

Conditions of Purchase of Allied Vision for Domestic Business as of July 2019

Part A – General Terms and Conditions

1 General, Choice of Law

- 1.1 These Conditions of Purchase of Allied Vision Technologies GmbH or Allied Vision Technologies Canada Inc. (each “AVT”) shall apply to all contracts of AVT with sellers, service providers and suppliers (“Supplier”) who have their registered office or the branch entrusted with the contract inside of Germany for purchases of Allied Vision Technologies GmbH or inside of Canada for purchases of Allied Vision Technologies Canada Inc. respectively (domestic business). The respective branch or affiliate that concludes the contract in its own name is decisive.
- 1.2 These Conditions of Purchase of AVT may also apply to service contracts with foreign contractual partners through express inclusion into the contract. In this case, German law shall apply.
- 1.3 These Conditions of Purchase of AVT shall apply exclusively. Terms and conditions of Supplier contrary to or deviating from these Conditions of Purchase are not recognized, unless AVT explicitly gave its consent in text form (e.g. via e-mail or in writing).
- 1.4 These Conditions of Purchase of AVT also apply, in case AVT accepts the delivery of Supplier without reservation even when terms and conditions of Supplier contrary to or deviating from these Conditions of Purchase are known.
- 1.5 Individual agreements with Supplier regarding a specific case (including subsidiary agreements, supplements and amendments) have priority over these Conditions of Purchase. The content of such agreements shall be determined by a contract or a confirmation from AVT in text form.
- 1.6 These Conditions of Purchase, as amended, shall also apply to future offers and contracts for delivery and performance with the same Supplier, without AVT having to refer to them again in each individual case.

2 Purpose and Intended use of goods, Specification

- 2.1 Products of AVT are Camera solutions for industrial inspection, medical and scientific imaging, traffic monitoring and many other applications and include cameras, supporting software and accessories (“AVT Products”).
- 2.2 Goods which are required for AVT’s business but in their usual use will not be part of AVT Products are Non-Product-Related Goods (“Non-Product-Related Goods”).
- 2.3 Any goods bought by AVT are generally used to assemble or produce AVT Products unless the goods are Non-Product Related Goods as defined in sec. 2.2 or are expressly designated as Non-Product Related Goods in the order of AVT.
- 2.4 The Supplier shall deliver goods that are free from material and legal defects and in particular comply with the specification in the order, the samples approved by AVT, the generally accepted technical standards, the valid legal and regulatory regulations (e.g. DIN standards, EU standards and especially the Electrical Act, ROHS, CE conformity, environmental regulations, substance restrictions), the applicable safety specifications and rules and the safety and accident prevention regulations.

3 Quotation

- 3.1 In the quotation the Supplier must adhere precisely to the inquiry by AVT and must indicate clearly any deviations. Should the Supplier be able to offer a technically or economically more beneficial solution regarding the technical request, he will make the appropriate offer to AVT.
- 3.2 Quotations by the Supplier are free of charge, even when they are made following to a request by AVT and do not justify an obligation on the part of AVT to conclude a contract.

4 Order, Conclusion of Contract

- 4.1 Orders and agreements are only binding if they are made or confirmed by AVT in text form.
- 4.2 Agreements with AVT employees require a confirmation in text form by the Materials Management Department, unless they are entitled to represent AVT on the basis of an authorization in written form or a representative authority specified in the German Commercial Register.
- 4.3 The contract is closed by order confirmation of the Supplier in answer of AVT’s order. The Supplier must confirm the order by AVT in text form within an appropriate time period but at the latest within 7 days (order confirmation). The date at which AVT receives the order confirmation shall determine whether the acceptance occurred in time. A late order confirmation is considered as a new offer and requires the acceptance of AVT.
- 4.4 Call-offs of an order and call-off planning become binding if the Supplier does not object within three working days of receipt thereof.

5 Necessary information in documents

- 5.1 In all order confirmations, delivery papers and invoices, the order number, the article number, the delivery quantity and the delivery address of AVT have to be indicated. The Supplier shall state the transport costs separately in the invoice even if the Supplier bears such cost.
- 5.2 If the information is incomplete resulting in a processing delay in the business organization of AVT, the payment terms according to sec. 6.3 are extended by the period of delay.

6 Prices and Terms of Payment

- 6.1 The price stated in the order is binding. Unless otherwise expressly stated all prices include applicable VAT. If no prices are stated in the order, the current list prices of Supplier shall apply with the deductions agreed between AVT and Supplier.

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- 6.2 Unless otherwise expressly agreed, prices include all services of Supplier including additional services (e.g. assembly, mounting) as well as all additional costs (e.g. proper packaging, transport costs including a transport and liability insurance, where applicable).
- 6.3 AVT does not agree with price adjustment or price increase clauses.
- 6.4 The agreed price is due for payment within 30 calendar days after completion of delivery or service (including the formal acceptance of the delivered and assembled product, where applicable) and receipt of an accurate, complete (sec. 5.1) and verifiable invoice. Should AVT pay within 14 days, the Supplier grants a discount of 2% on the net amount of the invoice.
- 6.5 If Supplier delivers prior to the agreed delivery date, the payment due date is determined by the agreed delivery date.
- 6.6 In case of non-conformity of the delivered goods or the provided services, AVT is entitled to reduce the price in the same proportion as the value of the non-conformity bears to the values that conforming goods or services would have had. The reduction will only be paid after the non-conformity is remedied by Supplier.
- 6.7 Payment does not indicate acceptance of the goods and services in accordance with the contract.

