well as any other legal relationships between Contractor and Customer shall be exclusively subject to the following Terms and Conditions of Purchase. Any and all modifications thereto or conditions of sale of Contractor which deviate from these Terms and Conditions of Purchase shall only have validity if expressly agreed to in writing by Customer. The acceptance or payment of deliveries or services shall not imply Customer's acceptance of Contractor's conditions of sale. Oral agreements shall only be binding upon Customer if confirmed in writing. These Terms and Conditions of Purchase shall also apply for all future transactions with Contractor.

The statutory provisions of the Federal Republic of Germany shall apply supplementarily to the following terms and conditions. This shall also apply to and for legal relationships with contractors not based in Germany. Application of the CISG is herewith excluded.

### 2. Placement and confirmation of orders

2.1 All orders, transactions and release orders and modifications and supplements thereto must be made in writing in order to be legally valid. Orders, release orders and modifications and supplements thereto may also be made by data transmission or by way of machine-readable data carriers.

2.2 Customer may cancel an order within two weeks, even if such order has already been accepted and confirmed by Contractor.

2.3 Should the confirmation of order deviate from the original order, Customer will only be bound thereto if it has consented to such deviation in writing.

2.4 Contractor shall deliver the complete contractual item containing all components that are necessary for problem-free operation of said contractual item in compliance with the guaranteed characteristics, even if such necessary individual components of the contractual item are not itemized in the order.

### 3. Time of delivery

3.1 The punctuality of deliveries shall be assessed on the basis of the time of their arrival at the place of receipt specified by Customer or, where deliveries involving installation or assembly and/or the provision of services are concerned, the time of their acceptance

3.2 In the event of foreseeable delay in delivery or performance, Contractor shall give Customer immediate notification thereof in writing, providing details as to the reasons for and the anticipated duration of such delay. Should the delay be for reasons beyond Contractor's control, Contractor may only invoke such reasons for delay subject to its compliance with said obligation to provide immediate notification.

3.3 Should Contractor fail to adhere to the agreed dates/deadlines, Customer shall, without prejudice to further statutory rights, have entitlement to claim any additional costs and damages arising from delayed delivery or performance. Having set a reasonable period of grace with which Contractor fails to comply, Customer may at its discretion withdraw from the contract, obtain replacement from a third party and claim damages for non-performance.

3.4 Acceptance of delayed delivery or performance shall not imply any waiver of claims for compensation.

# KOENIG & BAUER

3.5 Customer shall also have entitlement to the aforementioned rights even if the lead times/delivery dates were stated as "non-binding" or similar by Contractor.

3.6 Customer may withdraw from the contract in respect of the unfulfilled part thereof in the event of a longer-term hindrance to delivery on the part of Contractor, the institution of insolvency proceedings or the dismissal of such proceedings for lack of assets, or the institution of comparable proceedings against the assets of Contractor.

## **4. Delivery quality / CE mark / Safety regulations**

4.1 All products delivered by Contractor must comply with the safety regulations prescribed by law or the authorities or which are contractually agreed and which apply at the site of usage.

4.2 Contractor shall in particular comply with the laws and regulations in force and applicable to the contractual delivery or service, in particular those on occupational safety, environmental protection, machine safety, etc. Contractor shall indicate whether the goods to be delivered require a declaration of incorporation or a declaration of conformity in accordance with EU directives (above all the Machinery Directive) and, in such case if necessary, submit said declaration with the respective consignment on delivery. In addition, Contractor shall in principle provide instructions for storage, assembly, maintenance and operation, free of charge – also for use at the end customer's premises.

4.3 Furthermore, the products delivered or services provided by Contractor must comply with the quality requirements and technical specifications agreed with Customer, including any and all supplements/attachments and cross-references referred to therein. Necessary and requested documentation forms an integral part of the delivery, and shall comply with the relevant statutory regulations and with the regulations and standards customary in the trade/industry.

