

I. SCOPE

1. The following conditions apply to all legal relationships – including future business – between paragon and the supplier. The supplier cannot apply its own sales and delivery terms and conditions. Any opposing conditions or those differing from the paragon conditions of purchase imposed by the supplier only apply if paragon has acknowledged these in writing. Neither our silence nor the unreserved acceptance of the supplier's performance or payment thereof counts as acknowledgement.
2. The paragon conditions of purchase only apply to companies in the sense of §14 BGB [German Civil Code], public sector corporations or public law special funds according to § 310 BGB. Employers in the sense of § 14 BGB are natural or legal persons or private companies with a legal capacity, which when concluding legal transactions exercise their commercial or professional business.

II. CONTRACTUAL PRINCIPLES / RANKING ORDER

The rights and duties of paragon and those of the supplier conform to the following conditions in the following rank order:

- a) Individual agreements such as individual orders and general agreements;
- b) Supply agreements;
- c) These General Conditions of Purchase;
- d) Legal regulations.

III. CONCLUSION OF THE CONTRACT AND ALTERATION OF THE CONTRACT / PURCHASE ORDER

1. Purchase orders as well as alterations/additions thereof and delivery call offs are only binding if they are awarded or confirmed by paragon in writing.
2. If the supplier does not accept the purchase order in writing within five (5) working days of being submitted, paragon is entitled to retract it.
3. Paragon can demand changes to the design and execution of the delivery item within reason from the supplier's viewpoint. Amicably appropriate provisions should be made with regards to the consequences, particularly in terms of higher or lower costs and delivery dates.

IV. PRICES AND PAYMENT TERMS

1. The agreed prices are set prices. Unless otherwise agreed they include delivery and packaging to the places of receipt (Incoterms 2000: DDP) and do not include value added tax.
2. Unless otherwise agreed, payment is made with 3 % cash discount on the 01st or 15th day of any month after 90 days have passed since the

beginning of the cash discount period or without deductions on the 01st or 15th day of any month after 120 days have passed since the beginning of the cash discount period. The cash discount period begins on the day the invoice is received, but not before receipt of the goods. In case of acceptance of premature deliveries, the due date is determined by the agreed delivery date.

3. Paragon only pays for packaging costs after prior written consent.
4. In case of an unsatisfactory delivery, paragon is entitled to hold back payment on a pro rata basis until satisfactory fulfilment.
5. Paragon has the right to offset receivables – e.g. from complaints or returns – against payments.
6. Payments are always made subject to checking the invoice. Invoices should be made out with details of the paragon purchase order number including item no., the paragon product number, the supplier's delivery note number and the supplier number. Invoices are to be issued in duplicate.
7. In case of deliveries from the economic area of the EC (European Community), the invoices must show a supplier declaration as evidence of origin in accordance with EU Regulation No. 2015/2447. There is an exception for suppliers from the Federal Republic of Germany who are able to submit a global declaration.
8. If these regulations are not complied with, then invoices are not deemed to be issued until clarification or completion is provided by the supplier. Paragon will advise the supplier without delay that its invoice is incorrect.
9. The payment is made in the payment method of paragon's choice in cash, by bank transfer or cheque to the point of payment specified by the supplier.
10. The supplier is not entitled to assign claims against paragon or collect them through third parties without prior written consent from paragon, which may not be unfairly refused. If the supplier assigns its receivable against paragon to a third party contrary to Sentence 1 without paragon's consent, then the assignment is effective nonetheless. Paragon is however discharged from its obligation and can choose to make payment to the supplier or the third party.

V. DELIVERY AND PAYMENT

1. Supply and despatch are made at the supplier's expense and risk to the places of receipt specified by paragon. Incoterms 2010 apply to all delivery clauses. Additional costs for faster shipment required to meet delivery dates are borne by the supplier.
2. Every delivery must be notified to paragon and the recipient determined by paragon on the day of despatch. Despatch documents, delivery notes and packing lists should be made out with details of the paragon purchase order including purchase order number, item no. and the paragon product number. Delivery notes are to be attached to every delivery in duplicate.
3. When "ex works" delivery is agreed, the dimensions and weight of the shipment should be advised to paragon and the recipient determined by us in good time. If the supplier arranges delivery with a forwarder

on paragon's account, reference must be made that the transport insurance is covered by paragon.