7 Delivery time, Delay in delivery

- 7.1 The agreed delivery dates and periods are binding. The delivery periods starts at the date of the order.
- 7.2 The delivery is in time if the goods are delivered at the place defined in the order or, insofar as a formal acceptance has been agreed, the successful acceptance is passed on the delivery date or within the delivery period.
- 7.3 An early delivery is not permitted.
- 7.4 Notwithstanding the obligation to deliver in time, Supplier has to inform AVT immediately in text form if he becomes aware of any obstacles – even if those obstacles are not caused by the Supplier – that might prevent timely delivery by stating the reasons and the expected duration of the delay.
- 7.5 In the event of a delay in delivery as a result of force majeure or industrial disputes not culpably caused by a party, AVT shall have the choice, either to withdraw from the contract in whole or in part after expiry of a reasonable period or to demand execution of the order at a later date without incurring any claims on the part of the Supplier.
- 7.6 In case the Supplier is – even partially – in culpable delay, AVT is entitled, irrespective of further damages, to demand a lump-sum compensation for delay of 0.5% on the net order value of the delayed goods for each beginning week, but at the most 5% of the order value of the delayed goods. Further legal claims (withdrawal and damages) remain reserved. The Supplier shall have the right to prove that no damage or substantially less damage has been incurred as a result of the delay.
- 7.7 The provisions under sec. 8.6 remain unaffected.
- 7.8 AVT does not agree to any limitations of liability and exemptions of any kind on the part of the Supplier in the event of a delay in delivery.

8 Delivery, Passing of risk, Place of Performance, Shipping

- 8.1 Delivery and passing of risk are according to DAP (Incoterms 2020) at the place of delivery stated in the order.
- 8.2 The place of destination is also the place of performance unless otherwise agreed.
- 8.3 The Supplier is not entitled to make partial deliveries without the prior consent in text form of AVT.
- 8.4 Any delivery shall be accompanied by a complete delivery note (sec. 5.1)
- 8.5 The Supplier shall pack, mark and ship hazardous products according to the relevant national and international regulations.
- 8.6 If a formal acceptance is agreed, risk will be transferred only upon formal acceptance by AVT.
- 8.7 If AVT bears the shipping cost, Supplier shall use the shipment service provider determined by AVT.

9 Quality of the Goods, Changes, of Supplier Quality Assurance, Audits

- 9.1 Provided nothing to the contrary has been agreed, the Supplier shall always deliver goods in accordance with the latest state of technology and shall advise AVT of any opportunities for improvements and technical modifications.
- 9.2 The Supplier shall regularly check the quality of the goods to be delivered with the diligence of a prudent businessman.
- 9.3 For goods intended for Products of AVT, the following requirements of sec. 9.3.1 through 9.3.6 shall additionally apply:
 - 9.3.1 The Supplier shall inform AVT in good time prior to changes in production procedures or facilities, materials or supplied parts for the deliveries and/or services, relocations of production sites, furthermore of changes in quality assurance measures, particularly procedures or facilities for testing deliveries and/or services which have an effect on the ordered deliveries and/or services so that AVT may examine whether the changes could have a negative consequence on AVT. This obligation to inform shall not apply, if the Supplier, following a careful review, can verifiably rule out such negative consequences for AVT.
 - 9.3.2 The Supplier must install and maintain an effective quality assurance system and prove this to AVT on request. The quality assurance system shall include the goods and/or services of the sub-suppliers of the Supplier.
 - 9.3.3 If the Supplier maintains a certified system (e.g. pursuant to ISO 9001 or a comparable standard, each as amended from time to time), he shall regularly and on his own accord provide AVT with the respective certificates, i.e. on the occasion of the first delivery and of any update of the certificate.
 - 9.3.4 Within the scope of his quality assurance system the Supplier shall maintain an appropriate documentation. In particular, the Supplier shall document his quality tests and provide AVT with the records upon request without undue delay and free of charge.
 - 9.3.5 The Supplier shall accept audits by AVT to evaluate the effectiveness of his quality assurance system. Legitimate interests of the Supplier, including, but not limited to his interest to maintain secrecy, shall be taken into account during the audits. Audits shall be announced to the Supplier in good time, but at least two weeks in advance.
 - 9.3.6 The Supplier shall impose the same obligations on his sub-suppliers; furthermore he shall demand compliance with the obligations laid down in this sec. 9 from his sub-suppliers to the best of his abilities.

