

GENERAL CONDITIONS OF PURCHASE OF THE BALLUFF GROUP

STATUS 02/2024

BALLUFF

1. Scope of Application

- 1.1 These Terms and Conditions of Purchase (hereinafter referred to as "**Terms and Conditions of Purchase**") apply to the following companies of the Balluff Group: Balluff GmbH, Balluff SIE Sensorik GmbH, Balluff STM GmbH, iss innovative software services GmbH, and Balluff MV GmbH. When the following refers to "we", "our" and/or "us", this refers to the respective aforementioned, affected company of the Balluff Group. Each Balluff company is legally independent; there is no joint and several liability of the Balluff Group.
- 1.2 Our orders for deliveries and other services (hereinafter collectively referred to as "**Services**") are made exclusively on the basis of these Terms and Conditions of Purchase. We do not recognize any conflicting, deviating or general terms and conditions of the Supplier that are not regulated in these Terms and Conditions of Purchase, unless we have expressly agreed to their validity in writing. This shall also apply if we accept the services without reservation in the knowledge of conflicting or deviating terms and conditions, or terms and conditions not specified in our Terms and Conditions of Purchase, or if the Supplier refers to the validity of its General Terms and Conditions of Business in its offer, in its order confirmation, in invoices or otherwise in connection with the execution of the contract, and we do not expressly object to their inclusion again.
- 1.3 Within the framework of ongoing business relationships, our Terms and Conditions of Purchase shall also apply to all future contracts with the Supplier, without us being obliged to refer separately to the validity of these Terms and Conditions of Purchase.
- 1.4 These Terms and Conditions of Purchase shall only apply to business transactions with companies.

2. Offer - Order - Conclusion of contract

- 2.1 The Supplier must adhere to our inquiry when submitting offers; the Supplier must expressly inform us in text form of any deviations from the offer - in particular if the Supplier cannot fulfill our inquiry in one or more points.
- 2.2 **Text form**, within the meaning of these Terms and Conditions of Purchase, includes declarations by fax, EDI or e-mail.
- 2.3 Our orders are placed exclusively in text form. Advance orders communicated verbally or by telephone shall be confirmed in text form (including by fax, EDI or e-mail).
- 2.4 The Supplier shall immediately confirm acceptance of our order in text form with delivery/performance date(s) and price, stating our order number.
- 2.5 If the Supplier provides us with illustrations, drawings, calculations or other product-, application- or project-related documents, we are entitled to reproduce these documents and make them accessible to third parties.
- 2.6 We may demand changes to the design and execution of the services within the scope of what is reasonable for the Supplier. The effects, in particular with regard to additional and reduced costs as well as the deadlines for the services, shall be regulated appropriately and by mutual agreement.
- 2.7 The Supplier is obliged to check drawings, calculations, specifications and other requirements from us for errors and contradictions within the scope of their general and special expertise and to notify us immediately in text form of any concerns and to clarify them.
- 2.8 The Supplier bears the procurement risk for the services.

3. Terms of Delivery Delivery/Service Dates - Delay

- 3.1 Unless we have agreed otherwise, delivery of products DAP shall be made in accordance with the current version of the Incoterms - currently Incoterms 2020 - to the place of delivery specified in our order or, if no place of delivery is specified in our order, DAP our registered office.
- 3.2 The dates and deadlines stated in our order are binding. The day of delivery shall be the day of receipt of the goods by us or the delivery address designated by us, in the case of services the day of acceptance.
- 3.3 If agreed dates and deadlines are not met, we shall be entitled to claim damages and withdraw from the contract, after the unsuccessful expiry of a reasonable deadline, unless the Supplier is not responsible for the delay.
- 3.4 If the Supplier is in default, we shall be entitled to demand a lump-sum compensation for default amounting to 0.5% of the order value of the services with which the Supplier is in default for each week or part thereof after the occurrence of default, but not more than a total of 5% of the total order value. Both parties are entitled to prove that a higher, lower, or no damage has been incurred.
- 3.5 As soon as circumstances become apparent to the Supplier which indicate that agreed dates or deadlines cannot be met in whole or in part, the Supplier must notify us of this immediately in text form, stating the reasons and the expected duration of the delay. This shall also apply if the Supplier is not responsible for this. Neither the notification nor our silence in response shall constitute recognition of a new delivery date or affect our contractual and statutory rights and claims.
- 3.6 Partial services are only permitted with our express prior consent in text form.
- 3.7 The acceptance of partial services or delayed services shall not affect our contractual and statutory rights and claims.
- 3.8 In the event of premature delivery, we reserve the right to return the goods at the Supplier's expense. If no return shipment is made in the event of premature delivery, we shall be entitled to store the delivered products at our premises until the agreed delivery date at the Supplier's expense and risk. In the event of early delivery, we reserve the right to make payment only on the agreed due date.
- 3.9 Balluff does not recognize the Supplier's exemptions from liability, limitations of liability and/or limitations of liability of any kind, in the event of a delay in delivery or reservations of self-delivery by the Supplier.