4.4 Contractor shall guarantee the conformity of the delivered products with the applicable laws and EU directives, in particular the RoHS (Restriction of Hazardous Substances) Directive. Contractor shall indemnify Customer from any claims and demands on the part of third parties based on the non-fulfilment of the applicable laws and regulations.

4.5 Contractor guarantees that, to the extent that products delivered by Contractor which are covered by REACH Regulation, Contractor is registered in line with the regulations or will do so, and Contractor will fulfil the other relevant obligations. Contractor shall here and now indemnify Customer from any claims and demands on the part of third parties based on non-compliance with the stipulations set down in said regulation.

4.6 When procuring energy services, products and equipment that have or may have an impact on the essential use of energy, Customer shall notify Contractor that the procurement assessment is partly based on the energy-related performance.

4.7 When selecting a contractor, Customer will, in addition to economic factors, also take particular account of aspects of occupational safety and essential environmental aspects such as energy consumption, the service life of the product or the recycling of the product after end of use.

## **5. Contractual penalty**

5.1 Should the agreed dates/deadlines not be adhered for reasons for which Contractor can be held responsible, Contractor shall pay a contractual penalty of 0.5% of the purchase price for each commenced week of delay, but no more than a maximum total of 5%.

5.2 Without prejudice to no. 5.1, Customer shall be free to claim higher compensation; Contractor shall have the opportunity to substantiate that the contractual penalty is in excess of the actual damage.

# KOENIG & BAUER

5.3 In the event that the delay in delivery for which Contractor is responsible should exceed 10 weeks, the payments already made by Customer shall then be subject to payment by Contractor of interest at a rate of 1% above the base rate valid at the time but no less than 5%.

## 6. Foreign trade regulations

6.1 Contractor shall observe and comply with all national and international import and export regulations that are relevant to the fulfilment of a delivery or service and shall provide all declarations and information relating thereto at his own expense, as well as obtain the necessary transfer or export permits unless the applicable foreign trade law does not obligate the Contractor but instead the purchaser or a third party to apply for such permits; (customs) official inspections must be permitted and the necessary official confirmations must be provided.

6.2 In all sales documents enclosed to the deliveries, Contractor shall mark performances requiring an export license or which are subject to the US (re-)export regulations – if applicable – with corresponding classification (export list item in accordance with Annex AL to the German Foreign Trade Ordinance or comparable list items of relevant export lists, number of the European Dual-Use List, Export Control Classification Number[ECCN], ECCN EAR99, etc.), as well as the applicable commodity code (HS code), indicate the country of origin and whether goods were transported through the USA, manufactured or stored in the USA or manufactured using US technology. Upon request, Contractor shall submit a Contractor's declaration in accordance with Regulation (EU) No. 2015/2447 and provide further information.

6.3 Contractor shall name a contact person in his company to clarify any questions regarding technical details and export control issues.

6.4 Contractor shall state his VAT ID number on the invoice for Intrastat purposes.

6.5 Customer is only obliged to accept deliveries, services or technologies after presentation of the declarations and information required under 6.1 and 6.2, after receipt of any required licenses or approvals, or after fulfilment of the conditions for the aforementioned approvals or exceptions thereto in accordance with the applicable trade regulations.

6.6 Should such licenses, permits or approvals be rejected or revoked, or should changes occur in connection with the applicable trade regulations which prohibit Customer from fulfilling the contract or expose Customer and/or one of its group member companies to any other liability risk, Customer shall be released from all obligations arising from this contract and at the same time from any liability associated therewith.

6.7 Customer shall be under no obligation under this contract in the event that the acceptance of the delivery or the manufacture of Contractor's product is contrary to applicable relevant laws or administrative regulations relating to import or export controls, including relevant embargo provisions and US sanctions laws, or if any official approvals, licenses, approvals or permits required for the export or import of the delivery item which are required by Customer, the customer of Customer or by third parties commissioned by Customer for the fulfilment of the Contract are not granted or are revoked. The same shall apply if applicable laws or administrative regulations should change as defined above and Customer, the customer of Customer or a third party commissioned by Customer is therefore prevented from fulfilling the contractual obligations or the fulfilment of the contractual obligations gives rise to an unreasonable liability risk under public or civil law.