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10 Examination; Notice for defects

- 10.1 AVT will examine the goods on arrival at AVT's business premises for visually detectible damages including the inspection of delivery papers (e.g. transport damages, mistaken and short delivery).
- 10.2 AVT will also take an appropriate number of samples for closer inspection of compliance with the contractual requirements (conformity).
- 10.3 If the goods can only be fully inspected during production, AVT and Supplier will agree on special terms for inspection for those particular products.
- 10.4 The notice period for defects is 7 working days (excluding Saturdays) after discovery of the defect.

11 Warranty for Defects

- 11.1 A defect exists in particular if the delivered goods do not comply with the contractual requirements or specification.
- 11.2 AVT shall be entitled to the statutory warranty claims without limitation.
- 11.3 AVT is entitled to choose the suitable remedy for the defective delivery (delivery of substitute goods or repair).
- 11.4 In case of a defect, the Supplier bears all necessary cost (esp. sorting costs, transport costs, infrastructure costs, labor costs, material costs) as well as the risk for the return transport.
- 11.5 The Supplier shall bear all costs and expenses arising therefrom, including dismantling and installation costs, even if the expenses in the event of subsequent performance increase because the purchased item has been taken to a place other than the destination after delivery, unless the delivery does not correspond to the intended use of the item. The right to damages, in particular the right to damages instead of performance, is expressly reserved.
- 11.6 If Supplier should fail to remedy the defect within an appropriate time period determined by AVT, AVT has the right to remedy the defect independently and to demand the reimbursement of the expenses necessary for this purpose or an appropriate advance payment. In case the remedy by Supplier has failed or is unacceptable (e.g. due to particular urgency, threat to operational safety or the possible occurrence of excessive damage) AVT may act immediately; Supplier shall be informed as soon as possible.

12 Third Party Rights; Infringement of Third Party IP

- 12.1 Supplier shall deliver goods which are free from any right or claim of a third party.
- 12.2 In particular, Supplier shall deliver goods and provide services in a quality so that neither the goods or services or delivered work results of services ("Deliverables") nor the contractually intended use of the goods, services, or Deliverables infringe on any intellectual or industrial property rights of third parties ("Third Party IP").
- 12.3 In case of lack of conformity according to sec. 12.1 and 12.2, Supplier shall take all necessary steps to remedy the lack of conformity of the goods, services or Deliverables (e.g. to rework or provide at his cost the necessary license for AVT) to enable AVT's intended use. This is in addition to the remedies by law, unless the legal remedy used by AVT is incompatible with the remedy of sentence 1 above.
- 12.4 In addition to the remedies by law, should a third party make a claim on AVT due to an alleged infringement of Third Party IP, Supplier shall indemnify and hold harmless AVT from such claims, including necessary cost of legal consultation and representation upon first written request by AVT, unless he cannot be made responsible for this infringement of property rights.

13 Limitation period

- 13.1 The limitation period for lack of conformity is thirty-six months, unless the contracting parties have expressly agreed upon a different limitation period or the statutory limitation period is longer.
- 13.2 Unless otherwise expressly agreed, the limitation period begins upon passing of risk.
- 13.3 Upon Supplier's receipt of the notice for lack of conformity in text form from AVT, the limitation period is suspended.
- 13.4 In case of repair and replacement, the warranty period for repaired and replaced parts shall restart, unless Supplier was not obligated to remedy the defect, but merely performed the repair or replacement as a gesture of goodwill or for similar reasons.

14 Product liability, Insurance

- 14.1 If the goods or services provided by Supplier are cause of a product defect according to mandatory product liability law, he shall indemnify and hold harmless AVT on first demand from any claims from injured third parties insofar as the cause results from the Supplier's area of control and organisation. The Supplier shall reimburse AVT for all necessary expenses incurred as a result of or linked to claims by third parties including necessary cost of legal consultation and representation as well as damages to be paid to the third party.
- 14.2 If AVT intends to make a claim against the Supplier in accordance with sec. 14.1 above, AVT shall inform and consult Supplier immediately and comprehensively. AVT shall give Supplier the opportunity to investigate the case of damage and shall consult with the Supplier on the measures to be taken, in particular in settlement negotiations.
- 14.3 Within the scope of his liability under sec. 14.1, Supplier is also obliged to reimburse possible expenses in accordance with the principles of management without mandate or within the framework of tortious joint and several liability which result from or in connection with a recall action carried out by AVT. AVT will inform Supplier - insofar as is possible and reasonable - on content and scope of the recall actions to be carried out and give Supplier the opportunity to comment.
- 14.4 Further statutory claims of AVT shall remain unaffected.
- 14.5 The Supplier shall effect and maintain a product liability insurance with an overall coverage of at least EUR 2,500,000.00 for each personal injury or material damage worldwide.
- 14.6 If Supplier is neither producer nor importer of the goods according to mandatory product liability law, sec. 14.1 through 14.5 above shall not apply subject to sec. 14.7. However, in this case, Supplier shall assign his own rights against the sub-supplier

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who is producer or importer of the goods to AVT. Supplier shall support AVT in any product liability claim – from contract or law – against the sub-supplier. Supplier shall endeavor to close an agreement with his sub-supplier containing similar terms as the sec. 14.1 through 14.5 above and the sub-suppliers agreement to the assignment.