4. When using reusable packaging, which is sent back to the supplier carriage paid, paragon is entitled to be reimbursed to the value of the packaging.
5. As long as the goods produced by the supplier for paragon are required for export, the supplier is obliged to submit a written declaration above the origin of the delivery items for customs purposes by using a form provided by paragon. This declaration must be made out to paragon by the time of the first delivery at the latest. The origin of newly received delivery items or a change of origin is to be notified to paragon without delay and without being requested. The supplier is liable for all penalties incurred by paragon due to a supplier's declaration being submitted incorrectly or late. If required, the supplier must prove its details about the origin of goods by means of an information sheet confirmed by its customs office.
6. The ordered goods must be received on the agreed delivery dates or delivery periods at the specified reception points. The receipt of goods at paragon or at the recipient determined by paragon is decisive in keeping to the delivery date or delivery period.
7. If the supplier realises after confirming the order that it cannot keep to the agreed delivery dates, paragon must be advised of this in writing immediately. If paragon is obliged to make payment in advance, paragon can refuse to make the payment if it becomes apparent after concluding the contract that paragon's entitlement to a service in return is at risk due to the supplier's inadequacy to perform. The right to refuse performance is cancelled when the delivery is effected or security for it is provided. Paragon is entitled to set out an appropriate period during which the supplier must either effect the delivery or provide security to match payment. Once the period has expired to no avail, paragon is entitled to withdraw from the contract. This clause does not affect paragon's further rights and remedies.
8. Paragon is entitled to refuse acceptance of goods which are delivered before the delivery date specified in the purchase order and return the goods delivered ahead of time or store them at third parties at the supplier's risk and expense.
9. The supplier must notify paragon of any discernible delay in its performance in writing immediately, giving reasons for the delay and its expected duration.
10. In case of delay, paragon is entitled to demand a contractual penalty from the supplier. This amounts to 0.5 % for every week or part week of the delay, but in total 5 % maximum of the overall value of the delayed delivery. Agreeing to the contractual penalty or enforcing it does not effect paragon's entitlements arising from

the delay. Any contractual penalties paid are to be offset against compensation. The contractual penalty can be enforced up to payment of the goods delivered late.

11. Industrial action, riots, official measures and other unforeseeable, unavoidable and severe events release the supplier and paragon for the duration of the disruption and to the extent of its effect on the parties' obligation to perform. The party concerned must inform the other contractual party in full without delay and do everything within reason to limit the effects of such events.

VI. QUALITY AND DOCUMENTATION

1. The supplier will make sure that it is aware in good time of all the meaningful data, circumstances and facts, as well as the purpose of its deliveries, required to fulfil its contractual obligations. It avouches that its deliveries include all services required for safe and commercial use, that they are suitable for the intended purpose and meet the latest technical standards. When providing performance, the supplier will observe all the pertinent standards, laws and legal regulations, particularly the pertinent environmental, hazardous goods and accident prevention regulations, as well as the generally acknowledged occupational health and safety rules.
2. The supplier must continuously monitor the quality of its supplies and services. For this purpose it will set up and maintain a quality assurance system in accordance with ISO/TS16949, VDA6.1 or QS9000-9004.
3. Alterations to the delivery item and the production process require prior written consent from paragon. Reference will be made to the VDA wording "Quality assurance supplies – supplier selection / production process – and product approval / quality performance in the series" for the initial sample test. Deliveries from serial production may only be started once paragon has accepted the sample. Irrespective of this, the supplier must continuously check and improve the quality of its delivery items. The contractual parties will inform each other about ways of improving quality. The supplier undertakes to conclude a quality management agreement corresponding to the sample agreement available in the "Downloads" section on paragon's website at paragon's request and to implement the requirements established therein. This quality management agreement becomes a part of these conditions of purchase.
4. In the case of the vehicle parts particularly marked with "D", for example, in the technical documents or by special agreement, the supplier must moreover make a note in special records of when, how and by whom the delivery items were tested with regard to criteria that must be documented and what results emerged from the required quality tests. The test documents are to be kept for ten years and presented to paragon if necessary. The supplier must oblige its own suppliers to do the same as far as is legally possible. Reference shall be made to the VDA wording "Verification management – Guidelines on documenting and archiving quality requirements" as an instruction. Insofar as authorities responsible for vehicle safety, emissions or similar request a look at paragon's

production process and test documents to check on certain requirements, the supplier declares that it is prepared, at paragon's request, to grant paragon the same rights in the supplier's operations and to give any reasonable support in doing so.