4. Shipping - Packaging - Costs - Transfer of Risk

- 4.1 A delivery bill must be enclosed with each delivery.
- 4.2 The Supplier is obliged to clearly state our shipping address on all dispatch notes, delivery bills, consignment notes, parcel addresses and other shipping documents, our order number, the order date, and the contents of the consignment.
- 4.3 Unless otherwise agreed, delivery shall be made carriage and packaging paid to our registered office or to another destination specified by us. All costs for shipping and packaging are included in the price.
- 4.4 Unless otherwise agreed, the Supplier shall be obliged to pack and ship the goods properly. In any case, the Supplier shall pack and ship the products to be delivered in such a way that damage is excluded. The selection of a suitable carrier is the responsibility of the Supplier.
- 4.5 Unless otherwise agreed, the Supplier shall take back the shipping and transport packaging of the delivered products free of charge at our request at any time, collect it free of charge from our registered office, or from another destination specified by us, and dispose of it at its own expense, if we have requested that the delivery be handed over in the shipping/transport packaging. If the shipping/transport packaging is not taken back in the course of delivery or collected within two weeks of our request, we shall be entitled to return or dispose of the shipping/packaging material at the Supplier's expense.
- 4.6 We must always be notified of readiness for shipment. We maintain transport insurance. With regard to this, the Supplier must inform us immediately in text form of any transport damage.
- 4.7 The risk of accidental loss and accidental deterioration of the products to be delivered shall only pass to us upon proper handover of the products. The Supplier must have the receipt of the delivery acknowledged in writing by a person authorized by us.

5. Prices - Pricing - Payment

- 5.1 All agreed prices are fixed prices for the entire contractual performance period, excluding VAT, which is to be charged separately, and are not subject to any subsequent change, unless otherwise agreed. This shall also apply to unit and lump-sum prices.
- 5.2 Unless otherwise agreed, the prices shall be free place of destination including the costs for shipping and packaging and their disposal in accordance with the statutory provisions.
- 5.3 Unless otherwise agreed, we shall pay invoices net within 30 days. The period shall run from receipt of a proper and comprehensible invoice by us, but at the earliest from receipt of the delivery/performance of the service.
- 5.4 All payments are made subject to reservation and do not constitute acceptance or recognition of a service as being in accordance with the contract.

6. Condition - Quality Standards

- 6.1 All services must comply with (a) the specifications, drawings and other information stated in the order, (b) the latest state of the art, (c) the applicable statutory provisions and regulations, (d) the relevant guidelines of authorities, employers' liability insurance associations and trade associations, (e) the national and international standards (e.g. DIN, CEN or ISO standards) as amended from time to time, and (f) be suitable for the intended use or further processing. In particular, the accident prevention regulations, other occupational safety regulations, and the generally recognized safety and occupational health regulations, must also be observed. Furthermore, we assume that the respective persons have the necessary skills and qualifications to provide the deliveries and services. In all other respects, delivery and performance shall be carried out with the care customary in the trade.
- 6.2 Further statutory subjective and objective requirements for the services remain unaffected and apply in addition.
- 6.3 The Supplier may only make changes in the execution or quality of the services to be provided compared to the agreements made or compared to previous services, if we have provided prior sampling and prior approval in text form.
- 6.4 In cases of doubt, the Supplier must inquire about the intended use or the type of further processing.
- 6.5 Partial acceptance or processing of the delivered products does not imply acceptance without complaint. Despite partial acceptance or processing of the delivered products, all claims for defects shall remain unaffected.