6.8 Claims on the part of Contractor for damages or any agreed contractual penalties shall be excluded insofar as Koenig & Bauer cannot be held exclusively responsible for the hindrances to acceptance referred to this section 6.

# KOENIG & BAUER

6.9 Contractor shall be liable for all damages, losses and liabilities incurred by Customer as result of Contractor's failure to fulfil its obligations under section 6.

## **7. Transfer of risk, dispatch**

7.1 Transfer of risk shall take place upon arrival of the goods at the place of receipt precisely specified by Customer. Where deliveries involving installation or assembly or services are concerned, the transfer of risk shall in all cases not take place until physical acceptance.

7.2 Shipping costs shall in principle be borne by Contractor. If the price is ex works or ex warehouse of Contractor, delivery shall in each case be made at the lowest possible cost unless Customer has specified a particular mode of dispatch. Any additional costs for express delivery required to enable compliance with a due delivery date shall be borne by Contractor.

7.3 Each delivery shall be accompanied by a packing slip or a delivery note with information on the contents as well as the complete order ID (order number and item). Different items shall be packed separately and identified. Notification of dispatch shall be given immediately with the same details.

7.4 Cross-border deliveries shall be made duty unpaid to Customer. Such deliveries shall be notified to Customer in due time in order to ensure proper customs treatment. In particular all relevant transport data are to be notified in due time before arrival of the goods and all documents required for customs clearance, such as EORI number, waybill, commercial invoice, packing list, original bill of lading, etc., shall be provided in due time.

7.5 Should the goods be forwarded directly by Contractor to customers of Customer, Customer is in all cases to be notified accordingly before their dispatch. All relevant transport data, such as mode of dispatch, type of packaging, markings, number of packages, gross and net weight, etc., as well as the customs invoices enclosed with the

consignment shall be sent by fax at the latest one week prior to the date of dispatch.

7.6 The relevant packaging regulations shall apply.

Contractor shall ensure that the delivered goods are packaged appropriately, carefully, where necessary product-specifically, and in such a way as to be suitable for transport and protected against damage and/or corrosion during transport/shipment or interim storage.

## **8. Invoices**

Invoices shall contain the aforementioned order identification. Invoices lacking this information will not be paid. Invoices are to be sent in their original form. Copies of invoices shall be marked as duplicates.

## **9. Payments**

9.1 Subject to verification of the invoice and unless agreed otherwise, payments shall be made within 30 days less 4% cash discount or net within 60 days.

9.2 The term of payment shall commence as soon as the delivery or performance has been provided in due time, in full and free of defects and a correctly issued invoice has been received.

9.3 Cash discount shall also be permissible if Customer offsets or withholds payments in reasonable amounts on grounds of defects.

9.4 Accounts receivable (including those not yet due and future accounts receivable) from Customer and companies affiliated thereto within the meaning of Article 15 of the German Stock Corporation Act (AktG) may be offset against counterclaims at any time. Information as to which companies are affiliated to Customer within the meaning of Article 15 AktG shall be disclosed to Contractor on request.

## **10. Warranty and liability**

10.1 Since the contractual item is part of an overall system and, as such, constitutes a capital

# KOENIG & BAUER

good of the end customer, the parties are agreed that the warranty period shall be 36 months as from the end customer's acceptance unless a longer period of limitation is required by law. The warranty period commences upon acceptance of the contractual product or the contractual service.

10.2 The delivered goods will be inspected for defects in accordance with the practices applied by Customer. An incoming goods inspection will be performed by Customer only for externally detectable defects and for externally detectable deviations in terms of identity and quantity. Customer will give notice of such defects within a reasonable period of time. Subsequently, Customer will submit complaints about defects as soon as these are detected in the ordinary course of business. In such instance, Contractor shall waive the objection to delayed notification of a defect.