VII. CONFIDENTIALITY

1. The supplier undertakes to keep all commercial and technical information secret from third parties (e.g. in illustrations, drawings, calculations), which is revealed to it through the business relationship with paragon, as long as and insofar as this information cannot be shown to be in the public domain. This also applies after this contract has been carried out. Such information may not - except for delivery to us – be reproduced or used commercially without prior written agreement by paragon.
2. All technical drawings, standard specification sheets, manuscripts, models, profiles, tools, moulds, hardware, software, data, know-how and similar provided by paragon remain the property of paragon, are to be kept confidential and may not be made available to third parties. Neither must goods that are produced by means of these documents, information and tools provided, be supplied or disclosed elsewhere directly or in connection with others without written consent from paragon. This similarly applies to all documents and information which, on the part of the supplier, concern or represent the services (results of work), particularly development work, to be provided in accordance with the supply agreement. Violation entails liability for damages and entitles paragon to fully or partly withdraw from the contract without compensation.
3. Drawings, models, patterns, samples, software or similar objects must not be passed on to unauthorised third parties or otherwise be made available. The reproduction of such objects is only permitted as part of operational requirements and in compliance with copyright regulations.
4. At paragon's request, all information originating from paragon (including copies and records made) or objects loaned out (e.g. models, patterns or similar) is to be returned or destroyed in full immediately. Paragon reserves all rights to such information such as intellectual property and copy rights.
5. Subcontractors are to be committed to do the same.
6. The supplier may only promote itself using the business relationship to paragon with paragon's prior written consent. Enquiries should be directed to paragon AG, Delbrück.

VIII. INTELLECTUAL PROPERTY RIGHTS

1. The supplier assumes the full and individual risk that the delivery and use of the ordered items and/or services (results of work) to be provided in accordance with the supply contract, in

particular development work, will not breach third party intellectual property rights at home and abroad, and must indemnify paragon from all claims enforced against paragon from a breach of intellectual property rights. The supplier must indemnify paragon and buyers from paragon against third party claim at the first written request. The limitation period for these claims is 10 years starting with the conclusion of the contract. When third party property rights are breached, besides compensation, paragon is also entitled to all legal and contractual rights from defects of quality and title; this also applies to parts that the supplier has purchased from third parties.

2. When third party property rights are used based on licence agreements concluded with territorially limited coverage, the supplier must ensure that use is allowed in all countries where corresponding intellectual property rights exist.
3. As long as the supplier has intellectual property rights whose object is an application of the goods or results of work that it supplies or which are necessary to use the supplied results of work, then the supplier grants paragon an irrevocable, worldwide and free of charge right of joint use, i.e. fully compensated by the agreed remuneration for the supply. The scope of this must satisfy the use and application of the supplied goods and results of work or their essential parts. This right expressly includes the right to award sublicenses to third parties by paragon to an extent which is necessary for the use and application of the supplied goods or results of work. The same applies to know-how.
4. At paragon's request, the supplier will advise about the use of its own published and unpublished intellectual property rights and declarations of intellectual property rights relating to the delivery item.
5. On results of work, particularly on the results of commissioned development work, Paragon and its subsidiaries and affiliates obtain as a whole and on its essential part an exclusive, unlimited and irrevocable right of exploitation, which is transferable and compensated by the payment for the supply. Insofar as results of work are fully or partly protected by copyright, the contractor grants paragon and its subsidiaries and affiliates the exclusive, irrevocable, transferable right, unlimited by time, place and content, to freely exploit these results of work in all forms, in particular to copy, modify or process them.
6. Paragon has a prerogative to obtain intellectual property rights in relation to all discoveries which are made by the supplier or its employees or together with fellow employees from paragon whilst carrying out commissioned development work. The supplier shall inform paragon immediately about any discoveries announced or otherwise brought to its attention and shall offer these to be passed onto paragon free of charge. The supplier has sole responsibility for remunerating its employees according to the law about discoveries made by employees. The supplier shall be prepared to help with and issue any declarations required to obtain and award intellectual property rights at its own expense.
7. Should paragon not be interested in obtaining intellectual property rights in accordance with Section VIII 6, the supplier can try to obtain intellectual property

rights in its own name and at its own expense, whereby the supplier shall grant paragon a non-exclusive, worldwide, irrevocable and free of charge licence to all intellectual property rights based on this discovery. If the supplier wishes to abandon such a property right, it will first offer in writing for it to be transferred to paragon free of charge. If the supplier wishes to transfer such a property right to a third party, it will first inform paragon in writing. Paragon is then entitled to a right to buy the intellectual property rights at appropriate terms, which paragon can exercise within 2 months of receipt of the written notification. When intellectual property rights are transferred to a third party according to Section VIII Para. 7, the supplier must ensure that the latter acknowledges the rights to which paragon is entitled according to Section VIII Para. 7.

8. As long as the supplier uses a subcontractor, then it must ensure that the latter acknowledges the rights to which paragon is entitled according to Section VIII Para. 7.

