

## General conditions of purchase - paragon

paragon GmbH & Co. KGaA – Bösendamm 11 – D-33129 Delbrück/Germany

### I. SCOPE OF APPLICATION

1. The following terms and conditions shall apply to all legal relationships - including future transactions - between paragon and the Supplier. The Supplier shall not assert its own terms and conditions of sale and delivery. Any terms and conditions of the Supplier that are contrary to or deviate from paragon's Terms and Conditions of Purchase shall apply only if paragon has accepted them in writing. Neither our silence nor the unconditional acceptance of the Supplier's performance or payment thereof shall be deemed to be acceptance.
2. Paragon's Terms and Conditions of Purchase shall apply only to companies within the meaning of § 14 BGB (German Civil Code), legal entities under public law or special funds under public law pursuant to § 310 BGB. Entrepreneurs within the meaning of § 14 BGB are natural persons or legal entities or partnerships with legal capacity who, at the time of conclusion of the legal transaction, are acting in the exercise of their commercial or independent professional activity.

### II. CONTRACTUAL BASIS / ORDER OF PRECEDENCE

The rights and obligations of paragon and the Supplier shall be governed by the following provisions in the following order of precedence:

- a) Individual agreements such as individual orders and framework agreements;
- b) Quality assurance agreements
- c) Supply agreements;
- d) These General Purchasing Conditions;
- e) Legal regulations.

### III. CONCLUSION AND AMENDMENT OF CONTRACT / ORDER

1. Orders as well as amendments/ supplements thereto and delivery schedules shall only be binding if they are issued or confirmed by paragon in writing.
2. If the Supplier does not accept the order in writing within five (5) working days of receipt, paragon shall be entitled to revoke the order.
3. Paragon may request changes to the design and execution of the delivery item within the

scope of what is reasonable for the Supplier. Mutually agreed appropriate provisions shall be made regarding the effects, in particular with regard to additional and reduced costs as well as delivery dates.

### IV. PRICES AND TERMS OF PAYMENT

1. The agreed prices are fixed prices. Unless otherwise agreed, they shall include shipping and packaging free to the place of receipt (Incoterms 2020: DDP) and exclude value added tax.
2. Unless otherwise agreed, payment shall be made with a 3% discount on the 1st or 15th of a month, as soon as 90 days have elapsed since the beginning of the discount period, or without discount on the 1st or 15th of a month, as soon as 120 days have elapsed since the beginning of the discount period. The discount period begins on the day of receipt of the invoice, but not before receipt of the goods. In the event of acceptance of early deliveries, the due date shall be based on the agreed delivery date.
3. Paragon shall pay packaging costs only with prior written consent.
4. In the event of defective delivery, paragon shall be entitled to withhold payment in proportion to the value until proper performance.
5. Paragon shall have the right to offset claims - e.g. from complaints or returns - against payments.
6. Payments shall always be made subject to verification of the invoice. Invoices shall include the paragon order number with item number, the paragon article number, the supplier's delivery note number and the supplier number. Invoices shall be issued in duplicate.
7. For deliveries from the EC economic area (European Community), the invoices must show a supplier's declaration in accordance with EU Regulation No. 2015/2447 for proof of origin. An exception exists for suppliers from the Federal Republic of Germany, who can submit a global declaration.
8. If these provisions are not complied with, the invoices shall be deemed not to have been issued until clarification or completion by the Supplier. Paragon shall immediately notify the Supplier of the incorrectness of its invoice.
9. Payment shall be made in cash, by bank transfer or by check to the paying agent specified by the Supplier, at paragon's option.
10. Without paragon's prior consent, which may not be unreasonably withheld, the Supplier shall not be entitled

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to assign its claims against paragon or to have them collected by third parties. If, contrary to sentence 1, the Supplier assigns its claim against paragon to a third party without paragon's consent, the assignment shall nevertheless be effective. Paragon may, however, at its option, make payment to the Supplier or the third party with discharging effect.

