

ANDREAS STIHL AG & Co. KG (hereinafter referred to as STIHL) – General terms and conditions of sale for raw materials, components and packaging material (hereinafter referred to as production material)

A product supply relationship exists between the supplier and STIHL (or other companies of the STIHL Group). For the manufacture and production of these products, STIHL sells production material to the supplier.

The legal relationship between the supplier and STIHL for the sale of the production material is governed by these general terms and conditions of sale. These general terms and conditions of sale will apply exclusively; any terms and conditions of the supplier that conflict with or differ from these general terms and conditions of sale will not be recognised by STIHL, unless STIHL has expressly confirmed their applicability in writing. These general terms and conditions of sale will also apply exclusively if STIHL accepts without reservation terms and conditions of the supplier that conflict with or differ from these general terms and conditions of sale and is aware of this.

1. Offers and conclusion of contract

- a) STIHL only concludes supply agreements concerning the sale of the production material under the following terms and conditions.
- b) Insofar as STIHL prepares offers, these will be without obligation and non-binding, unless the offers are expressly referred to as binding.
- c) STIHL can accept orders by the supplier within 4 weeks. A contract will not be agreed until the order has been accepted by STIHL (confirmation of order), unless STIHL makes the delivery or performs the service ordered. Confirmation of an order will be considered to have been provided if this has been formulated in writing or text form (e-mail) by STIHL, or if it has been communicated verbally or by telephone and has been confirmed in writing or text form (e-mail). If there are obvious mistakes, typing or calculation errors in the order confirmation, these will not be binding for STIHL.

2. Prices and payment terms, offsetting

- a) Unless otherwise agreed, the prices are ex works and are exclusive of VAT, customs, freight, packaging, insurance etc. If order-related costs should change significantly after the conclusion of contract, the parties will have the right to agree on an adjustment of the prices.
- b) Unless other payment terms have been agreed, payments are to be made by the supplier within 30 days of the invoice date without any deductions. When determining whether payment has been made on time, the date upon which the payment has been received in the account specified by STIHL is relevant.
- c) In the case of default of payment, STIHL will have the right to claim the current statutory default interest.
- d) STIHL has the right to offset claims against the supplier arising from the delivery of production material with the supplier's claims against STIHL arising from the delivery of products. The supplier, on the other hand, can only offset with counterclaims that are undisputed, accepted by STIHL or established in law.
- e) In addition, all companies affiliated with STIHL pursuant to §§ 15 ff. of the German Stock Corporation Act (AktG) have the right to offset claims against the supplier arising from the delivery of production material with claims of the supplier against these STIHL companies arising from the delivery of products.
- f) The supplier can only exercise the right of retention or the right to refuse performance if claims are undisputed or established in law.

3. Delivery deadlines, late delivery

- a) Delivery deadlines will be agreed individually or specified by STIHL upon receipt of the order.

- b) Delivery periods will start as soon as all of the details relating to performance have been clarified and the supplier has met all of the requirements.
- c) Partial deliveries are allowed, unless this conflicts with a recognisable interest of the supplier. STIHL reserves the right to make overdeliveries or underdeliveries of up to 10%.
- d) If STIHL is prevented from delivering on time by force majeure or unforeseeable circumstances for which STIHL is not responsible, e.g. official measures, riots, non-delivery by sub-suppliers, the deadline will be extended by the duration of the disruption. STIHL will inform the supplier promptly of any such disruption and its possible duration. If the disruption lasts longer than three months, STIHL and the supplier can withdraw from the contract in respect of the part not yet fulfilled with the exclusion of claims for compensation. If it is agreed with the supplier that the contract as a whole is to be cancelled, for all of the work already performed the statutory provisions concerning withdrawal will apply.
- e) STIHL will only enter into default after it has received a reminder from the supplier. In the event of default of delivery by STIHL, the supplier will have the right to set a reasonable extended deadline and to withdraw from the contract after it has passed without success.
- f) STIHL will have to compensate the supplier for damages caused by the default. This does not apply for loss of earnings and losses due to the interruption of operations at the supplier.

4. Shipment and transfer of risk

- a) Unless otherwise is agreed, delivery will be FCA Incoterms 2010. Any shipment by STIHL will be at the risk and cost of the supplier.
- b) If the shipment is delayed for reasons for which the supplier is responsible, the risk will be transferred on the day the production material is made available.
- c) The parties can mutually agree that STIHL is authorised by the supplier to place transport orders on behalf of the supplier for the delivery of the production material to the supplier.