7. Claims for Defects

- 7.1 The restriction of our statutory claims for material defects is inadmissible. In the case of purchase contracts and contracts for work and materials, if defective products are delivered, we may, at our discretion, demand rectification of the defect (subsequent improvement) or delivery of a defect-free item (subsequent delivery) within a reasonable grace period. In urgent cases (if the Supplier is in default with the rectification of a defect or if we are threatened with unusually high damages), we are entitled - even if sales contract law applies - to rectify defects ourselves or have them rectified by third parties at the expense and risk of the Supplier. However, in the case of the applicability of sales contract law, this shall not apply if the Supplier is not responsible for the defect. In such cases, the Supplier shall bear the necessary expenses and costs or shall reimburse us for these necessary costs and expenses.
- 7.2 In particular, the Supplier shall bear all costs and expenses incurred in connection with the determination and rectification of defects, even if they are incurred by us, in particular inspection, such as disassembly and reassembly, labor, material, transport and other costs for subsequent delivery and rectification. This shall also apply if the expenses are increased by the fact that the delivery item has been taken to a place other than the place of performance, but not if disproportionate costs are incurred.
- 7.3 The type of subsequent performance chosen by us and the subsequent performance as such may not be refused on the grounds that it is only possible at disproportionate cost, provided that the costs of the (chosen) subsequent performance do not exceed the original purchase price of the defective goods by more than three times.
- 7.4 If (a) we have unsuccessfully set the Supplier a reasonable deadline for rectification or subsequent delivery, (b) subsequent performance has failed, (c) is unreasonable, (d) is seriously and definitively refused by the Supplier, or (e) if special circumstances exist that justify the assertion of further rights as described below, which, taking into account the interests of both parties, justify the assertion of the more extensive rights described below, we shall be entitled to reduce the purchase price in the ratio in which the value of the item in a defect-free condition would have been to the actual value at the time of conclusion of the contract (reduction) or to withdraw from the contract. In each case, in addition or alternatively, we shall be entitled to demand compensation for the damage caused by the delivery of the defective products, unless the Supplier is not responsible for the breach of duty.
- 7.5 Claims for material defects shall become time-barred within 36 months of delivery of the products or performance of the service, unless a longer limitation period is provided for by law or we have agreed a longer limitation period with the Supplier.
- 7.6 We do not recognize any limitation of our statutory and/or contractual claims for defects or our statutory and/or contractual claims for damages. This applies in particular with regard to the degree of fault, the scope of liability and the amount of liability.
- 7.7 In addition, the statutory provisions on liability for defects shall apply. We reserve the right to assert further claims due to the delivery of defective products and/or the provision of defective services.

8. Outgoing Goods Inspection - Inspection and Complaint Obligations

- 8.1 The Supplier must deliver the goods 100% inspected. In particular, the Supplier is obliged to check the products before delivery to ensure that they comply with the specifications stated in the order and are free from defects.
- 8.2 We are only obliged to carry out the following inspections of the delivered products: (a) obvious defects, (b) quantity, (c) identity, and (d) transport damage. In this respect, the Supplier waives any further legal requirements for the incoming goods inspection as well as any further legal obligations to inspect and give notice of defects.
- 8.3 If we discover defects in the course of any random sample inspection, we shall be entitled, at our discretion, (a) to reject the entire delivery without further inspection, (b) to inspect the entire delivery, or (c) to have it inspected by a third party and, in cases (b) and (c), to charge the Supplier for the inspection costs incurred as a result.
- 8.4 The notice period for defects is 10 working days. In the case of obvious defects, the notification period shall commence upon delivery; in the case of non-obvious defects, it shall commence upon discovery of the defect.

9. Quality Assurance - Data Sheets - Product and Manufacturing Certificates

- 9.1 The Supplier shall carry out quality assurance in accordance with the latest state of the art on the basis of ISO 9001, IATF 16949, ISO 14001 or any subsequent or supplementary standards and shall provide us with evidence thereof upon request.
- 9.2 The Supplier undertakes to set up and maintain a system for the traceability and determination of defects and product faults which, in the event of defects and product faults, allows these to be limited and traced in terms of time and quantity.
- 9.3 If we or our customer request/require the introduction, creation, and management of material data sheets or other product or manufacturing certificates, the Supplier undertakes, with regard to the products to be supplied by him, to also comply with this request and to provide us with all information, data, and documents that we require or that we require to meet the expectations of our customers.
- 9.4 At our request, the Supplier is obliged to provide a sample, an initial sample test report, and/or data sheets.