### V. DELIVERY AND PERFORMANCE

1. Additional costs for an accelerated transport necessary to meet delivery dates shall be borne by the Supplier insofar as paragon is not responsible for the necessity of the accelerated transport.
2. Each delivery must be notified to paragon and the recipient designated by paragon on the day of shipment. Shipping documents, delivery bills and packing slips must be provided with the details of the paragon order with order number and item no. as well as the paragon article number. Delivery bills are to be enclosed in duplicate with each delivery.
3. If, in individual cases, delivery "ex works" has been agreed, paragon and the consignee designated by paragon shall be notified in good time of the dimensions and weight of the consignment. If the forwarding agent is commissioned by the supplier for the account of paragon, it must be pointed out that the transport insurance is covered by paragon.
4. If reusable packaging is used and returned to the Supplier carriage paid, paragon shall be entitled to reimbursement in the amount of the value of the packaging.
5. Insofar as the goods manufactured by the Supplier for paragon are required for export, the Supplier shall be obliged to submit a written declaration on the customs origin of the delivery items using a form provided by paragon. This declaration shall be issued to paragon with the first delivery at the latest. The origin of newly received delivery items or a change of origin must be notified to paragon without delay and without being requested to do so. The Supplier shall be liable for all disadvantages incurred by paragon due to improper or delayed submission of the supplier's declaration. If necessary, the Supplier shall provide evidence of its information on the origin of the goods by means of an information sheet confirmed by its customs office.
6. If the Supplier discovers after the order has been confirmed that he will not be able to meet the agreed delivery dates, he shall notify paragon thereof without delay, in writing and stating the duration of the delay. If paragon is obligated to advance performance, paragon may refuse payment if it becomes apparent after conclusion of the contract that paragon's claim to counter-performance is jeopardized by the Supplier's inability to perform. The right to refuse performance shall not apply if the delivery is effected or security is provided for it. Paragon shall be entitled to set a reasonable period of time within which the Supplier shall, at its option, effect delivery or provide security concurrently with payment. After unsuccessful expiry of the deadline, paragon shall be entitled to withdraw from the contract. All other rights of paragon shall remain unaffected.
7. Paragon shall be entitled to refuse to accept goods delivered before the delivery date specified in the purchase order and to return the prematurely delivered goods or store them with third parties at the Supplier's expense and risk.
8. In the event of default paragon shall be entitled to claim a contractual penalty from the Supplier. This penalty shall amount to 0.5% for each commenced week of delay, but in total not more than 5% of the total value of the delayed delivery. The agreement of the contractual penalty or the assertion thereof shall not affect any claims to which paragon is entitled on account of delay. Any contractual penalties paid shall be set off against the claims for damages.
9. Industrial disputes, unrest, official measures, pandemics and other unforeseeable and unavoidable events shall release the Supplier and paragon from their performance obligations for the duration of the disruption and to the extent of its effect. The affected party shall immediately inform the other contractual partner in detail and shall do everything within reason to limit the effects of such events.

### VI. QUALITY AND DOCUMENTATION

1. The Supplier shall ensure that he is aware in due time of all data, circumstances and conditions relevant for the fulfillment of his contractual obligations as well as of the intended use of his deliveries. The Supplier shall ensure that its supplies include all services necessary for their safe and economic use in accordance with the regulations, that they are suitable for the intended use and that they comply with the state of the art. When providing the services, the Supplier shall observe all relevant standards, laws and legal provisions, in particular the relevant environmental protection, hazardous goods and accident prevention regulations, as well as the generally recognized safety and occupational medicine rules.