10.3 Defects determined prior to/at the time of transfer of risk or arising during the warranty period shall, at Customer's discretion, be either rectified or Contractor shall effect a replacement delivery and/or performance that is free of charge and free of defects to the place of use. Installation and deinstallation costs arising within the framework of rectifying a defect or the provision of a renewed delivery or performance as well as the costs of the establishment of the defect itself shall be borne by Contractor. This shall also apply to deliveries of which only random samples have been tested.

10.4 Should Contractor fail to rectify defects or effect renewed delivery or performance free of defects within a reasonable period set by Customer, this shall entitle Customer to

- withdraw from the contract in whole or in part without compensation, or
- demand a reduction of the price, or
- at the expense of Contractor undertake repair work or replacement itself or have such work or replacement performed by third parties
- and claim damages for non-performance.

The same shall apply if Contractor declares himself unable to rectify the defects or arrange replacement delivery or performance within a reasonable period of time.

10.5 The above provisions shall apply correspondingly for and to the delivery of replacement parts and repair work performed.

10.6 Should Contractor repeatedly deliver defective goods or repeatedly provide defective services, Customer shall be entitled to withdraw from the contract or, where contracts provide for multiple deliveries, to terminate the contract immediately. If, as a result of defective deliveries, it becomes necessary to carry out a complete inspection of incoming goods above and beyond the level of the normal inspection, Contractor shall bear the cost thereof.

10.7 The aforementioned claims shall become statute-barred after a period of one year as from notification of the defects in question but at the earliest on expiry of the period stipulated in section 10.1 above, however. Such limitation period shall be suspended for as long as Contractor has not definitively rejected Customer's duly submitted claim.

10.8 Should Contractor employ the services of third parties in the execution of the contractual performance, Contractor shall be liable for such third parties and for vicarious agents thereof.

10.9 Contractor guarantees that the goods/services are free from the rights of third parties and that, in the event of infringement for which Contractor is responsible, Contractor shall indemnify Customer against any and all liability.

10.10 Should the end customer and/or third party assert claims based on a service or performance of Contractor, Contractor shall indemnify Customer against liability in this respect if and insofar Contractor is responsible for the cause of such claim.

# KOENIG & BAUER

10.11 The statutory provisions shall apply in all other respects.

## **11. Availability of spare parts**

11.1 Contractor shall guarantee the availability of spare parts for the delivered item as follows: for mechanical parts for a period of 20 years, for electrical parts for 10 years and for electronic parts for 5 years, whereby similar and/or compatible solutions shall be admissible. Any conversion costs necessary in this connection shall be borne by Contractor.

11.2 Price increases shall be solely subject to the price increase rates determined by the Federal Statistical Office.

## **12. Subcontracting to third parties**

Contractor may only subcontract to third parties subject to the prior written consent of Customer.

## **13. Provision of materials**

13.1 Materials provided by Customer shall remain the property of Customer and shall be stored, labelled and managed separately and free of charge. Such materials shall only be used for orders placed by Customer. All risks shall be borne by Contractor.

13.2 Contractor shall have no right of retention for whatever reason in respect of such provided goods.

13.3 Processing or transformation of the material shall be carried out on behalf of Customer. The latter shall immediately acquire ownership of the new or transformed goods. Should this not be possible for legal reasons, Customer and the Contractor agree that Customer shall acquire ownership of the new item at all times during such processing or transformation. Contractor shall store the new goods with due care, free of charge and at its own risk on behalf of Customer.

## **14. Tools, molds, samples, etc.**

14.1 Models, devices and tools provided by Customer or tools, samples, models, profiles, drawings, standard specification sheets, printed mat-

ter and software produced by Contractor for the account of Customer for the purposes of order execution, as well as goods subsequently manufactured by using these items, shall become and remain the exclusive property of Customer and may neither be passed on to third parties nor used for purposes other than the performance of the contract without Customer's prior written consent. Such items shall be secured by Contractor against unauthorized access or use. Without prejudice to any further rights, Customer may demand the surrender of these items if Contractor fails to comply with the aforementioned obligations.