- 9.5 In addition, the Balluff Quality Assurance Agreement shall apply, which can be accessed at <https://www.balluff.com/en-de/contact-support/purchasing>, which we have already provided to the Supplier as part of the business initiation and which we will provide to the Supplier again at any time, on request.
- 10. Force Majeure**
- 10.1 Events of force majeure, i.e., unforeseen events over which we have no influence and for which we are not responsible, including adverse economic conditions, shall release us from the obligation to accept the service if the service is no longer usable for us due to these circumstances. In this case, we are entitled to withdraw from the affected contract.
- 10.2 Events of force majeure include, in particular, official measures and orders (regardless of whether they are valid or invalid), wars, revolutions, embargoes, pandemics, epidemics, fire, earthquakes, floods, storms, explosions, and other natural disasters, as well as unavoidable production changes at our customers.
- 10.3 Events of force majeure, in relation to the Supplier, shall not include shortages of raw materials, production stoppages, crises in the transportation and logistics sector, and increased procurement costs; for example, performance difficulties due to increased transportation costs, increased raw material prices, etc.
- 11. Tools - Provision of Materials and Products - Documents**
- 11.1 Tools, production equipment, models, matrices, templates or other samples (hereinafter collectively referred to as "tools"), as well as materials and products provided by us (hereinafter collectively referred to as "production materials") which we make available to the Supplier, shall remain our property and shall only be made available to the Supplier on loan. The Supplier shall mark the tools and production materials as our property and maintain them in a usable condition at its own expense, in particular to care for and maintain them properly and professionally and to insure them at replacement value against fire, water damage and theft at its own expense.
- 11.2 The Supplier shall be liable for all damage to and destruction of the tools and production materials caused (intentionally or negligently). In such a case, the Supplier shall in particular be obliged to reimburse us for the costs of replacing the tools and production materials.
- 11.3 These provisions (pursuant to Clause 11) shall apply accordingly to tools and production materials which the Supplier manufactures, or has manufactured, for the manufacture of the products intended for us, the manufacturing costs for which we have borne. The parties hereby agree that ownership of all such tools and production materials shall pass to us insofar as we reimburse the Supplier for the production costs as agreed.
- 11.4 The Supplier may use the tools and production materials that fall within the scope of this clause 11 exclusively in connection with the manufacture of the products intended for us. The Supplier undertakes to not make these tools and production materials available to third parties for inspection or for other purposes without our prior written consent.
- 11.5 The Supplier undertakes to not make the products manufactured with the help of the tools available to third parties, either in unfinished condition or as semi-finished or finished products, without our prior written consent. The same applies to products which the Supplier has developed according to our specifications or with our cooperation (through tests etc.).
- 11.6 The Supplier shall (a) after fulfillment of its contractual obligations, (b) if no contract is concluded, or (c) if the contractual relationship is terminated, return the tools and production materials to us in proper condition without delay and without being requested to do so. The Supplier must also return the tools and production materials to us in proper condition at any time at our request if we have a justified reason for requesting their return.
- 11.7 Any combination, processing, or mixing of the production materials shall always be carried out for us as the manufacturer, but without any obligation on our part. If the (co-)ownership expires due to combination, processing or mixing, it is hereby agreed that the (co-)ownership of the new item shall be transferred to us in proportion to the value of the production materials to the value of the overall product. The Supplier shall store the items in our (co-)ownership free of charge.
- 11.8 All documents, plans, illustrations, calculations, drafts, manufacturing instructions, samples, drawings, etc. (hereinafter collectively referred to as "Documents"), which we make available to the Supplier for the purpose of submitting an offer or executing a contract, shall remain our property. The Supplier may only use the Documents within the scope of the fulfillment of the contract. Documents shall be returned to us free of charge, without our request, as soon as they are no longer required for the preparation of the offer and the execution of the contract, including any copies made. The Supplier undertakes to not reproduce the documents without our prior written consent, to not make them accessible to third parties, and to keep the content of the documents secret from third parties.