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2. The Supplier shall constantly monitor the quality of its deliveries and services. For this purpose, he shall establish and maintain a quality assurance system in accordance with ISO/TS16949, VDA6.1 or QS9000-9004.
  3. Changes to the delivery item and the manufacturing process require the prior written consent of paragon. For the initial sample inspection, reference is made to the VDA publication "Assuring the Quality of Deliveries - Supplier Selection / Production Process - and Product Release / Quality Performance in Series Production". Only after paragon has accepted the samples may series deliveries be commenced. Irrespective of this, the Supplier must constantly check and improve the quality of the delivery items. The contractual partners shall inform each other about the possibilities of quality improvement. At the request of paragon, the Supplier undertakes to conclude a quality management agreement in accordance with the sample available on paragon's homepage under the heading "Downloads" and to implement the requirements set forth therein. This Quality Management Agreement shall become an integral part of these Terms and Conditions of Purchase.
  4. In the case of motor vehicle parts specially marked in the technical documents or by separate agreement, e.g. with "D", the Supplier must also record in special records when, in what manner and by whom the delivery items have been tested with regard to the features requiring documentation and what results the required quality tests have produced. The test documents must be kept for ten years and submitted to paragon if required. The Supplier shall oblige sub-suppliers to the same extent within the scope of the legal possibilities. As guidance, reference is made to the VDA publication "Nachweisführung - Leitfaden zur Dokumentation und Archivierung von Qualitätsanforderungen". Insofar as authorities responsible for motor vehicle safety, exhaust gas regulations or the like demand insight into the production process and paragon's inspection documents in order to verify certain requirements, the Supplier agrees, at paragon's request, to grant paragon the same rights at the Supplier's premises and to provide all reasonable support in this regard.
2. All technical drawings, standard sheets, artwork, models, profiles, tools, press forms, hardware, software, data, know-how, etc. provided by paragon shall remain the property of paragon, shall be kept secret and may not be made available to third parties, nor may products manufactured by means of these provided documents, information and tools be offered, delivered or otherwise brought to the attention of third parties directly or in connection with other products without the written consent of paragon. This shall apply mutatis mutandis to all documents and information relating to or representing the services (work results) to be rendered by the Supplier under the supply contract, in particular development services. Misuse shall result in liability for damages and shall entitle paragon to withdraw from the contract in whole or in part without compensation.
  3. Drawings, models, templates, samples, software or similar objects may not be provided or otherwise made accessible to unauthorized third parties. The reproduction of such items is only permitted within the scope of operational requirements and copyright provisions.
  4. Upon request by paragon, all information originating from paragon (including copies and recordings made) or items provided on loan (e.g. models, templates, etc.) must be returned immediately and completely or destroyed. Paragon reserves all rights such as property rights and copyrights to such information.
  5. Subcontractors shall be obligated accordingly.
  6. The Supplier may only advertise the business relationship with paragon with the prior written consent of paragon. Inquiries shall be addressed to paragon AG, Delbrück.

### VII. SECRECY

1. The Supplier undertakes to keep secret from third parties all commercial and technical information (e.g. in illustrations, drawings, calculations) which is not in the public domain and which becomes known to him through the business relationship with paragon, as long as and

### VIII. PROTECTION RIGHTS

1. The Supplier warrants completely and independently that the delivery and use of the ordered items and/or other services to be provided under the delivery contract (work results), in particular development results, do not infringe the intellectual property rights of third parties in Germany and abroad, and shall indemnify paragon against all claims asserted against paragon in respect of an infringement of intellectual property rights. The Supplier shall indemnify and hold harmless paragon and paragon's customers from any third party claims upon first written request. The limitation period for these claims shall be 3 years beginning with the conclusion of the contract. In the event of infringement of third party property rights, paragon shall be entitled

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to all statutory and contractual claims against the Supplier arising from defects in quality and title in addition to claims for damages; this shall also apply to parts which the Supplier has obtained from third parties.