14.2 The models, devices and tools provided by Customer or tools, samples, models, profiles, drawings, standard specification sheets, printed matter and software produced by Contractor for the account of Customer for the purposes of order execution, as well as goods subsequently manufactured by using these items, shall at all times be and be kept marked as property of Customer. Events affecting Customer's ownership of such models, devices and tools are to be promptly reported to Customer.

14.3 Contractor shall compensate Customer for lost or damaged models, devices and tools to the extent that Contractor is responsible for such loss or damage. Furthermore, Contractor warrants that such models, devices and tools are insured against fire, theft and damage caused by third parties. The costs thereof shall be borne by Contractor.

## **15. Confidentiality**

Contractor undertakes to treat any and all information obtained from Customer as confidential and shall not disclose it to third parties unless such information was already in the public domain or is or becomes otherwise lawfully known to the Contractor.

## **16. Assignment of claims**

The assignment of a claim shall only be permissible subject to Customer's prior written consent.



## **17. Execution of contractual work / Insurance cover**

When executing contractual work on the premises of Customer or of companies affiliated thereto within the meaning of Article 15 of the German Stock Corporation Act (AktG) or of third parties, it is essential to ensure compliance with all relevant company regulations as well as the applicable rules for entering and leaving the plant facilities. Liability for accidents involving Contractor's personnel on Customer's premises shall be excluded unless intent or gross negligence on the part of Customer is proven.

Contractor shall ensure sufficient insurance cover for the performance of all contractual work.

## **18. Compliance with the minimum wage law**

18.1 Contractor guarantees that each and every employee employed by Contractor is paid at least the respectively applicable statutory minimum wage at all times and punctually. Subcontractors and personnel leasing companies with whom the Contractor has contractual relations shall be obligated accordingly in this respect by Contractor.

18.2 As regards subcontractors and personnel leasing companies with whom Contractor or subcontractors of Contractor have contractual relations, Contractor guarantees that each of the employees employed by them is in a proper contractual relationship and receives remuneration punctually and at least in the amount of the respectively applicable statutory minimum wage.

18.3 Customer shall be entitled to check Contractor's compliance with the obligations to pay the minimum wage by inspection of business documents while respecting data protection regulations. For this purpose, Contractor shall, at Customer's request, submit verifiable substantiation free of charge within a reasonable period, in particular the documents in accordance with Section 17 MiLoG (German Minimum Wage Act) and payrolls, in each case in anonymized form. Subcontractors and personnel leasing companies with whom Contractor has contractual relations

shall be obligated accordingly in this respect by Contractor.

18.4 Contractor shall fully indemnify Customer in full from all liability as per Section 13 MiLoG. Should claims be asserted against Customer pursuant to Section 13 MiLoG by employees of Contractor, employees of subcontractors of Contractor or employees of personnel leasing companies with whom Contractor has contractual relationships, Contractor shall bear all costs arising therefrom, irrespective of fault. To hedge the right of recourse, Contractor shall, on request, furnish Customer with a security in the form of an irrevocable and unconditional directly enforceable guarantee in an appropriate amount on first demand issued by a credit institution or credit insurer authorized to carry out such transactions in Germany. The costs of such guarantee shall be borne by Contractor

18.5 Should Contractor violate the obligations under this section 18 or should claims be asserted against Customer pursuant to Section 13 MiLoG by employees of Contractor, employees of Contractor's subcontractors or employees of personnel leasing companies whose services are made use of by Contractor, Customer shall be entitled to terminate orders and other agreements – also in part – without notice.

## **19. Compliance**

19.1 Customer expects its contractors to comply with all applicable laws and regulations, as well as with international and industry standards.

