

GENERAL CONDITIONS OF PURCHASE

1. General

1.1 These general conditions of purchase form an integral part of contracts on deliveries and services between the supplier of goods or the service provider, respectively, (hereinafter "Supplier") and ESM Energie- und Schwingungstechnik Mitsch GmbH (hereinafter "ESM").

1.2 Orders from ESM as well as their changes or additions to them need to be made in writing. Transmission by telefax, email or data telecommunication will be considered written form.

1.3 Terms and conditions of our Suppliers deviating from or supplementing these Terms and Conditions of Purchase shall only become part of the Orders if and to the extent that ESM has expressly agreed to their application in writing. Our Terms and Conditions of Purchase shall also apply exclusively if ESM does not object to the inclusion of our Supplier's terms and conditions in an individual case or accept the Supplier's Delivery without reservation in the knowledge of conflicting or supplementary terms and conditions of the Supplier.

1.4 Unless otherwise agreed, these Terms and Conditions of Purchase shall apply in the version valid at the time of our Order or, in any case, in the version last notified to the Supplier in text form as a framework agreement also for all similar future transactions with the Supplier, even if they are not expressly agreed again or reference is made to them in each individual case. However, individual agreements in writing (e.g. framework agreements, non-disclosure agreements) shall take precedence over these Terms and Conditions of Purchase.

1.5 Changes or additions to an order by an order confirmation become an integral part of the contract only if confirmed in writing by ESM. In particular, ESM will be bound by general terms of business of the Supplier only to the extent they coincide with its General Conditions of Purchase or if ESM has explicitly accepted them in writing. The mere reference by the Supplier to correspondence containing or referring to the Supplier's general terms of business shall not constitute ESM's acceptance of the applicability of such general terms of business just as little as the unconditional acceptance of goods or services by ESM in the knowledge of the Supplier's general terms of business that deviate from these General Conditions of Purchase.

1.6 If an order is not within two weeks confirmed in writing by the Supplier without any change, ESM may revoke it free of charge.

1.7 The invalidity or impracticability of individual provisions of these General Conditions of Purchase leaves the remainder of provisions unaffected; instead a provision will replace them, which accomplishes the purpose of the invalid or impracticable provision in a legally permissible manner.

2. Offer

2.1 Offers and price quotes of the Supplier shall not be remunerated and shall not create any obligations on the part of ESM.

2.2 In its offer the Supplier shall explicitly expose any discrepancies between its offer and ESM's inquiry and additionally offer to ESM alternatives, which are technologically or economically superior in comparison to the inquiry.

2.3 The Supplier will take into account and secure the production capacity for the goods and the delivery time offered. In its offer the Supplier will point out a possible bottleneck.

3. Delivery Date, Flat-rate Compensation, Changes in the Delivery of Goods or Provision of Services

3.1 The Supplier must comply with the agreed dates of delivery or dates of provision of services, respectively. In case of the delivery of goods such compliance requires the delivery free of any defects to ESM within ESM's regular business hours accompanied by the required shipping documents to the address specified in the purchase order (hereinafter "Place of Destination"). If a formal acceptance procedure is stipulated by law or specified in the contract, the time specified for such acceptance shall be adhered to by both parties. The timeliness of deliveries or of supplementary performance depends on the receipt at the Place of Destination, the timeliness of services on their acceptance. Advance deliveries of goods or provision of services, including of partial deliveries or provision of services, require ESM's prior written agreement.

3.2 ESM has the right, to adjust the delivery date free of charge until ten (10) days before the agreed delivery date by up to six (6) months and notify the Supplier about new delivery dates.

3.3 If the Supplier recognizes that it will not be able to fulfill its contractual obligations either in full or in part, or not within the stipulated timeframe, it must notify this to ESM in writing forthwith. The notice must state both the reason(s) for the delay and the predicted delay in delivery time.

3.4 In the event of a delay in delivery ESM shall have the right to demand liquidated damages in the amount of 1% (one percent) of the order value per week, however, not more than 10 % (ten percent). Further legal claims (cancellation and damages instead of performance) are reserved. The Supplier has the right to prove that no or significantly lower damage has occurred as a result of the delay. ESM is entitled to claim liquidated damages until the final payment is due without requiring a reservation pursuant to section 341 paragraph 3 of the German Civil Code ("BGB").

