

General terms of delivery, payment, and warranty

Offer; Contract formation

- 1) All transactions are based on the following conditions. They also apply to ongoing business relationships and to all future transactions with the customer even if they are not specifically confirmed in the individual case.
- 2) We hereby expressly object to any terms of the customer that deviate from the following conditions. We will not be required to comply with such deviating terms even if we do not object to them again and even if we make the delivery to the customer unconditionally while knowing of the customer's deviating terms. The customer's terms apply only if we have expressly confirmed them in writing.
- 3) If the customer objects to the applicability of our terms of sale and delivery, we may withdraw from the contract.
- 4) Contracts are formed only by means of our order confirmation that is transmitted in writing or electronically. Until then, our offers remain nonbinding. We may issue the order confirmation up to the expiry of 30 calendar days after receiving the customer's order. Only that order confirmation determines the scope of the delivery or performance.
- 5) We are not bound by typos, mathematical errors, or other readily apparent discrepancies in offers, order letters, and confirmation letters. The customer must review them promptly, and we may correct them at any time without liability.
- 6) We are not required to be bound by any promises of characteristics or of special possibilities for using and applying our goods; oral agreements that amend our general terms of sale, delivery, and payment; or ancillary and subsequent contract agreements, unless they have been confirmed in writing.

Prices

- 1) Unless otherwise expressly agreed, the prices are for deliveries from our warehouse or supply plant. Packaging, transport, and freight costs are invoiced separately. No remuneration will be paid for self-collection. Loaned pallets remain our property and must be sent back in perfect condition with the next delivery. If the return delivery is not made within one month after delivery, we will charge for the original costs.
- 2) Unless the order confirmation states otherwise, the pricing will be based on our valid price list on the day of delivery.

If the shipment is delayed and the purchaser is responsible, the calculation will

be based on the date of readiness for shipment.

- 3) If fixed prices are agreed in the contract, we will be bound by them for 4 months after contract formation. If longer delivery periods are agreed and material, wage, or energy costs increase, we may charge a proportionate surcharge for those increased costs, based on our original pricing calculation, unless the increased costs are compensated for by price decreases in other manufacturing costs.
- 4) Our prices do not contain VAT. VAT will be calculated at the respective statutory amount on the day of invoicing.
- 5) For small orders, a small order surcharge will be invoiced that is based on dimension and quality.

Delivery

- 1) The dimensions, weights, and quantities established in our shipping department will be determinative. Partial deliveries are permissible. Overages and shortages of up to 20% are allowed.
In particular, for custom-made foil packaging products, we reserve the right to the customary overdeliveries and underdeliveries of +/- 20%.
- 2) We reserve the right to minimal deviations from the sample templates.
- 3) Delivery periods and deadlines are nonbinding approximations. They are binding only if we have confirmed them as such in writing. Delivery times are deemed complied with if we announce readiness for shipment within the agreed period.
- 4) The delivery period will be extended by any time during which we do not receive timely or correctly delivery from our upstream suppliers, unless we were responsible.

Any agreed delivery period begins to run only when the customer has submitted to us the documents, necessary permits, approvals, and plans the customer is required to submit. Moreover, delivery periods will be reasonably extended if the customer fails to comply with agreed payment conditions or other contract terms. The preceding does not apply if we are responsible for the delay.

- 5) If events occur that we could not avoid, including but not limited to operational disruptions, official interventions, a lack of raw materials, and labour disputes, the delivery period will be extended by the duration of the hindrance. If delivery becomes impossible for the same reasons, we will not be required to make the delivery.

In this case, we shall notify the contracting counterparty of the impossibility of delivery without undue delay and reimburse them for any consideration they have already paid.

- 6) We will enter default – even if the delivery time is determined by the calendar –

only if we are given a 2-week grace period for performance, unless we have already seriously and definitively refused to render the service. We are liable for damage based on default or nonperformance only up to the amount of twice the order value of the delayed delivery unless we or our vicarious agents have acted intentionally or with gross negligence.

- 7) The customer may withdraw from the contract due to delivery delays only if we are responsible for the delay and we have been given a reasonable grace period that has expired to no avail.
- 8) For call-off orders: When six months after order confirmation expire, we may set a 14-day grace period for acceptance, then charge for the goods not accepted and, until acceptance is declared, charge reasonable storage fees amounting to 0.5% of the price of the delayed delivery for each additional week or part thereof (but no more than 5% of the delayed delivery in total). Each party may provide evidence that higher or lower storage costs were incurred. The same applies if the shipment or delivery of goods is delayed at the customer's request by more than one month after readiness for shipment has been announced.
- 9) We are bound by delivery deadlines for deliveries abroad only if all factual and technical details and all export and import modalities can be clarified in time.
- 10) All deliveries are made EXW Incoterms 2020.
- 11) If we select the transporting company/carrier for the customer by way of exception, we shall be liable only for exercising customary diligence when making the selection.