- 12. Retention of Title and Other Security Interests**
- 12.1 We only accept our Suppliers' retention of title provisions - in the form of simple retention of title - until payment of the purchase price for the respective deliveries concerned. All other forms of retention of title - in particular so-called extended or prolonged retention of title and group retention of title - and other security interests are excluded and will not be accepted by us.
- 12.2 On the basis of the retention of title, the Supplier may only demand the return of the products if the Supplier has withdrawn from the contract concerned.
- 13. Product Liability - Recall/Service Campaigns**
- 13.1 The Supplier is obliged to indemnify us against claims within the scope of producer and product liability insofar as the defect giving rise to liability is attributable to a product manufactured or delivered by the Supplier or and the Supplier is unable to prove that the defect does not result from its manufacturing or organizational area.
- 13.2 The Supplier must also draw our attention to the risks that arise from its product if it is not used as intended.
- 13.3 In the event of product recalls or service campaigns by us, our customers, or third parties, due to defects or faults in the products delivered by the Supplier, the Supplier shall reimburse us for all damages, costs, and expenses incurred as a result of the recall or service campaign. This includes the damages, costs and expenses charged to us by our customers. This does not apply if the Supplier is not responsible for the defect or fault.
- 13.4 The Supplier is obliged to take out and maintain liability insurance with an appropriate sum insured to cover the aforementioned risks and to provide us with evidence of this on request. Any further claims to which we may be entitled shall remain unaffected.
- 14. Third-Party Property Rights - Liability for Defects of Title**
- 14.1 The Supplier warrants that no rights of third parties, in particular no industrial property rights of third parties (e.g. patents, utility models and designs, trademarks, including their applications and copyrights), are infringed in connection with its services. This applies to the place of manufacture and the place of delivery and performance, as well as to all countries in which the Supplier's products and services, or Balluff products in which the Supplier's products and services are contained or installed, are distributed or shipped.
- 14.2 If claims are asserted against us by third parties due to such a breach of law, the Supplier shall be obliged to indemnify us against these alleged or actual claims, unless the Supplier is not responsible for the breach of duty.
- The Supplier shall reimburse us for all costs, damages, and expenses incurred by us as a result of or in connection with the claims asserted by the third party, unless the Supplier is not responsible for the breach of duty.
- 14.3 Our claims under this Clause 14 of these Terms and Conditions of Purchase shall become time-barred three years after delivery.
- 14.4 In all other respects, the provisions contained in Clause 7 of these Terms and Conditions of Purchase shall apply mutatis mutandis to defects of title.
- 15. Limitations/Limitations of liability**
- The Supplier shall be liable - irrespective of the legal grounds - without limitation in accordance with the statutory provisions and these Terms and Conditions of Purchase. Any limitation of our statutory and contractual claims (in particular from default, defect, and product liability) is expressly rejected both with regard to the degree of fault and with regard to the scope and amount of liability.
- 16. Rights of Retention and Set-Off - Assignment**
- 16.1 In the event of defective performance by the Supplier, we shall be entitled to withhold our payments to a reasonable extent, unless good faith dictates otherwise.
- 16.2 The assignment of claims against us shall only be effective with our prior written consent. § Section 354a HGB remains unaffected in this respect.
- 16.3 We do not recognize any restriction of our statutory offsetting options and the possibility of asserting rights of retention.
- 16.4 The Supplier shall only be entitled to rights of set-off and/or retention if its counterclaims (a) have been legally established, (b) are undisputed, (c) are recognized by us, or (d) are in a close reciprocal relationship to our claim. Furthermore, the Supplier is only authorized to exercise a right of retention to the extent that its counterclaim is based on the same contractual relationship.
- 17. Compliance with Laws**
- 17.1 The Supplier warrants that during the term and in the performance of a contract concluded with us, it will comply with the laws, regulations, and other legal provisions and trade practices applicable to the Supplier's business, in particular with regard to the development, manufacture, sale, transportation, export, and certification of the products delivered by it. This applies in particular to the statutory regulations on the safety and environmental design and processes of technical products, the generally recognized rules of technology and other regulations reflecting the state of the art at the time of performance.