3.5 Any acceptance by ESM of a delayed or partial delivery of goods or provision of services shall by no means constitute a waiver of any rights or claims of ESM because of late or partial delivery of goods or provision of services.

3.6 For first deliveries of new products or changes of products previously delivered the Supplier without having been requested to do so shall provide free of charge an initial sample test report and further documentation either in the PPAP or the APQP4Wind format. Such documentation comprises especially the following documents: Inspection and Test Plan (ITP), Process Flow Chart and a PFMEA. Subsequent deliveries are only admissible if the first delivery, its initial sample test report and further documentation have been approved in writing by ESM.

3.7 Any changes to the goods to be delivered or services to be provided require the prior written approval of ESM.

3.8 Changes of the production site, changes of the manufacture line, changes of the raw material or changes of the dimensions or tolerances during a delivery or between deliveries of one order or of different orders require the prior written approval by ESM (keyword Frozen Process).

3.9 The Supplier shall in due time request from ESM the documents required for the execution of the contract and other agreed-on participation.

4. Quality

4.1 The Supplier shall carry out and maintain effective quality assurance and, if requested, demonstrate this to ESM. To this end, the Supplier shall certify and maintain a quality management system with elements as per ISO EN 9001:2015 or a similar system of equivalent standard.

4.2 Upon request by ESM the Supplier shall make available the current valid certificate in German and English. ESM shall have the right to inspect the Supplier's quality management system with prior notice, either itself or through third parties commissioned by ESM including its customers.

5. Code of Conduct

5.1 The Supplier shall comply with all applicable laws, ordinances, rules, regulations and orders.

5.2 The Supplier is obliged to comply with our Code of Conduct ("Code of Conduct") and must ensure that its sub-suppliers also act accordingly. The latest version of the Code of Conduct is available on our website at <https://www.esm-gmbh.de>. We are entitled to amend the Code of Conduct, in particular to comply with legal, regulatory, judicial or institutional requirements. The Code of Conduct sets out minimum standards. Insofar as statutory regulations go further or conflict with it, the law shall take precedence.

5.3 The Supplier shall respond to inquiries regarding compliance with the obligations contained in clauses 5.1 and 5.2 in writing within a reasonable period of time. If the Supplier violates these provisions, ESM shall be entitled to demand the disclosure of all relevant information. In addition, ESM may - without prejudice to any other contractual remedies - terminate the business relationship with the Supplier in whole or in part by extraordinary termination, unless the Supplier immediately establishes and implements a concept to end or minimize the violation and to avoid future violations. During the period of implementation of the concept, ESM shall be free to temporarily suspend the business relationship.

6. Environment

6.1 In dealing with environmental problems the Supplier will follow a precautionary principle and take initiatives to promote greater environmental awareness.

6.2 The Supplier will strive for the certification of an environmental management system in accordance with DIN EN ISO 14001:2015 or a similar system of equivalent standard. Suppliers having a certified environmental management system are preferred by ESM.

6.3 Upon request by ESM the Supplier shall make available the current valid certificate in German and English reflecting the existing certification. ESM shall have the right to inspect the Supplier's environmental management system with prior notice, either itself or through third parties commissioned by ESM including its customers.

7. Labour and Health Protection

7.1 The Supplier will obtain the certification of an occupational safety and health protection management system in accordance with DIN EN ISO 45001:2015 or equivalent. Suppliers with certified occupational safety and health protection management systems are preferred by ESM.

7.2 Upon request by ESM the Supplier shall make available the current valid certificate in German and English reflecting the existing certification. ESM shall have the right to inspect the Supplier's occupational safety and health protection management system with prior notice, either itself or through third parties commissioned by ESM including its customers.

8. Subcontractors, Statutory Minimum Wages (MiLoG), Employee Assignment Law (AEntG)

8.1 Third parties (in particular any subcontractors of all kinds) may only be employed or replaced by the Supplier to perform the contract with ESM's prior written consent. If the Supplier intends to use subcontractors to perform the contract from the outset, the Supplier must inform ESM of this when submitting its offer.