Packaging; Transport risk

- 1) The risk of accidental loss or accidental deterioration of the goods is transferred to the customer when the loading begins. If the shipment is delayed through no fault of our own, risk will be transferred when readiness for shipment is announced.
- 2) The customer shall dispose of the transport packages. If transport packages are returned to us, the customer shall bear the costs for the return transport. In this case, the transport packages must be clean, free from impurities, and sorted according to the type of packaging. Otherwise, the customer shall reimburse us at our request for the additional costs incurred for the disposal.

Retention of title

- 1) The delivered goods will remain our property until all our claims against the customer arising from the business relationship have been settled, including those arising in the future. For claims included in the current invoice, the retention of title applies to the relevant accounting balance. Taking back the goods is not deemed withdrawal from the contract. We may take back the goods if the customer defaults in payment. The goods will be credited to the value of the actual proceeds after the costs for repurchase and reclamation are deducted.

- 2) The customer shall insure our property against fire, water, and theft. Claims against the insurance company must be assigned to us.

If the customer fails to prove to us on request that adequate insurance has been taken out, we may insure the delivered goods against theft, breakage, fire, water, and other damage at the customer's expense.

- 3) The customer shall notify us without undue delay if any attachments, seizures, or other disposals or interventions are made by third parties.
- 4) The customer may process the goods (or, if an extended or expanded retention of title has been agreed, resell them) in a proper business transaction. The customer shall not make any other disposals. The customer's authorisation to process and sell the goods expires if they fail to comply with their payment obligation toward us or otherwise breach the contracts we have entered into with them, or if their financial position deteriorates. Cessation of payments, overindebtedness, motions to initiate insolvency proceedings, and any other severe change to the customer's financial circumstances that might jeopardise our securities are all deemed a deterioration of a financial position.
- 5) Any processing of the goods subject to a retention of title will be deemed to have been performed on our behalf. If those goods are processed for multiple suppliers, we will be entitled to co-ownership pursuant to §§ 947 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*). In case the customer combines or mixes our items with an item that it owns in a manner so that the customer's item is to be deemed the main item, the customer hereby assigns to us a co-ownership share in the main item in the ratio of the value of our item to the value of the main item. Our co-ownership share remains in the customer's possession, who shall keep the item for us.
- 6) The customer hereby assigns the first-tier partial amount of the claims and ancillary rights arising from the resale, commensurate to our ownership share. The customer shall not agree to a ban on assignment. If a debtor of the customer makes a partial payment to the customer, the claim assigned to us will be deemed the last claim paid. The customer may collect the assigned claims in a proper business transaction. That authorisation will lapse in the cases designated in paragraph 4. The customer shall then cooperate in collecting the claims.
- 7) At the customer's request, we shall release the securities to which we are entitled pursuant to the preceding terms, at our discretion, insofar as their realisable value exceeds the amount of the total claim to be secured by more than 20%.
- 8) If deliveries are made abroad and the laws of another state do not permit the retention of title but permit us (as the seller) to retain other rights to the delivered goods, we may assert all rights of that type. If we take such measures, the customer shall cooperate.

Payment

- 1) No discount will be granted on payments of invoices for mould costs, or parts thereof, or mouthpiece costs, or parts thereof, or other tools.
- 2) Payments for the remaining deliveries – trade deliveries – are due for payment in full within 30 days after the invoice date. The purchaser must pay the banking fees incurred for payments made in the purchaser's country. We grant a 2% discount on payments made within 10 days after the invoice date, but only if all invoices due by that point have been settled.
- 3) Initial orders must be paid for on delivery.
- 4) Advance payments and instalment payments do not accrue interest.
- 5) Bills of exchange require a special agreement. Any acceptance of discountable bills of exchange or cheques is only on account as payment, and is not deemed a cash payment, so no deduction of a discount is authorised. The purchaser must bear all the discount fees, which are due immediately.
- 6) If the payment target is exceeded, the customer shall pay default interest amounting to 8 percentage points above the respective basic interest of the European Central Bank, without needing a reminder. This does not apply if the customer demonstrates that the payment delay was not their fault. The assertion of further damage remains reserved.

