

R&M's terms and conditions for suppliers PRC (version of April 2021)

1. Basis of the contract

The contractual documents of this agreement apply in the following order of precedence:

- I. The negotiating protocol for supplier services, together with the corresponding written order.
- II. The performance specifications, along with all and any additions, plans, drawings and samples, etc.
- III. These contractual terms and conditions applying to supplier
- IV. The contractual terms and conditions agreed to between the Reinhold & Mahla Company (hereinafter "R&M") and its client (hereinafter "the end customer") in accordance with sect. 2 of the negotiating protocol, insofar as this affects the contract between R&M and the supplier.
- V. All applicable technical specifications and recognised industrial standards, in their corresponding latest versions.

Unless explicitly agreed, the supplier's general terms and conditions of business, delivery, sale and payment shall not become a binding part of the contract. The same shall apply to all and any reservations, assumptions and restrictions, etc. that the supplier might express prior to negotiations which shall only form part of the contract if the parties have expressly agreed upon such an inclusion.

2. Scope of delivery of products and services

- 2.1. All products and services (including supplementary services) provided by the supplier which are necessary to achieve the purpose of the contract according to the contractual basis are compensated by the contract price agreed on the basis of the agreement, for achieving the contractual purpose of that agreement. This applies in particular to all wages, salaries, fees, costs, expenses, licences, charges and relevant taxes. These prices also cover the supplier's costs of training R&M employees in the operation and maintenance of items of products, equipment and systems supplied by the supplier.
- 2.2. R&M reserves the right to amend plans and drawings and specify other arrangements.
- 2.3. The supplier undertakes to supply at R&M's request products and services that have not been agreed on in the contract, but which are required for the completion of contractual scope, unless its operating facilities do not allow for the delivery of such services. Other services can only be assigned to the supplier with its consent.

3. Remuneration

Contractual prices are fixed and understood to be net amounts without value added tax (VAT). VAT shall be compensated separately after the date on which it falls due and in accordance with applicable statutory provisions.

4. Production documentation

- 4.1. The supplier shall request from R&M in a timely manner the information and documents which are required to deliver the contractual services and products and shall review them immediately after receipt for completeness and correctness. The supplier shall verify or check all the information made available in the documents provided by R&M, insofar as it concerns products and services delivered by the supplier. The supplier must immediately notify R&M of any discrepancies. The production tolerances agreed on the basis of specified measure shall be mutually agreed with R&M. The supplier shall bear all the negative consequences affecting R&M and himself in the event of failure to fulfil these obligations.
- 4.2. R&M shall retain legal title to all drawings, calculations, certificates and all other project-related document delivered to the supplier. The supplier shall use them only for confirmed contractual purposes and is not entitled to release them publicly or otherwise make them available to any third party or parties without the previous consent of R&M.

The supplier shall not publish details of its contractual scope or of any part of the project without the prior consent of R&M. The supplier undertakes not to disclose to any third party or parties the business secrets and/or confidential information that he might acquire relating to the supplier agreement.

- 4.3. The supplier shall produce, without further charge, all the calculations and completion plans required for its services, insofar as R&M does not supply such items, and shall make them available for use by R&M in a timely manner and without being asked to do so, in such a way that gives R&M reasonable time to verify them and carry out possible corrections without any delay to construction work carried out by the supplier. The term "reasonable time" normally refers to a period of three weeks. If the supplier fails to meet this deadline, and the late issue of approval of calculations and completion plans leads to delays, the supplier cannot allege that he has been impeded in the discharge of its

duties. The supplier shall continue to be responsible and liable, even after submission to R&M, for the completeness and accuracy of the project-related documents that the supplier procures or draws up.

- 4.4. The supplier undertakes to verify, in a timely and adequate manner, the actual nature and location of the construction site, its accessibility and its suitability for the delivery of the supplier's products and services.

5. Completion

- 5.1. R&M shall be entitled to make instructions, with the involvement of the supplier's management team, to ensure the contractual delivery of products and services. If the supplier feels that R&M's measures are unjustified or inappropriate, it should express its reservations in writing, but must nevertheless apply the measures concerned if asked to do so, unless otherwise established by statutory provision or official regulation.
- 5.2. If the supplier has reservations regarding the intended delivery of the contractual products and services, the quality of materials or components supplied by R&M or the services of other suppliers, he must notify R&M in writing without delay, preferably before delivery of the respective products and the commencement of the respective services. If it fails to do so, he shall bear full responsibility for all and any loss, damage and costs that might result from the breach of duty concerned.
- 5.3. The supplier shall provide, without request, proof of compliance with quality standards of the materials and products delivered. These include, without being limited to, all and any IMO/MED certificates that might be relevant. The supplier shall supply and install, when asked to do so by R&M, samples and trial versions of the materials and components that the supplier intends to use. The supplier shall bear the costs of these items and of test and production certificates specified by R&M.
- 5.4. The supplier delivers its products and services on its own behalf in principle.
- 5.5. The supplier undertakes to remove and dispose of, in the course of each working day, the waste and remains of packaging material that he generates. If the supplier fails to meet this obligation despite the granting of a reasonable period of grace, R&M shall be entitled to arrange for disposal at the supplier's expense. No period of grace is required for the removal and disposal of combustible waste and packaging materials which, according to SOLAS, must not remain on board a vessel.