8.2 The Supplier must ensure that the employees used by the Supplier or its subcontractors or personnel service providers to perform contracts with ESM receive the minimum wage as per the German Minimum Wages Act (MiLoG), or, if the services to be performed fall into the scope of the Posted Workers Act (AEntG), they receive the industry-specific minimum wage. The Supplier must also ensure that binding obligations to pay contributions to social security carriers, employers' liability insurance associations and other institutions such as the joint institutions of the collective bargaining agreement parties named in section 8 AEntG are fulfilled.

8.3 When choosing subcontractors and personnel service providers, the Supplier shall check fulfillment of the aforementioned conditions as per Clause 8.1 and require them to provide written confirmation of compliance. Furthermore, the Supplier shall obtain written assurance from these parties that they will require other subcontractors or personnel service providers as may be engaged to comply with the requirements.

8.4 The Supplier shall indemnify ESM against justified claims any employee of the Supplier or any employee of a subcontractor, regardless of level, or of a personnel service provider used has brought forward towards ESM as the guarantor of payment of the statutory minimum wage or industry minimum wage or against claims by one of the institutions of the collective bargaining agreement parties named in section 8 AEntG for the provision of payments.

8.5 ESM is entitled to terminate the contract with the Supplier without observing a period of notice if and when the ESM is justifiably made liable as guarantor according to MiLoG or AEntG. Moreover, the Supplier shall accept liability vis-à-vis ESM for any damage that may be suffered by ESM through culpable failure to meet the obligations as per Clauses 8.1 and 8.2.

9. Delivery, Shipping, Packaging, Passing of Risk, Transfer of Title

9.1 Unless agreed otherwise, the delivery of goods shall be made "DAP to the Place of Destination (Incoterms 2020)". The delivery shall be accompanied by delivery note, the packing list, declarations of conformity (if applicable), certificates of origin, material quality certificates or acceptance test certificates, respectively, cleaning and inspection certificates according to the agreed specifications and all other necessary documents.

9.2 The Supplier shall safeguard ESM's interests during the delivery. Goods must be packed with packaging materials approved for the Place of Destination as so to avoid damage during transport. The Supplier is liable as per the statutory provisions for any damage incurred because of improper packaging.

9.3 The Supplier shall package, label and ship hazardous products according to the applicable national and international laws and regulations. The Supplier complies with all obligations for suppliers (pursuant to Article 3 (32) Regulation (EC) No. 1907/2006/EC (hereinafter "REACH")) under REACH with respect to the delivery of goods. The Supplier shall in particular provide ESM with a safety data sheet according to Article 31 REACH in the national language of the recipient country in all cases stipulated in Article 31 (1) to (3) REACH.

9.4 Up until the arrival of the goods specified in the contract with the documents mentioned in clause 9.1 at the Place of Destination, the Supplier shall bear the risk of loss or damage.

9.5 Retentions of title by the Supplier shall only apply to the extent that they relate to our payment obligation for the respective Deliveries to which the Supplier retains title. In particular, extended or prolonged retentions of title are not applicable.

9.6 In the case of the delivery of machines and plants, the transfer of risk shall only take place after their final acceptance at the place of performance.

10. Condition of the Delivery or Service, Complaints, Rights in the Event of Defects

10.1 The Supplier is responsible for delivering goods and services free of defects, in particular compliance with the agreed specification of goods and services, and, additionally, for ensuring that guaranteed properties and features are present. In addition, the Supplier guarantees that goods and services meet the current technical standards and – if applicable – the generally recognized standards in plant safety, occupational medicine, and hygiene, are delivered by qualified personnel and are in line with all pertinent legal regulations at the Place of

Destination.

10.2 In the case of the delivery of machines and systems that fall under the EU Machinery Directive 98/37/EC, the Supplier shall include a hazard analysis in accordance with EN 1050 in accordance with the EU Machinery Directive 98/37/EC free of charge.