14.7 The exemption of sec. 14.6 above shall not apply if the Supplier has opened, impaired or changed the packaging of the goods.

15 Documents, Deliverables, IPR

15.1 AVT owns and retains all rights and title (including intellectual and industrial property rights “IPR”) in all purchase orders as well as plans, formulas, drawings, calculations, descriptions and other documents irrespective if they are in tangible or intangible form.

15.2 If Supplier creates documents and/or Deliverables according to the specifications of AVT, AVT shall own such documents and IPR in the documents/Deliverables on their creation irrespective if they are in tangible or intangible form. If the Supplier is initially owner of such documents/Deliverables and IPR, the Supplier will transfer the ownership in the documents/Deliverables and IPR to AVT, as far as this is legally possible, and will store the documents for AVT at no charge for the duration of the contract. AVT accepts the transfer of ownership and rights of use.

15.3 Any information, know-how and documents under this sec. 15 may only be used by Supplier to fulfil his contractual obligations to AVT. In particular, he may not copy them or make them available to third parties unless this is necessary to perform the contract.

15.4 On request of AVT, all documents and Deliverables irrespective if they are in tangible or intangible form including all copies or duplicates are to be returned or destroyed, on request of AVT. Supplier may keep copies insofar as he is legally obligated to store such copies or in the course of reasonable data storage and back-up schemes. In this case, the copies have to be marked confidential and the access has to be restricted to protect the legal interests of AVT.

15.5 Further obligations of Supplier shall be subject to a non-disclosure agreement between Supplier and AVT.

16 Ownership of Provisions and Tools of AVT

16.1 Insofar as AVT provides materials and goods to Supplier (“Provisions”), the Provisions shall remain in the ownership of AVT as far as they are not processed, mixed or inseparably connected with other objects of Supplier, shall be stored separately by the contractor and shall only be used for the order of AVT.

16.2 Supplier and AVT agree that during processing, mixing or combination of the Provisions with objects, which are not property of AVT, AVT is entitled to a co-ownership share in the new object created in proportion of the value of the Provisions to that of the other processed goods or objects. The same applies, if Provisions are directly delivered to Supplier by third parties for processing on behalf and for the account of AVT. When determining the co-ownership share of AVT, manufacturing cost, overhead cost and other imputed cost remain disregarded.

16.3 Supplier will store Provisions and co-owned objects free of charge for AVT.

16.4 Forms, tools, reproductions, plans, samples and the like (hereinafter “Tools”), which were produced by Supplier or sub-suppliers at the costs of AVT or handed over to the Supplier by AVT, shall be transferred to or remain in the ownership of AVT at the time of production.

16.5 The Supplier shall visibly and unmistakably mark the Tools as owned by AVT, keep them carefully maintained, insured against all types of damages and use them only for contractual purposes. The cost for maintenance and repair are split equally between the AVT and Supplier, unless otherwise agreed in text form.

16.6 If Supplier does not need the Tools to fulfil contractual obligations toward AVT, he shall hand over the Tools to AVT in a proper state upon AVT’s request.

16.7 The Supplier is liable for any damage or loss of Provisions and Tools. Therefore, Supplier shall provide adequate cover for damage and loss of Provisions and Tools under his commercial liability insurance.

16.8 Supplier shall immediately inform AVT in case of damage and loss of any Provision or Tool.

16.9 If applicable law at Supplier’s production plant requires further acts or filings by AVT to secure ownership in the Provisions or Tools, Supplier shall inform AVT accordingly and support AVT with any necessary

17 Ownership of Delivered Goods

17.1 The transfer of ownership in the delivered goods to AVT takes place as early as possible under applicable law.

17.2 Any retention of title declared by Supplier only applies until AVT paid the price for the particular goods.

17.3 AVT does not agree to further provisions of retention of title, in particular so-called extended retentions of title or group reservations of title.

18 Advertisement

18.1 The Supplier may mention the business relationship with AVT only with the prior approval of AVT in text form.

19 Transfer of rights and obligations, Retention, Set-off

19.1 Supplier may transfer or assign his rights and obligations from a contract as well as any claims against AVT only with the prior agreement of AVT in text form. AVT will not unreasonably withhold the consent.

19.2 AVT shall be entitled to set-off, to exercise the right of retention as well as refuse performance based non-performance by Supplier or defective delivery.

19.3 Supplier is entitled to set-off and to exercise the right of retention only in case that the respective claims or receivables result from the same contractual relationship with AVT, or are undisputed by AVT or established as final by a court of law.