IX. WARRANTY CLAIMS AND DEFECTIVE PERFORMANCE

1. The supplier renders impeccable work, carried out diligently and correctly, and uses good, faultless raw materials whilst assuring that warranted properties are present.
2. The goods must in any event correspond to the generally acknowledged technical regulations as well as occupational health and safety regulations, particularly as established in standards, legal directives and other recognised technical documents. Paragon is entitled to carry out testing using the spot check procedure. This can be done at the production site. Goods inwards confirmation does not rule out quality and quantity-related complaints which are detected after the goods inwards process.
3. The legal regulations about defects of quality and title apply as long as nothing to the contrary results from the following conditions. The rules in Section VIII remain unaffected. In case of defective supply, paragon is entitled to demand supplementary performance from the supplier – either to rectify the defects or make subsequent delivery – and if the legal conditions apply to demand a reduction or to withdraw from the contract. The right to compensation is expressly retained.
4. In case of danger to operational safety or risk of unusually high damages, paragon is – if there is no time to grant a period of grace to the supplier – entitled, after first instructing the supplier, to rectify the defects itself or have this done by third parties. The supplier bears any costs thereby incurred.
5. The supplier bears all the expenses and costs incurred in connection with supplementary performance (rectifying defects and making subsequent delivery). Supplementary performance (rectifying defects and making

subsequent delivery) is done in each case on a free at place of application basis.

6. Paragon will only inspect all goods delivered for damages visible from the outside and for discrepancies in the identity and the number of the goods delivered visible from the outside. Paragon is under no further obligation to inspect goods delivered. In case of defects which could not be detected by the inspection to be conducted by paragon according to sentence one, any notification of the defect within four weeks after its discovery is to be regarded as sufficiently early in any case.
7. Should a partial or 100% check on deliveries be required due to defective deliveries, the supplier shall bear the costs thereby incurred.
8. If the same goods are delivered again in a defective state, after setting an appropriate period in writing paragon is also entitled to rescission with regard to the unfulfilled scope of delivery, if the supplier does not perform within the period, i.e. does not deliver within the period or the delivery includes defects again, unless the defect is insubstantial. Moreover, the supplier is liable for all losses incurred indirectly or directly by paragon due to defective supply. Insofar as the supplier uses third parties to provide performance, it is liable for these and for vicarious agents.
9. The warranty period is 48 months from transfer of the delivery item to the end user, and 60 months maximum after receipt of the delivery at the place of performance.
10. Paragon's right to recourse from the supplier according to §§ 478, 479 BGB remains unaffected by this.

X LIABILITY

1. If, as a result of a defect of a product produced or supplied by the supplier, a human being is killed, is injured or affected in his health, or an object is damaged, which is normally intended for private use or consumption and has been used by the injured party primarily for this purpose, then the supplier is obliged to compensate the person who suffered the damage and/or paragon for the ensuing harm and for any subsequent damage resulting from it. If a claim is made against paragon because of such damages, the supplier indemnifies paragon from any third party claims – irrespective of any blame – and reimburses paragon the costs incurred in connection with defending such claims on condition that paragon immediately notifies the supplier of such claims and allows the supplier to defend these claims in or out of court without any prejudice. If, due to a product defect, it is necessary to recall the product from the market or issue a warning, the supplier shall reimburse paragon all the associated expenses and costs including the value of products that paragon has to take back.
2. Moreover, the supplier is liable in accordance with statutory regulations.

XI. PROVISIONS

1. All provisions transferred to the supplier are only to be used for orders from paragon and remain the property of paragon. An authority of disposal for these provisions or the parts produced from them will not be transferred to the supplier. As long as the provisions are not required for orders from paragon, they are to be

returned to paragon. In the case of processed provisions, paragon retains the right of co-ownership to the finished goods to the proportionate value of the provisions compared to the overall value of the goods.

2. Tools, moulds and similar items are to be given preventive maintenance by the supplier.

XII. STATE OF THE ART GOODS

1. The supplier undertakes to keep the ordered items in line with the latest technology, particularly in the case of longer supply contracts. Any intended alterations made on technical ground or for reasons of taste are to be presented to paragon for approval. Paragon is entitled during the course of the contract to specify alterations of a technical or design nature or for reasons of taste.
2. Any changes in costs are to be taken into consideration here and immediately notified to paragon. Cost savings made to objects by increased production or streamlining are to be credited to paragon and also disclosed.
3. The supplier is obliged to carry out its work with exceptional diligence by making use of the latest science and state of the art technology, as well as its own knowledge and experience. It must also observe the current legal regulations.

XIII. RIGHT TO RESCISSION

Paragon is entitled to rescission from the contract if the supplier is affected by the inability to make payments according to § 17 InsO or an application to open insolvency proceedings on the supplier's assets is made.

XIV. GENERAL CONDITIONS

1. German law applies to the contractual relationship. The terms of the UN sales law are not applicable.
2. The place of performance for supplies and services is the destination point specified by paragon. The place of performance for payments is Delbrück.
3. The place of jurisdiction – subject to a different exclusive place of jurisdiction prescribed by law – is Delbrück.
4. § 127 BGB remains unaffected. To comply with the written form, telecommunications means are also sufficient (e.g. transmission by fax, email or data communication).
5. Paragon points out that personal information is saved and processed in connection with business transactions in compliance with statutory regulations.

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