10.3 The Supplier shall ensure that all materials contained in the goods have effectively been pre-registered, registered (or exempt from the obligation to register) and – if relevant – authorized in accordance with the applicable requirements of REACH for the uses disclosed by ESM. If the goods are classified as an article according to Article 7 REACH the preceding sentence shall also apply to substances released from such goods.

10.4 The Supplier shall forthwith notify ESM if a component of the product contains a substance which fulfills the criteria of VO (EG) 1907/2006 REACH (so-called substances of very high concern). This also applies to packaging products.

10.5 The Supplier is responsible a delivery without any defects. ESM checks deliveries only for whether they correspond to the ordered quantity and the type ordered and for externally recognizable transport damages and for obvious defects. ESM shall notify the Supplier of any defects in the delivery as soon as they are discovered in the ordinary course of our business. This shall be done within a reasonable period of at least five (5) business days after discovery in the case of obvious defects and within a reasonable period of at least ten (10) business days after discovery in the case of hidden defects. Supplier waives the right to claim late notice of defects.

10.6 ESM is not responsible to the Supplier for any further checks and reports than those previously described.

10.7 If defects are found before or at the passing of the risk or occur during the limitation periods as per 10.13 and 10.14, at ESM's option the Supplier shall at its expense either rectify the defects or newly deliver or perform free from defects. This also applies to deliveries where the inspection was limited to random samples. The Supplier shall bear the cost of rectification. While executing rectification the Supplier must take into account the operational requirements of ESM. The rectification location shall at ESM's option be either the Place of Destination or the place of acceptance if acceptance is legally required or contractually agreed.

10.8 If rectification does not take place within five (5) business days, if it has failed, or if it was not necessary to fix a grace period for rectification, ESM has the right, in addition to the rights named in Clause 10.7, to remedy the defects itself at the cost and liability of the Supplier or allow this work to be undertaken by third parties. In this case ESM is entitled to demand compensation from the Supplier for the required measures.

10.9 The rights named in Clause 10.7 and 10.8 may be invoked without a grace period for rectification if there is a danger of unreasonably high damages and the Supplier cannot be reached within a within an appropriate period of time, in particular, if for avoidance of default of its own or other urgency ESM has a special interest in immediate rectification and a request to the Supplier to remedy the defect within the mentioned period of time cannot be expected from ESM. Otherwise, the statutory provisions apply. Any additional rights of ESM concerning the Supplier's statutory liability for defects or under any guarantees shall remain unaffected.

10.10 Claims based on defects shall become time-barred thirty (30) months after the passing of risk unless a longer period of limitation is prescribed by law. ESM shall not be deemed to have waived any of its rights to make claims based on defects in the absence of an express written waiver.

10.11 As far as the Supplier in the framework of his duty to remedy defects makes new deliveries or corrections the periods of limitation named in Clauses 10.14 and 10.15 recommence anew.

10.12 Regardless of the transfer of risk, the Supplier bears the costs and the risk of measures required for the purpose of supplementary performance (e.g., return charges, transportation charges).

10.13 If, as a result of defective Delivery, an incoming inspection exceeding the usual scope becomes necessary, the Supplier shall bear the costs thereof.

10.14 Material defect claims are subject to a limitation period of three (3) years unless law provides for longer periods.

10.15 Defects in title claims are subject to a limitation period of five (5) years unless law provides for longer periods.

10.16 The limitation period begins with the passing of the risk.

11. Infringing Property Rights

It is the Supplier's responsibility to ensure that the delivery of the goods and / or provision of the services by the Supplier and the use thereof by ESM pursuant to the contract will not infringe any patent laws, copyright or other proprietary rights of third parties. Notwithstanding other legal claims, the Supplier shall indemnify ESM from any third-party claims for which ESM may be held liable because of the infringement of any of the aforementioned property rights, if these are based on a culpable violation of obligations by the Supplier. In this case, the Supplier shall bear the cost of any licensing fees, expenses and fees incurred by ESM in preventing and / or rectifying any infringements of property rights unless it cannot be held responsible for the breach of duty forming the basis of the infringement of the property rights.