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20 Termination of Contract; Information about Insolvency

- 20.1 Each party may terminate a contract without notice for good cause. A good cause in particular is given if insolvency proceedings are initiated for the assets of one contracting party, if such a proceeding was opened or rejected due to lack of assets. Good cause for termination is also if Supplier failed to fulfil a delivery obligation twice in a row.
- 20.2 If an insolvency, receivership or other proceeding due to indebtedness is opened regarding Supplier's assets or if the Supplier request a memorandum of Supplier's creditors, Supplier shall immediately inform AVT of such fact.
- 20.3 Further legal or contractual claims of revocation from or termination of a contract shall remain unaffected.

21 Supplier Code of Conduct

AVT is a member of the TKH Group. As reflected in the TKH Code of Conduct, TKH and its subsidiaries ("**TKH Group**") stands for responsible business. TKH Group has a 'zero tolerance' policy when it comes to unethical business behavior.

AVT expects all of its suppliers to conduct their business ethically. Supplier must comply with all applicable laws and regulations, the requirements set out in this sec. 21 and Supplier's contractual obligations to AVT. This sec. 21 defines the main principles underlying Supplier's business activities as one of AVT's suppliers.

More specific guidance, and where to go for questions, is available on <http://www.tkhgroup.com/en/csr>.

21.1 General

- 21.1.1 Supplier is committed to act fairly and with integrity towards its stakeholders and to refrain from unethical conduct.
- 21.1.2 Supplier is expected to comply with all relevant international legislation as well as the applicable national rules and regulations of the countries in which he operates.

21.2 Conduct towards environment

- 21.2.1 Supplier complies with all applicable national laws, regulations and standards to protect the environment.
- 21.2.2 Supplier is expected to establish and maintain a suitable Environmental Management System (in accordance with ISO 14001, or national equivalent) to minimize environmental impact and hazards, and to improve environmental protection in his every-day operations.

21.3 Conduct towards human rights

Supplier respects and complies with the fundamental rights granted to all employees under applicable national statute. Furthermore, AVT expects Supplier to fully recognize the labour standards issued by the International Labour Organization (ILO), taking into due account the applicable laws and regulations in different countries and at different sites. This includes, but is not limited to, the following subjects:

- 21.3.1 Employment should be freely chosen in accordance with the Universal Declaration of Human Rights.
- 21.3.2 AVT expects Supplier to prohibit and refrain from any kind of forced or child labour within Supplier's organization.
- 21.3.3 AVT expects that Supplier promotes equal opportunities and equal treatment. Furthermore, AVT expects Supplier to prohibit any form of discrimination in recruiting, promoting or selecting employees for basic or advanced training programs. Within the organization of Supplier, no employee may be discriminated against based on his or her gender, age, ethnicity, nationality, sexual orientation, disabilities, union membership, political affiliation or religious conviction.
- 21.3.4 AVT expects Supplier to respect employee's rights with regard to collective bargaining and freedom of association.
- 21.3.5 AVT expects Supplier to fully comply with applicable national statute on working time. Furthermore, AVT expects that the employees of Supplier receive a remuneration which is in line with applicable national statute.

21.4 Conduct towards occupational health and (consumer) safety

- 21.4.1 AVT expects Supplier to ensure a safe working environment and therefore to fully comply with applicable national statute governing health and safety at work.
- 21.4.2 Furthermore, AVT expects Supplier to establish and maintain an appropriate occupational health and safety management system (in accordance with OHSAS 18001, or national equivalent).
- 21.4.3 AVT expects Supplier to protect the health and safety of employees and contract labour and minimize any adverse work conditions.
- 21.4.4 AVT expects Supplier to take all the necessary actions to ensure consumer safety. Supplier will ensure that his products will not be made of hazardous substance as defined in EU Directive Restriction of Hazardous Substances.

21.5 Ethical conduct

- 21.5.1 AVT expects Supplier to have zero-tolerance for corruption and to ensure compliance with all United Nations (UN) and Organisation for Economic Co-operation and Development (OECD) conventions against corruption, and with all governing anti-corruption laws.
- 21.5.2 In particular, AVT expects Supplier to ensure that their employees, subcontractors and agents do not offer, promise or grant any advantages to any AVT employees or related parties thereby securing an order award or any other form of preferential treatment in their business transactions.

21.6 Continuous improvement

Supplier will start preventive actions if any non-conformity issues are found on the above principles. Supplier's management system shall include written performance objectives, targets and implementation plans to improve Supplier's social, labor, ethical and environmental performance, including a periodic assessment of Supplier's performance in order to achieve fundamental improvements:

- 21.6.1 AVT may assess compliance with this Code by visiting Suppliers' site.
- 21.6.2 AVT may reconsider its relationship with Supplier if Supplier does not comply with this Code.
- 21.6.3 Supplier who cannot (fully) comply with this code will inform AVT in detail on his non-compliance and indicate whether he will comply in the future and when.
- 21.6.4 Upon request Supplier will deliver, within a reasonable time frame, relevant information to AVT pertaining to the issues in this Code.

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21.6.5 Supplier will help AVT in maintaining this Code by communicating abovementioned principles to their executives, employees and subcontractors.