19.2 In addition, the following principles must be acknowledged and complied with:

- UN guiding principles on Business and Human Rights, including labor rights and the right to fair and equal treatment
  - Prevention of any form of discrimination, in particular due to nationality, ethnic origin, gender, sexual orientation, religion, disability or political persuasions

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- No toleration of child labor or other exploitation of children, regardless of the country of business activity
- Compliance with statutory regulations or collective bargaining regulations on minimum wage
  - Self-commitment to fair competition in accordance with applicable law
  - No offering or promising of improper benefits
- Avoidance of conflicts of interest
- Respect and protection of the intellectual property of third parties
- Compliance with statutory and contractually agreed quality and safety standards
- Compliance with all applicable environmental requirements as well as requirements on the use and processing of hazardous substances and in respect of product safety

19.3 Contractor undertakes to pass on the aforementioned principles to current and future affiliated companies in Germany and abroad as well as to their own contracting partners, in particular the links in the upstream supply and production chain.

19.4 Upon request, Contractor shall provide Customer with information on its compliance with the aforementioned principles. Customer reserves the right to check the correctness of the information and the conformity of the Contractor's activities through its internal audit department or through appropriately appointed external experts.

19.5 Should the Contractor fail to adhere to the basic principles set out above, the Customer shall be entitled to extraordinary termination of the business relationship.

## 20. Copyrights

Insofar as the performance is subject to copyrights, Contractor shall grant Customer, free of charge, a non-exclusive, transferable license thereto with worldwide validity for the legal duration of such copyrights. Such license shall include the right to duplication, distribution, modification,

adaptation, transfer and commercialization in any form.

## 21. Supplementary provisions

Should any provision of the contract or of these Terms and Conditions of Purchase be or become disputable or invalid, this shall not affect the validity of the contract or the Terms and Conditions of Purchase as a whole. In such case, the parties shall replace the disputable or invalid provision by a provision that comes as close as legally possible to the economic sense and purpose of the original provision

## 22. Place of fulfilment, place of jurisdiction

22.1 Place of fulfilment shall be the place of receipt specified by Customer; place of payment shall be the domicile of Customer.

22.2 Place of jurisdiction shall be Würzburg.



## 23. Data transfer and use

To

- connect the Koenig & Bauer machine to the digital product/remote service system/customer portal,
- provide the digital service(s),
- continuously improve the delivery items and services,
- develop new and further to develop existing delivery items and services

Koenig & Bauer regularly transmits data, which are stored at the customer's sites and on the customer's machines, at Koenig & Bauer or at companies affiliated with Koenig & Bauer within the meaning of Section 15 of the German Stock Corporation Act (AktG) within the scope of the services offered to Koenig & Bauer or to a service provider commissioned by Koenig & Bauer.

The interval and scope of these transfers are freely determined by Koenig & Bauer at its own discretion.

The data is machine-specific, device-specific, company-specific or other technical data, such as software status, totalizer status, licenses, machine configuration, technical job data (paper format, print speed, number of waste sheets and quality information, information on the process flow, usage data such as technical resource consumption) or statements on function usage, or information on the power consumption of the machines as well as their utilization, performance and speed data.

Personal data shall not be transmitted on the basis of this clause.

Koenig & Bauer shall be entitled to use this data - to provide services to the customer, in particular for problem analysis and fault diagnosis in the event of malfunctions, to improve machine productivity, to continuously improve the quality of the delivered goods and for customer relationship management purposes.

In addition, Koenig & Bauer shall be entitled to use these data

- for consulting purposes relating to the improvement of quality, efficiency and quantity towards the customer and third parties, such as benchmarking, consulting services, advertising campaigns, insofar as these are permissible under the statutory provisions, the improvement of existing products and the development of new products in order to be able to offer the customer upgrades, retrofits and machine and/or component parts.

Koenig & Bauer is entitled to pass the data on to third parties in anonymized form and to use it commercially. Koenig & Bauer's use of the data described above is not limited territorially, in scope or in time.

Koenig & Bauer is entitled to transfer all rights of use to the data to third parties. When collecting and using the data, Koenig & Bauer shall comply with relevant statutory provisions, in particular in connection with the protection of business and trade secrets, as well as existing contractual non-disclosure agreements and statutory deletion obligations.