12. General Liability, Insurance

12.1 Unless otherwise established in these General Conditions of Purchase, the Supplier shall be liable as per the statutory provisions.

12.2 The Supplier shall maintain sufficient liability insurance, for at least 5,000,000 € per claim, at its own expense for damage for which it or its performing or vicarious agents are responsible. Evidence of the amount of insurance coverage for each occurrence of damage shall be provided to ESM upon request. The Supplier's contractual and legal liability remains unaffected by the extent and amount of its insurance coverage.

13. Invoicing, Payment

13.1 The agreed prices are net including packaging for deliveries according to agreed Incoterms plus any statutory value-added tax. For the deliveries and services rendered invoices are to be issued which shall comply with the relevant statutory invoicing requirements according to the national value-added tax legislations to which the deliveries / services being invoiced are subject.

13.2 The Supplier must provide a separate, auditable invoice for each delivery, which must include all of the legally required information under German law. The invoice must state ESM's full order number and, if available, the Supplier's delivery note number. Certificates of work completed, and any other records are to be attached to the invoice. Invoices must correspond to the information in the purchase order in respect of the goods described, price, quantity, the order of the items and item numbers. As long as this information is missing, invoices are not payable. Duplicate invoices must be marked as duplicates. If not agreed otherwise, the invoice must be transmitted to the billing address named in the order of ESM or via email to accounting@esm-gmbh.de.

13.3 The payment period commences as soon as the delivery or service has been rendered in full and an invoice that meets the applicable requirements has been received at the billing address. Payment will be made subject to determination of contractual compliance and completeness for the delivery service provided.

13.4 Unless otherwise agreed, payments are due net within 60 days. Payment effected within 30 (thirty) days entitles ESM to a discount of 2 (two) percent.

13.5 Payments by ESM shall not represent an acceptance of the conditions and prices stated in the invoice and shall not constitute a waiver of the ESM's rights regarding deliveries made or services provided that differed from those as agreed upon, of ESM's rights to inspection, and the right to find fault with an invoice because of other reasons.

13.6 ESM shall be entitled to rights of set-off and retention as well as the objection of non-performance of the contract to the extent provided by law. In particular, ESM shall be entitled to withhold payments due as long as ESM is still entitled to claims against the Supplier arising from incomplete or defective Deliveries. The Supplier shall only have rights of set-off or retention in respect of counterclaims which have been established by declaratory judgment or are undisputed.

14. Assignment of Contract, Transfer, Change of Company Name, Offsetting, Retention

14.1 The assignment of rights and obligations under the contract with ESM to third parties without the prior written consent of ESM is inadmissible and entitles ESM to withdraw from the contract in whole or in part and to demand compensation.

14.2 The Supplier is required to notify ESM forthwith in writing of any assignment of the contract by virtue of law and of any change of its trade name.

14.3 The Supplier shall only be entitled to offset against reciprocal claims arising from this contractual relationship, and against undisputed claims or claims substantiated by court judgment. The Supplier is only entitled to a right of retention if the claim, because of which the right of retention is asserted, has its origins in the same contractual relationship.

15. Termination, Rescission

15.1 If the contract is for the performance of a continuing obligation, it can be terminated by ESM for good cause without previous notice. In particular a good cause for termination is given if:

- (i) The Supplier commits a breach of contract, which is not remedied within a reasonable period of time defined by ESM and following a termination warning or a fruitless warning or
- (ii) a significant deterioration in the assets of the Supplier has taken place, which jeopardizes contract fulfillment, or
- (iii) the Supplier does not comply with its obligation to pay taxes or social security contributions, or
- (iv) the further implementation of the contract is or will be wholly or partially inadmissible because of statutory or official regulations. Further statutory rights of ESM to terminate, to terminate for good cause or to withdraw from the contract remain unaffected by this provision.

15.2 If the Supplier has acquired from ESM any documents, records, models, samples, moulds, tools, plans, drawings or similar things within the scope of the contractual collaboration or for the purposes of fulfilling the contract the Supplier must forthwith hand them over to ESM in the event of termination of the contract by a party to the contract. These requirements apply likewise in the event of rescission.