22 Applicable law and place of jurisdiction.

- 22.1 The contractual relationship shall be governed by the laws of Germany if the purchaser is Allied Vision Technologies GmbH, or by the laws of Canada if the purchaser is Allied Vision Technologies Canada Inc.
- 22.2 For contracts of Allied Vision Technologies GmbH, the place of jurisdiction for all rights and obligations of the contracting parties is Jena (Federal Republic of Germany), if the Supplier is a merchant according to the German Commercial Code, a legal entity under public law or a special fund under public law. The same applies if the Supplier has no business seat in Germany.
- 22.3 For purchases of Allied Vision Technologies Canada Inc., the place of jurisdiction for all rights and obligations of the contracting parties is Burnaby (Canada).
- 22.4 However, AVT is also entitled to bring action against the Supplier with the competent court that has general jurisdiction over the Supplier.

Part B – Special Terms and Conditions for Contracts on Works and Services

1 Scope of application

- 1.1 This Part B applies in addition to all contracts on works and services that are not purchase contracts or work delivery contracts (*Werklieferungsverträge*).
- 1.2 In the event of contradictions between the provisions of Part A and Part B, the provisions of this Part B shall prevail.

2 Scope and performance of services

- 2.1 Only AVT's order shall be decisive for the scope of performance, unless AVT has confirmed deviations, amendments or supplements in text form.
- 2.2 The Supplier's cost estimates and the resulting prices stated in the purchase order shall be binding. The Supplier shall submit a new binding price quotation in text form before commencement of any additional work causing costs.
- 2.3 The Supplier shall provide the service with the utmost care and in compliance with the current state of the art in science and technology.
- 2.4 The Supplier may only involve subcontractors to perform its services if AVT has previously agreed to this in text form. AVT may only withhold its consent for the protection of justified interests.
- 2.5 Only the Supplier shall be authorised to issue instructions to its employees and shall ensure that the personnel deployed by it are not integrated into AVT's operations.
- 2.6 Unless otherwise agreed, the Supplier shall continuously report to AVT on the progress of the work

3 Subsequent modification of the scope of services

- 3.1 AVT shall be entitled to demand changes to the contractual services or additional services from the Supplier at any time. The Supplier may object to such a subsequent amendment if it is unreasonable to expect the Supplier to carry out the request for amendment.
- 3.2 The Supplier shall submit to AVT within 14 days a new quotation in text form for such changes and/or extensions. Additional remuneration or additional expenses shall only be paid or reimbursed after an order has been placed and these additional services have been confirmed in accordance with Part A, Clause 4.
- 3.3 If an agreement cannot be reached, AVT shall be entitled to terminate the contract for the originally to be performed service extraordinarily if AVT cannot reasonably be expected to adhere to the contract without the changes and/or extensions.

4 Remuneration and terms of payment

- 4.1 The remuneration for the provision of the service shall be based on the order.
- 4.2 If prices are not specified in the offer, in the order confirmation or by agreement in text form, the Supplier must inform AVT of its prices in text form for confirmation prior to execution of the order. In the absence of an express price agreement, the last price charged by the Supplier for these or comparable services shall apply within the framework of ongoing business relations.
- 4.3 In the absence of a deviating agreement in text form, the price shall include all costs associated with the service, in particular travel expenses, travel expenses and material costs.
- 4.4 If remuneration has been agreed on a time basis, the time sheets countersigned by AVT shall be enclosed.
- 4.5 If partial payments have been agreed, they shall only be made after the respective partial service has been rendered in full and a corresponding invoice has been received; the provisions of Part A, Clause 6.3 shall apply accordingly.
- 4.6 If partial payments have been agreed, cash discount deduction shall be granted for each individual payment in accordance with Part A, Clause 6.3, insofar as this is made within the period of 14 days. Discounts may also be deducted if AVT offsets or makes justified retentions or retentions.
- 4.7 Payments shall be made subject to correction or reclaim if the incorrectness of the calculation or objections should subsequently arise and subject to the condition of complete and proper performance. Payments do not imply acceptance of the performance.

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5 Claims for breach of contract, limitation period

- 5.1 AVT shall be entitled in full to the statutory claims in the event of breach of the Supplier's main and ancillary obligations, delay in performance, impossibility of performance, default and non-performance.
- 5.2 The general limitation period of three years shall apply, calculated from the completion of the performance or from the transfer of any work results, whichever occurs later

6 Cooperation obligations

- 6.1 If AVT is required to perform services which are necessary for the performance of the services by the Supplier, AVT shall perform such services in accordance with the description and dates specified in the purchase order or offer. This shall apply mutatis mutandis to the delivery of requested documents and information.
- 6.2 If information cannot be obtained by reasonable means or cannot be disclosed due to the rights of third parties, this shall not constitute insufficient cooperation. In such cases, the Supplier's right to terminate the contract shall be excluded, unless the Supplier cannot reasonably be expected to continue to adhere to the contract.
- 6.3 If AVT does not cooperate sufficiently, the Supplier shall immediately send a reminder in text form, otherwise AVT shall not be in default and the Supplier cannot invoke this insufficient cooperation.