5. Liability for material defects

- a) STIHL is to be informed immediately of any complaints due to visible defects or visibly incomplete or incorrect delivery, and within 8 days of receipt at the latest. STIHL is to be informed of other defects as soon as they are discovered. Any notification of defects has to be made in writing to STIHL giving a detailed description of the defect. STIHL is to be given the opportunity to inspect the notified defect on site.
- b) In the event of delivery of faulty goods, STIHL is to be given the opportunity to rectify the defect (reworking, sorting out or additional/replacement delivery) before start of production (treatment or processing) by a reasonable deadline. The defect can be rectified by STIHL itself or by a third party, if necessary at the supplier.
- c) If the faulty production material is not identified until after the start of production despite the required incoming goods inspection having taken place, the parties will agree on the further course of action.
- d) Instead of rectification of defects, STIHL can ask the supplier to scrap or return the goods concerned at STIHL's cost. STIHL also reserves the right, instead of rectification of defects, to issue to the supplier a deviation permit for the products yet to be produced from the defective production material concerned or already affected. In this case the supplier will not be entitled to make any claims for material defects as a result of defective delivery.
- e) In the case of a minor defect, the supplier will not have any rights.
- f) Claims for defects are subject to a limitation period of 12 months from delivery, unless mandatory statutory regulations require otherwise. This limitation period also applies to claims under any warranties, unless otherwise is stated in these. These limitation periods also apply to consequential damage caused by a defect, unless these claims are made on the basis of unlawful acts. If supplementary performance is necessary as a result of a defective delivery, the limitation period will only be suspended until the supplementary performance and will not start anew.

6. Compensation

STIHL will only be liable for compensation, for whatever legal reason,

- a) in cases of wilful intent,
- b) in cases of gross negligence of the executive bodies or executive employees,
- c) in cases of a culpable injury to life, limb or health,
- d) in cases of defects fraudulently concealed by STIHL,
- e) in cases covered by a warranty,
- f) if it is mandatorily liable under the Product Liability Act (Produkthaftungsgesetz) for injury to persons and damage to property.
- g) in the event of a culpable breach of material contractual obligations (the fulfilment of which enables the due performance of the contract in the first place and which the customer may routinely trust are adhered to), STIHL will also be liable in cases of gross negligence of non-executive employees and in cases of slight negligence, in the latter case limited to reasonably foreseeable damages for this type of contract. Further claims are excluded.
- h) for measures taken by the supplier to prevent losses (e.g. recall costs), STIHL will only accept liability if it is required to do so by law.
- i) STIHL will in particular not accept liability for claims by the supplier which are due to unsuitable or improper use/storage or incorrect or careless handling of the production material sold.

7. Retention of title and right to process

- a) The items delivered will remain the property of STIHL until receipt of all payments relating to the business relationship with the supplier or, if there is an open account with the supplier, until settlement of the recognised balance.
- b) In the event of a breach of the contract by the supplier, in particular in the event of default of payment, STIHL will have the right to withdraw from binding supply contracts and take back the goods supplied. The assertion of retention of title and the distraint of the delivery items by STIHL cannot be interpreted as withdrawal.
- c) In the event of distraint or any other intervention by third parties, the supplier has to notify STIHL immediately in writing. The supplier will be liable to STIHL for the court and out-of-court costs of any necessary legal action taken against distraint or any other intervention.
- d) The supplier has to use the production material sold in the ordinary course of business for the production of STIHL products. The supplier may not use the production material for other purposes. If the supplier resells the production material without STIHL's consent, no. 7 e) will apply accordingly.
- e) The supplier will have the right, after consent has been given by STIHL, to resell the production material in the ordinary course of business. In these cases, the supplier assigns now all claims up to the amount of the STIHL invoice total (including VAT), which the supplier receives from the resales and regardless of whether the supplied item has been resold without or after having been processed.
- f) The supplier will still be authorised to collect this claim after the assignment. However, STIHL will be authorised to collect the claim itself if the supplier no longer meets its payment obligations from the proceeds collected, is in default of payment or an application to open insolvency proceedings has been made or payments have been stopped. In these cases STIHL can demand that the supplier notifies STIHL of the assigned claims and their debtors, provides all the information required to collect, hands over the relevant documents and informs the debtor (third party) about the assignment.
- g) The processing or transformation of the supplied production material by the supplier will always be carried out on behalf of STIHL. If the supplied goods are processed with other objects which do not belong to STIHL, STIHL will acquire joint ownership of the new object in proportion to the value of the supplied object to the other objects processed at the time of the processing. For the object created by the processing, the same will apply as for the items supplied under retention of title.
- h) If the supplied goods are mixed inseparably with other objects which do not belong to STIHL, STIHL will acquire joint ownership of the new object in proportion to the value of the supplied object to the other objects mixed at the time of the mixing. If the mixing is done in such a way that

the object of the supplier is considered to be the main object, then it will be considered to be agreed that the supplier will assign proportionate joint ownership to STIHL. The supplier will hold the resulting object of sole or joint ownership in safe custody for STIHL.

8. Miscellaneous

- a) If individual parts of these terms and conditions should be or become ineffective, the effectiveness of the remaining provisions will not be affected by this. Ineffective provisions will be replaced by provisions which are reasonably judged to be closest to the original economic intent.
- b) The sole place of jurisdiction for all disputes arising from or relating to the supply of production material by STIHL to the supplier is Waiblingen, Germany. STIHL reserves the right to bring a claim against the supplier at its general place of jurisdiction.
- c) German law applies exclusively to all relationships between the supplier and STIHL. The application of the provisions of the United Nations Convention on Contracts for the International Sale of Goods (CISG) and the conflict of law rules of private international law, whereby the application of another law would be necessary, is expressly excluded.

Date: July 2019