16. Title Retention, Documentation, Confidentiality, Rights of Use

16.1 ESM reserves ownership of the material provided by ESM (e.g., parts, semi-finished products). This retention of title also extends to the products created by processing, mixing or connecting materials provided, because these processes are carried out for ESM as the manufacturer, unless otherwise agreed. If in the event of a processing, mixing or connection with third-party materials the property rights of such third parties remain, ESM acquires co-ownership of the new products in a proportion equal to the value of the material provided therein.

16.2 Any models, samples, drawings, data, materials, and other documents provided to the Supplier by ESM (hereinafter "ESM Documentation") shall remain the property of ESM and must be returned to ESM forthwith upon its request at any point in time. The Supplier shall have no rights to retain any ESM Documentation. The Supplier must observe the proprietary rights of ESM in and to all ESM Documentation. ESM Documentation may not be used for any purpose other than that of the execution of the contract to which it is assigned. This also applies to tools in particular.

16.3 Subject to statutory, judicial, or official disclosure obligations the Supplier is obliged to keep confidential all technical, scientific, commercial and other information obtained either directly or indirectly within the scope of the contract, in particular the information given in ESM Documentation (hereinafter "Confidential Information"). The Supplier may not exploit Confidential Information for commercial purposes, make it the object of industrial property rights, pass it on or make it accessible to third parties in any way. The Supplier is entitled to share Confidential Information with subcontractors approved by ESM if the subcontractor absolutely requires this information in order to fulfill the contract. Confidential Information may not be used for any purpose other than that of the execution of the contract to which it is assigned and may only be made available to those employees who need to know it within the framework of the execution of the contract. The aforementioned confidentiality obligation shall continue to apply for a period of ten (10) years after the contract has ended.

16.4 Any information that the Supplier lawfully possessed prior to ESM's disclosure of such information, that is obvious through no action or omission on the part of the Supplier or has been lawfully obtained from a third party shall be excluded from this confidentiality requirement. Also excluded from this confidentiality requirement shall be information that is disclosed to persons subject to a legal obligation to confidentiality, at which the Supplier shall not release such a person from its obligation to confidentiality. The Supplier bears the burden of proof for such an exception.

16.5 The Supplier shall ensure that its employees, subcontractors and other vicarious agents deployed to fulfill the contract are obliged to confidentiality according to the above confidentiality provisions by means of appropriate contractual agreements in writing, too. Upon request, the Supplier shall confirm compliance with these obligations to ESM in writing.

16.6 The Supplier shall specifically undertake all required and appropriate precautions and measures effectively to protect the Confidential Information obtained against loss or against unauthorized access at all times. The Supplier is obligated promptly to notify ESM in writing in the event that Confidential Information is lost or accessed by unauthorized parties.

16.7 The Supplier shall grant ESM the right, without any restrictions as to area, content or time, to use all plans, drawings, graphics, calculations and other documents related to the contract and produced by the Supplier or third parties on his behalf in all known media formats including electronic media, Internet and online media saved to all imaging, audio and data storage devices, for the contractually agreed purposes or purposes implied as per the Contract.

16.8 Moreover, the Supplier shall grant ESM an exclusive right to use work results that the Supplier created specifically for ESM or had third parties create for ESM. It shall obtain any necessary rights from third parties. Pre-existing rights of the Supplier or of third parties shall remain unaffected hereby.

17. Publicity Ban, Severability Clause, Applicable Law, Place of Jurisdiction

17.1 The Supplier may refer to or publicly disclose otherwise its business relationship with ESM only with the prior written consent of ESM, or where this is inevitable in order to fulfill the contract.

17.2 The invalidity or unenforceability of any provision or part of a provision of the contract shall not affect the validity of the entire contract.

17.3 The contract shall be construed and be subject to the substantive laws of the Federal Republic of Germany with the exclusion of (i) the United Nations Convention on Contracts for the International Sale of Goods ("CISG") dated 11 April 1980 and (ii) rules applicable in Germany that refer to another legal system.

17.4 At ESM's option the place of jurisdiction shall be either the court competent for ESM's registered office or the court competent according to the applicable law.