7 Granting and transfer of rights, licences and usage rights

- 7.1 Upon payment of the agreed remuneration, AVT shall acquire all transferable rights to the documents, records, drafts and ideas developed or designed by the Supplier for AVT ("**Deliverables**"), in particular the exclusive, unrestricted, irrevocable and permanent right of use and all other rights to publish, reproduce and exploit these deliverables, including all legal positions (in particular any name and trademark rights) thereto. This transfer of rights is unlimited in time, place, purpose and in any other way. It includes the right of reproduction, processing and further transfer and also applies to unknown types of use.
- 7.2 The Deliverables provided by the Supplier within the scope of this agreement in the form of ideas, drafts and designs shall not be subject to any rights of third parties which could impair or render impossible their use for the contractually specified purpose.
- 7.3 If the Supplier uses third parties as subcontractors for the performance of the contract, he shall be obliged to provide AVT with the same legal position as described in Clause 7.1 with regard to the Deliverables provided by the third parties. Upon request, the Supplier shall provide AVT with suitable evidence of this. Should the Supplier not be able to do so in special cases, he shall inform AVT of this in good time before the execution of the respective contract.
- 7.4 When the Supplier's copyrighted Deliverables are published, AVT shall not be obliged to include a copyright reference to the Supplier, unless otherwise particularly agreed.
- 7.5 When transmitting a Deliverable to AVT, the Supplier shall provide AVT with suitable proof, in particular in the case of third-party Deliverables, that the originator or originators of the Deliverable have waived the right to include their names as part of the Deliverable.

8 Insurance

- 8.1 The Supplier undertakes to maintain a business liability insurance with a cover in the amount of EUR 1 million per claim (personal injury and/or property damage); if AVT is entitled to further claims for damages, these shall remain unaffected. Upon request, the Supplier shall provide AVT with all confirmations of the relevant insurance policies. Furthermore, the Supplier shall be obliged to immediately notify AVT in text form of all amendments and changes to liability insurance and other insurance policies.
- 8.2 It shall be the Supplier's responsibility to insure his own equipment; AVT shall not insure it.

9 Termination and Rescission

- 9.1 AVT's right to ordinary termination shall remain unaffected.
- 9.2 In addition, both contracting parties shall be entitled to terminate the contract for good cause. An important reason for termination shall include in particular if the other contractual partner violates contractual obligations and this violation is not discontinued within a reasonable period of time at the request of the contractual partner in text form. No warning notice or deadline shall be required if the continuation of the contractual relationship appears unreasonable due to the seriousness of the breach of duty, if no success is to be expected or if immediate termination appears justified after weighing the interests of both parties. Termination without notice is generally excluded if the breach of contract is insignificant, so that after consideration of all circumstances, termination without notice does not appear appropriate.
- 9.3 Notice of termination shall be given in text form.
- 9.4 The previous services shall be invoiced in accordance with the agreed conditions.
- 9.5 The right of both contracting parties to rescind or terminate the contract under statutory conditions shall remain unaffected. If, at the same time, the conditions of the right of extraordinary termination are met, there shall be a right of choice.

10 Safety Precautions

- 10.1 The Supplier shall fulfil the duty to ensure the safety of a work facility. All safety precautions required in connection with his performance shall be taken by the Supplier himself and shall be set up, maintained and, if necessary, supplemented by the Supplier in accordance with the provisions of the accident prevention regulations.
- 10.2 If existing safety precautions such as protective coverings, railings, stairs etc. are temporarily removed in order to provide the service, the Supplier shall be obliged to reinstall the removed devices professionally and safely after the service has been provided. For the duration of the removal, the Supplier shall secure all hazardous points by suitable measures at his own expense.

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- 10.3 The Supplier shall be liable for all damage caused to objects belonging to AVT by violation of the aforementioned traffic safety obligations. If claims are asserted against AVT by third parties for personal injury or damage to property resulting from a breach of the aforementioned traffic safety obligations, the Supplier shall indemnify AVT from liability.
- 10.4 If the Supplier carries out work on the premises of AVT, the regulations of the Employer's Liability Insurance Association for Safety and Health at Work (*Berufsgenossenschaftlichen Vorschriften für Sicherheit und Gesundheit*) as well as the safety instructions issued or transmitted to him by AVT shall apply.