- 17.2 Upon our request, the Supplier shall confirm compliance with the above laws etc. in writing. The Supplier shall compensate us for all damages, costs and expenses incurred by us as a result of the Supplier's non-compliance with the above provisions; the Supplier shall also indemnify us against any third-party claims asserted against us in this connection. This shall not apply if the Supplier is not responsible for the non-compliance.
- 17.3 The Supplier undertakes to comply with the provisions of the Balluff Supplier Code of Conduct of the Balluff Group (available at <https://www.balluff.com/en-de/contact-support/purchasing>) in the version applicable at the time of conclusion of the contract and also to enforce them within its own supply chain by means of suitable contractual regulations.
- The Supplier hereby gives its consent that we and our customers may carry out audits in order to satisfy ourselves that the Supplier is complying with its obligations under the Balluff Supplier Code of Conduct. In this context, we may inspect the Supplier's documents, if and to the extent that such documents are related to the fulfillment of the contractual obligations. We are entitled to make copies of these documents, if necessary, insofar as this serves our documentation obligation. Audits shall always be carried out in compliance with the provisions of data protection law and in compliance with company and business secrecy and during the Supplier's normal business hours. Audits shall be announced to the Supplier in advance. The aforementioned audit right is also expressly granted to third parties who may be commissioned either by us or by our customers.
- We expressly reserve the right to withdraw from existing contracts or to terminate them without notice if the Supplier repeatedly and/or despite a corresponding warning violates this Section 17.3. However, this shall only apply if and insofar as the Supplier cannot credibly demonstrate that the breach has been remedied as far as possible and that adequate precautions have been taken to avoid future breaches.
- 18. Export Control - Customs Declarations on the Origin of Goods**
- 18.1 The Supplier is obliged to inform us in its business documents of any licensing requirements for (re-)exports of its goods in accordance with German, European, and US export and customs regulations, as well as the export and customs regulations of the country of origin of its goods. For this purpose, the Supplier shall provide the following information in its offers, order confirmations, and invoices for the goods concerned:
- the export list number according to Annex AL of the German Foreign Trade and Payments Ordinance or comparable list items of relevant export lists;
 - for US goods, the ECCN (Export Control Classification Number) in accordance with the US Export Administration Regulations (EAR);
 - the commercial origin of its goods and the components of its goods, including technology and software;
 - whether the goods were transported through the USA, manufactured or stored in the USA, or manufactured using US technology;
 - the statistical goods number (HS code) of its goods; and
 - a contact person at the Supplier to clarify any queries from us.
- At our request, the Supplier is obliged to inform us in text form of all further foreign trade data relating to its goods and their components, and to inform us immediately (before delivery of the goods concerned) in writing of all changes to the above data.
- 18.2 The Supplier undertakes to issue a Supplier's declaration in accordance with Regulation (EC) No. 1207/2001 on the origin of the products supplied. This shall also apply to newly included articles during the period of validity of the Supplier's declaration. The Supplier shall be liable for all disadvantages incurred by us as a result of culpably improper or late 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.
- 18.3 If the statutory requirements for the submission of a Supplier's declaration do not apply, the Supplier shall inform us and provide a corresponding justification.
- 18.4 The Supplier undertakes towards us to comply with the obligations incumbent on it in the case of (re-)exports of its goods in accordance with German, European, US export and customs regulations, as well as the export and customs regulations of the country of origin of its goods. The Supplier shall reimburse us for all damages, costs, and expenses incurred by us as a result of the Supplier's failure to comply with the obligations under this Clause 18.4; the Supplier shall also indemnify us against any third-party claims asserted against us in this connection. This shall not apply if the Supplier is not responsible for the non-compliance.

19. Place of Performance - Place of Jurisdiction - Applicable Law

- 19.1 The place of performance for all services is our registered office.
19.2 The place of jurisdiction is our registered office. However, we shall be entitled at our discretion to sue the Supplier at its general legal place of jurisdiction.
19.3 The law of the Federal Republic of Germany shall apply exclusively, to the exclusion of the conflict of laws provisions and the UN Convention on Contracts for the International Sale of Goods (CISG).

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