6. Impediments and interruptions affecting completion

If the supplier believes that he is being impeded in the timely delivery of his products and services, he must immediately notify R&M in writing. This also applies in the event of obvious impediments. The supplier shall make all reasonable effort to facilitate the complete delivery of his products and services.

7. Deadlines, delays and contractual penalties

- 7.1. The individual deadlines stipulated in the agreement (delivery schedule) are regarded as binding and contractual.
- 7.2. The supplier shall be deemed to have breached deadline obligations in accordance with clause 7.1, without further warning or a period of grace, whenever such breaches are attributable to him.
- 7.3. The contractual penalty for delay shall be calculated at a rate of 0.2% of the total net invoiced amount for each working day by which the final deadline is exceeded; in the event of failure to meet interim deadlines, the contractual penalty shall be 0.2% of the net invoiced amount of that part of products and services whose delivery deadline has been exceeded. Once a contractual penalty has been applied to a passed interim deadline, it will be added to any subsequent contractual penalties that might apply to further interim and or delivery deadlines. Contractual penalties are limited to 5% of the total net invoiced value.
- 7.4. R&M is not obliged to claim contractual penalties at the moment of acceptance, and may furthermore do so right up to the final payment.

8. Cancellation, withdrawal from and termination of the agreement by R&M

- 8.1. R&M may terminate the agreement at any time if it has important reasons for doing so. Notice of termination must be issued in writing. If R&M terminates the agreement, either wholly or partially, the supplier shall have no entitlement to claim for loss and damage arising from forgone profits if he is offered a compensatory contract of an equivalent value.
- 8.2. If the supplier is unable to carry out his tasks in accordance with the agreement and on schedule, in a manner that threatens the fulfilment of completion deadlines, R&M shall be entitled, after issuing a corresponding warning and granting a period of grace, and without partial termination of the agreement, to arrange for the affected part of the products and services to be delivered by another supplier at the supplier's expense.
- 8.3. R&M shall be entitled to issue an extraordinary notice of termination if the supplier fails to fulfil the legal requirements associated with the delivery of his products and services, or is unable to provide, or provide in a timely manner,

documentary evidence that R&M is entitled to demand under the terms of the agreement, or if R&M or the completion of the project are likely to be at a significant disadvantage.

9. Liability/insurance

- 9.1. If a third party or parties should take action against R&M for loss and damage attributable to the supplier, the supplier shall immediately hold R&M harmless against all such resulting claims.
- 9.2. The supplier shall provide R&M with evidence of the existence, and maintenance throughout the project period, of suitable insurance supplying adequate cover and up to a sufficient amount. The liability insurance subject to such proof must include an extended product-liability clause.
- 9.3. Failure to provide proof of such insurance cover shall entitle R&M, after the issuing of a warning and the granting of a suitable period of grace, to terminate the agreement or conclude a liability insurance, in favour of the supplier and at his expense, for the apparently missing insurance cover.

10. Completion

The supplier shall notify R&M in writing of the completion of delivery of his products and services.

11. Claims due to defects

- 11.1. The period of limitation for warranty claims concerning the contractor's services in their entirety is 25 months, unless otherwise specifically agreed. The period covered by the warranty begins with the complete, defect-free delivery of the products and services concerned.
- 11.2. Whenever it is asked to do so in writing by R&M, the supplier shall rectify, at his own expense and throughout the period covered by the warranty, all defects attributable to the failure of delivered products and services. The demand to remedy the defect in question shall expire at the end of two years, counted from the receipt of the corresponding written request, but not before the expiry of the period defined in clause 11.1. Once the corresponding repair or remedy has been accepted, the warranty covering the products and services concerned shall again run for two years, but shall in any case not expire before the date defined in clause 11.1.

If the supplier fails to rectify a defect within a reasonable time defined by R&M, R&M shall be entitled to have the defect repaired or replaced the products and services concerned at the supplier's expense.

- 11.3. The supplier hereby assigns to R&M, in the event the contract being awarded, all and any defect, warranty and/or loss-and-damage claims that might be made against the supplier's own subcontractors and suppliers during the fulfilment of this contract. R&M hereby accepts this assignment in his favour. The supplier must envisage, in his agreements with its own subcontractors and suppliers, the assignment of his claims to R&M. The supplier's liability for defects remains unaffected by this assignment of claims.