11 Supplier's Personnel and Subcontractors

- 11.1 The Supplier is obliged not to employ any temporary workers within the meaning of the German Law on Temporary Employment (*AÜG*) and/or any employees who are not in possession of a valid work permit and/or a valid social security card. The Supplier shall permit AVT or a person authorized by AVT to carry out appropriate inspections.
- 11.2 Any transfer of services to subcontractors requires AVT's consent in text form. In each case the subcontractors shall be identified by name. In the event of a transfer to a foreign subcontractor, the Supplier shall also inform AVT of the number and duration of the foreign employees employed.
- 11.3 The Supplier shall also undertake vis-à-vis AVT to comply with the obligations to pay the minimum wage and to pay the holiday fund contributions in accordance with the Employee Secondment Act (*AEntG*), the collectively agreed provisions applicable thereafter to the Supplier's business and the obligations in accordance with the Minimum Wage Act (*MiLoG*). The Supplier's obligations under the *MiLoG* include, but are not limited to, the obligation to pay at least the minimum wage by the due dates specified in the *MiLoG*, the obligation to record the start, end and duration of the daily working time as well as the retention of these records.
- 11.4 The Supplier is obliged to ensure that the subcontractors commissioned by him do not employ any temporary workers within the meaning of the *AÜG* and/or any employees from third countries who are not in possession of a valid work permit and/or a valid social security card, that these subcontractors both fulfil their obligations under the *MiLoG* and impose these obligations on other subcontractors (so-called sub-subcontractors) to the same extent.
- 11.5 AVT shall be entitled to demand from the Supplier proof of fulfilment of the obligations pursuant to clauses 11.1 to 11.4.
- 11.6 If the Supplier breaches one or more of the obligations pursuant to clauses 11.1 to 11.5, AVT shall be entitled, subject to any further rights it may have, to grant the Supplier a reasonable grace period to fulfil the obligations in question. Should this reasonable period expire without result, AVT shall be entitled to terminate the contract without notice and to claim damages instead of performance.
- 11.7 If the Supplier commissions subcontractors, the Supplier shall indemnify AVT against all claims asserted against AVT for breach of the provisions of the *AEntG* by these subcontractors. Within the internal relationship with AVT, the Supplier alone and in full assumes the obligations which AVT and the Supplier have as joint guarantors pursuant to § 1a *AEntG*. The same shall apply to the assignment of lenders pursuant to the *AÜG*. Furthermore, the Supplier shall indemnify AVT against any claims by third parties arising from breaches of obligations under *MiLoG*.

12 Special Regulations for Work Performances (*Werkverträge*)

- 12.1 If the placed order comprises the performance of a task, or for the separable part of an order which is a task, the following additional regulations shall apply, which shall take precedence over other regulations in the event of contradictions.
- 12.2 The Supplier shall inspect AVT's documents and specifications for completeness, suitability, unambiguity, feasibility and consistency. Should the Supplier recognize that the documents and specifications do not have the qualities required for the creation of the object, the Supplier shall immediately inform AVT thereof and submit a proposal for a suitable amendment and/or adaptation in text form. The proposed modification shall specify any additional costs incurred and any necessary adjustments to the schedule. AVT shall make a binding statement on this proposed amendment within a reasonable period of time, but no later than 14 days after receipt.
- 12.3 AVT shall be entitled to demand changes to the scope of performance at any time until acceptance of the item to be created. Upon receipt of the change request, the Supplier shall immediately provide AVT with a list of the additional costs incurred and any necessary changes to the schedule. Should the requested change contain significant deviations from the specifications, the contracting parties shall extend the deadlines of the agreed time and work schedule by a reasonable period of time by mutual agreement. If the Supplier fails to provide AVT with the aforementioned schedule within the agreed period, AVT shall be entitled to set the Supplier a reasonable deadline for this purpose, after the expiry of which the Supplier shall carry out the required changes without additional remuneration and without changes to the time and work schedule.
- 12.4 After performance of the contractual obligations, AVT shall accept them if there are no defects preventing acceptance. AVT shall notify the Supplier of the defects of the delivery item. The Supplier shall remedy all defects immediately. Insignificant defects shall not prevent acceptance.
- 12.5 The Supplier shall create the item in accordance with AVT's documents and specifications and AVT's instructions. In the event of a subsequent change pursuant to Clause 12.3 above, the changes recorded in the request for change shall be taken into account.
- 12.6 If the item does not meet the requirements of Clause 12.5, AVT shall be entitled to the statutory warranty claims in full. Following a notice of defects, the Supplier shall immediately begin to remedy the defects and remedy the defects within a reasonable period of time. Even before acceptance has taken place, AVT may request the Supplier to remedy defects that have already been detected and set him a reasonable deadline for doing so. If he fails to fulfil his obligation to remedy the defects within the set period, AVT shall be entitled, but not obliged, to have the defects remedied by another company at the expense of the contractor. A termination or partial termination of the contract shall not be required in this case, but shall not be excluded.
- 12.7 The Supplier shall bear the expenses necessary for the purpose of subsequent performance

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- 12.8 If a defect becomes apparent before delivery of the work, AVT may immediately set a reasonable deadline for subsequent performance. The rights to self-execution, reduction of the remuneration (reduction), rescission of the contract (withdrawal) and reimbursement of damages or expenses in its place shall remain unaffected and may be asserted after expiry of the period of grace without the need to set a further period of grace.
- 12.9 AVT's right to assert claims for defects in accordance with the statutory provisions without setting a deadline for subsequent performance shall remain unaffected. AVT may also claim damages before the due date of the performance if it is obvious that the prerequisites for the claim for damages will arise.
- 12.10 The statutory limitation period under the law on contracts for work performances (*Werkvertragsrecht*) shall apply.