2. In the event of use of third party property rights on the basis of license agreements concluded by the Supplier with a territorially limited area of application, the Supplier shall ensure that such use is permitted in all countries in which corresponding property rights exist.
3. If the Supplier has industrial property rights which relate to an application of the products or work results delivered by it or for which the use of the work results delivered is necessary, the Supplier shall grant paragon an irrevocable, worldwide and free-of-charge right of joint use of these industrial property rights, i.e. fully compensated by the remuneration agreed for the delivery, to an extent necessary for the use and exploitation of the products or work results delivered or their essential parts. The delivered work results or their essential parts. This right expressly includes the right to grant sub-licenses to third parties by paragon to the extent necessary for the use and exploitation of the delivered products or work results. The same shall apply to know-how.
4. Upon paragon's request, the Supplier shall inform paragon of the use of its own published and unpublished industrial property rights and applications for industrial property rights in respect of the delivery item.
5. Paragon and its subsidiaries and associated companies shall be granted an exclusive, unrestricted and irrevocable right of exploitation to the work results, in particular to the results of a commissioned development, as a whole as well as to their essential part, which right shall be transferable and shall be compensated by the remuneration for the delivery. Insofar as work results are protected in whole or in part by copyright, the Supplier shall grant paragon and its subsidiaries and affiliated companies the exclusive, irrevocable, transferable right, unlimited in time, place and content, to use this work result in any way, in particular to reproduce, modify and process it.
6. Paragon shall have a priority right to obtain industrial property rights with respect to all inventions made by the Supplier or its employees or jointly with employees of paragon within the scope of the execution of the order on a commissioned development. The Supplier shall inform paragon without delay of all inventions reported or of which it otherwise becomes aware

and shall offer them to paragon for adoption free of charge. The Supplier shall be solely responsible for the remuneration of its employees in accordance with the Employee Inventions Act. The Supplier agrees to provide assistance and to make all declarations necessary for obtaining and granting industrial property rights at its own expense.

7. If paragon is not interested in obtaining an IPR pursuant to Section VIII 6., the Supplier may pursue obtaining the IPR in its own name and at its own expense, in which case the Supplier shall grant paragon a non-exclusive, worldwide, irrevocable and royalty-free license to all IPR based on such invention. If the Supplier wishes to abandon such property right, it shall offer it to paragon in advance in writing to take it over free of charge. If the Supplier wishes to transfer such property right to a third party, it shall inform paragon in writing in advance. Paragon shall then be entitled to a right of first refusal to the property right under reasonable conditions, which paragon may exercise within 2 months after receipt of the written notification. In the event of a transfer of property rights pursuant to Section VIII 7. to a third party, the Supplier shall ensure that the third party acknowledges the rights to which paragon is entitled pursuant to Section VIII 7.
8. If the Supplier uses a subcontractor, the Supplier shall ensure that the subcontractor acknowledges paragon's rights under Clauses VIII 5. to VIII 7.

### **IX. CLAIMS FOR DEFECTS AND FAILURE TO PERFORM**

1. The Supplier shall provide a full warranty for flawless work, proper and correct execution as well as for the use of good and flawless raw materials, and also for the existence of warranted characteristics.
2. The goods must in any case comply with the generally recognized rules of technology, as well as the occupational health and safety and accident prevention regulations, as set forth in particular in standards, statutory regulations and other recognized technical writings. Paragon shall be entitled to carry out the inspection by sampling. This may also be done at the production site. The confirmation of receipt of goods does not exclude quality and quantity-related complaints that are discovered after receipt of the goods.
3. The statutory provisions on material defects and defects of title shall apply unless otherwise provided for in the following provisions. The provisions of Section VIII shall remain unaffected. In the event of a defective delivery, paragon shall be entitled to demand subsequent performance from the Supplier - at paragon's option, rectification of the defect or subsequent delivery - and, if the statutory requirements are met, a reduction in price or to withdraw from the contract. The right to claim damages remains expressly reserved.