12. Payment

- 12.1. Invoices shall be issued, depending on contractual agreements, for a lump sum or at mutually quantity survey. The accumulated invoices submitted must be verifiable and must include the corresponding and clearly legible order number, project designation, project number, a breakdown of products and services supplied and details of all payments received.
- 12.2. Final payment should be made subject to deduction of the agreed amount retained for warranty claims. If there is no separate agreement regarding the amount retained for such claims, it is agreed that 5% of the total invoiced amount shall be retained. The payment of the final invoice shall not exclude further claims regarding incorrectly calculated services or receivables. No claims shall be made for lost or forgone profit.
- 12.3. R&M shall settle payments within 30 calendar days, unless otherwise expressly agreed.
- 12.4. The payment period shall commence on the date of receipt of the invoice concerned. The date of issuing the payment instruction to the bank or the posting date of the cheque shall be determined for timely payment by R&M.

13. Statutory minimum wage and social security contributions

The supplier hereby confirms that it pays its employees the legally or contractually specified minimum wage, and that it makes the social security contributions corresponding to both the country in which the contract was entered into and the country of deployment. Corresponding proofs of compliance with the above wage and social security obligations must be supplied to R&M on demand.

The supplier shall be liable to R&M, in the context of their internal relationship, for all and any infringement of wage-payment obligations and/or failure to make the corresponding statutory social security contributions.

R&M shall furthermore be entitled, in the event of contractual infringements of this type and after granting - without success - a period of grace for compliance, to terminate the contract on justifiable grounds and arrange for the remaining part of the products and services to be supplied by a third party at the supplier's expense.

14. R&M compliance principles applying to suppliers and suppliers

The supplier undertakes to abide by the following R&M compliance principles applying to subcontractors and suppliers.

15. Other considerations

The supplier's claims against R&M arising from this contractual relationship shall only be pledged or assigned to third parties with R&M's consent. All and any right on the supplier's part with respect to the offsetting of counterclaims is hereby excluded, unless such claims are undisputed or enforceable by law.

16. Place of jurisdiction/applicable law

Any dispute, controversy, difference or claim arising out of or relating to this agreement, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Shanghai International Arbitration Centre (SHIAC) under the SHIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted.

The law of this arbitration clause shall be the law of People's Republic of China.

The seat of arbitration shall be Shanghai/People's Republic of China.

The number of arbitrators shall be three. The arbitration proceedings shall be conducted in English language.

17. Safeguard clause

If any provision of these contractual terms and conditions or of the contractual principles listed in clause 1 should be ineffective, this shall not affect the validity of the remaining provisions.

R&M Group compliance principles applying to subcontractors and suppliers

Compliance of subcontractors and suppliers

The R&M Group and all its affiliated companies have adopted compliance as part of their corporate strategy, along with its principles of integrity, observance of the law, and ethics. The management and employees of the R&M Group stand by these principles, which are binding on them.

The R&M Group likewise expects the same exemplary conduct from its subcontractors and suppliers, with strict observance of these principles regarding integrity, observance of the law, and ethics.

Employees' rights and working conditions

Suppliers and subcontractors are expected to respect the dignity, personal characteristics and health of each of their employees, and to ensure that their working conditions comply with all relevant safety standards. Employees are to be treated with respect and paid fair remuneration in accordance with legal minimum-wage requirements.

Undeclared work and illegal employment

Illegal employment and undeclared work will not be tolerated. Subcontractors and suppliers shall observe all relevant statutory provisions applying to the employment of personnel, and take appropriate action to combat illegal employment and undeclared work.

Corruption

The R&M Group does not tolerate corruption or bribery in any way or form. Appropriate action shall be taken even if incorrect conduct is merely suspected. Suppliers and subcontractors are expected to fight corruption within their own organisations, and to combat actively and consistently any unlawful or ethically dubious influence on decision-makers in the R&M Group, other companies and public entities.

Illegal collusion to prevent competition

Suppliers and subcontractors are expected to take an active stance against unauthorised cartels, and not to participate in illegal collusion designed to prevent competition.

Protection of the environment

Suppliers and subcontractors shall observe relevant environmental standards and legislation, and ensure that the environmental impact of their services is kept to an absolute minimum.

Compliance-related notifications

Suppliers and subcontractors of the R&M Group are asked to observe the rules established in the "*R&M Group's compliance principles applying to subcontractors and suppliers*", and to ensure that their own subcontractors and suppliers do likewise. Proof of having done so must be provided on request.

Subcontractors and suppliers undertake to notify the R&M Group of all and any compliance-related misconduct on the part of their employees and those of their own subcontractors and suppliers. Suspected cases must be pursued with rigour, and the R&M Group expects unconditional cooperation in the clarification of any incidents.

Consequences of infringement

If the subcontractor or supplier fails to fulfil, either at all or insufficiently, his commitment to cooperate in the clarification of such suspected cases of infringement, the R&M Group reserves the right, depending on the seriousness of the misconduct concerned, to cancel, without notice and on extraordinary grounds, all current contracts with the corresponding supplier or subcontractor, to terminate permanently the business relationship, and to assert claims for loss and damage.