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4. If operational safety is endangered or there is a risk of unusually high damage, paragon shall be entitled - if there is no time to set a deadline for the Supplier in advance - to remedy the defect itself or have it remedied by third parties after informing the Supplier in advance. The Supplier shall bear any costs incurred thereby.
5. The Supplier shall bear all expenses and costs incurred in connection with the subsequent performance (rectification of defects and subsequent delivery). Subsequent performance (rectification of defects and subsequent delivery) shall be made in each case free place of use.
6. The statutory provisions (Sections 377, 381 of the German Commercial Code) shall apply to the commercial duty to inspect and give notice of defects, subject to the following proviso: The duty to inspect shall be limited to defects which become apparent during the incoming goods inspection by paragon under external inspection including the delivery documents (e.g. transport damage, wrong or short delivery) or which are identifiable during the quality control in the random sampling procedure. In all other respects, it shall depend on the extent to which an inspection is feasible in the ordinary course of business, taking into account the circumstances of the individual case. The obligation to give notice of defects discovered later shall remain unaffected. Notwithstanding paragon's duty to inspect, the notice of defect shall be deemed to be prompt and timely if it is sent within 10 calendar days of discovery or, in the case of obvious defects, of receipt of the goods.
7. If, due to defective deliveries, a piece-by-piece or 100% inspection of the deliveries becomes necessary, the Supplier shall bear the costs incurred.
8. If the same goods are repeatedly delivered defectively, paragon shall be entitled to rescind the contract after setting a reasonable deadline in writing, also with regard to the unfulfilled scope of delivery, if the Supplier does not provide subsequent performance within the deadline, i.e. does not deliver within the deadline or delivers defectively again, unless the defect is insignificant. Furthermore, the Supplier is liable for all direct and indirect damages incurred by paragon due to defective delivery. If the Supplier uses third parties to perform the service, it shall be liable for them in the same way as for vicarious agents.
9. A liability period for defects of at least 36 months shall apply. The extended liability periods for defects in the event of Supplier recourse shall remain unaffected.

**X. LIABILITY**

1. If, due to a defect in a product manufactured or supplied by the Supplier, a person is killed, his body or health is injured or another item is damaged which, by its nature, is normally intended for use or consumption and was primarily used for this purpose by the injured party, the Supplier shall be obliged to compensate the injured party and/or paragon for the resulting damage and any consequential damage based thereon, irrespective of fault. If claims are asserted against paragon for such damages, the Supplier shall indemnify paragon - irrespective of any fault - against any claims of third parties and shall reimburse paragon for the costs incurred in connection with the defense against such claims, provided that paragon notifies the supplier of such claims without undue delay and enables the Supplier to defend such claims out of court or in court without any prejudice. If, due to a product defect, a recall of the product from the market or a warning is necessary, the Supplier shall reimburse paragon for all expenses and costs incurred in connection therewith, including the value of products which paragon has to take back.
2. Furthermore, the Supplier shall assume responsibility pursuant to the respective statutes.

**XI. PROVISIONS**

1. All materials provided to the Supplier shall be used exclusively for orders placed by paragon and shall remain the property of paragon. No power of disposal over these provisions or the parts manufactured therefrom shall be transferred to the Supplier. If the materials provided are not required for orders placed by paragon, they shall be returned to paragon. In the case of processed Provisions, paragon shall retain the co-ownership right to the finished goods in the amount of the value of the Provisions in comparison to the total value of the goods.
2. Tools, molds, etc. must be maintained by the supplier as a preventive measure.

**XII. LATEST TECHNICAL STATE OF THE ART**

1. The Supplier is obliged, in particular in the case of longer supply contracts, to keep the ordered items at the latest state of the art at all times. Any intended technical or design changes shall be submitted to paragon for approval. During the term of the contract, paragon shall be entitled to prescribe changes of a technical, design or taste nature.
2. Any changes in costs shall be taken into account and communicated to paragon without delay. Any reduction in the price of the items due to an increase in production or rationalization shall be credited to paragon and also reported.

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3. The Supplier is obliged to perform its services with the utmost care using the latest state of science and technology as well as its own knowledge and experience, and to comply with the applicable statutory provisions.

### XIII. GENERAL PROVISIONS

1. German law shall apply to the contractual relationship. The provisions of the UN Convention on Contracts for the International Sale of Goods shall not apply.
2. The place of performance for deliveries and services shall be the destination specified by paragon. The place of performance for payments shall be Delbrück.
3. The place of jurisdiction is - subject to a legally deviating exclusive place of jurisdiction - Delbrück.
4. Section 127 of the German Civil Code (BGB) shall remain unaffected. Thus, telecommunicative transmission (e.g. transmission by fax, email or remote data transmission) shall also be sufficient to comply with the written form.
5. Paragon points out that personal data is stored and processed in connection with business transactions in compliance with the statutory provisions.

Delbrück, 2021