If the customer defaults on payments more than once within 12 calendar months, or if we learn of circumstances after entering into the contract according to which a prudent merchant would make deliveries only in return for advance payment or concurrently against payment, we may make all our invoices due immediately without considering the agreements made. In such cases, we may also perform outstanding deliveries only against advance payment or provisions of security and, if a reasonable grace period is set but expires to no avail, withdraw from the contract and demand damages due to nonperformance. Furthermore, any cessation of payment, settlement proceedings, or insolvency on the customer's part will mean that our entire claims will be come due for immediate payment regardless of the agreements made. Likewise, in the aforementioned cases, promised rebates, bonuses, etc. will be deemed forfeited, so that the customer must pay the gross prices stated in the invoice.

- 7) Payments are valid only if they are made directly to us. Payments to employees or representatives are effective only if the recipient has been authorised to collect.
- 8) Setoff based on alleged counterclaims is forbidden unless the counterclaim in question is uncontested, has been acknowledged by us, or has been finally adjudicated. The customer shall not assert any right of retention unless the counterclaim in question is based on the same contract relationship and is uncontested, has been acknowledged by us, or has been finally adjudicated.

Warranty

- 1) The customer shall examine without undue delay the goods we deliver even if

they are packaged. Written notice of obvious defects must be given within one week at the latest, starting with the delivery date. The customer shall give written notice of hidden defects no later than 1 week after their discovery. If the customer fails to give notice of defects on time or at all, the customer will lose its claims based on any existing defects in the delivered item.

- 2) We ensure that the goods we deliver are free from material defects. The benchmark for the delivered products' compliance with the contract is their description and purpose as set forth in the contract we have entered into with the customer. The customer shall accept minor changes to (1) the goods in terms of construction, form, and design, (2) the values given in the description, and (3) our services, if the customer could reasonably be expected to accept those changes or they are based on customary tolerances concerning quantity, quality, or design. We shall deliver assembly instructions only by express written agreement.
- 3) Information we publish in catalogues, descriptions, illustrations, drawings, etc., and information on dimensions, weight, and performance designate merely the quality of our products and do not constitute any promises of characteristics or guarantees. Our employees, agents, and other sales intermediaries are not authorised to declare guarantees or assurances. The presentation of templates or samples in and of itself does not establish any guarantee or assurance.
- 4) Only the customer must judge whether the product we deliver is suited for the customer's specific purpose.
Examinations and tests of practical suitability, etc. are for the customer to perform.
- 5) Warranty claims are excluded if the fault appeared because of incorrect handling due to improper use, incorrect assembly, or from impairments that arose due to special external influences after risk was transferred and were not presupposed in the contract. Warranty claims are also excluded if the customer has performed or arranged for third parties to perform maintenance work without this being agreed with us or absolutely necessary.
- 6) If an item is defective, we shall cure the defect or deliver a defect-free item (at our discretion). If we render supplementary performance, we shall bear all the expenses, including but not limited to transport, travel, labour and material costs, unless they increase because the goods were brought to a location other than the place of performance. The parts to which the customer objects must be sent back to us only at our request and, if necessary, in good packaging with a packing slip attached that states the order number. If the notice of defects is justified, we shall bear the costs for the return transport. If the customer gives us a reasonable period (at least two weeks from the verification of the defect) during which to provide supplementary performance, but we fail to do so within that period, the customer may assert their statutory rights. No grace period need be set if we have refused to provide the supplementary performance or it is impossible.

- 7) The customer may demand damages instead of performance only if the delivery of the defective item constitutes a material breach of duty. Damages based on collateral damage that arises independently of the supplementary performance (such as loss of production, loss of prospective profit, and claims from the customer's buyers due to delayed delivery) can be asserted only if a reasonable period for supplementary performance granted in writing has expired to no avail.
- 8) The warranty period amounts to 12 months from the transfer of risk. This shortening of the warranty period does not apply in the event of intent or malice. The supplementary performance work rendered, and the replacement parts delivered as part of supplementary performance, are covered by a warranty only up to the expiry of the warranty period for the original delivery.
- 9) If a period for supplementary performance expires to no avail, the customer shall declare its further warranty rights to us within one month at our request. If the customer does not make that declaration within that period, we may still provide supplementary performance. This applies only if we have expressly pointed out this legal consequence in the request containing a deadline.
- 10) The customer may pursue remedies against us based on product defects due to which the customer's clients have asserted claims against the customer, but only insofar as the customer has not entered into agreements with its clients that exceed the domestic statutory provisions, particularly the liability for warranty.

Custom-made products; Proprietary rights

- 1) Insofar as products are manufactured in accordance with the drawings, information, or quality samples prescribed by the customer, only the customer is liable for ensuring that the products do not infringe on any proprietary rights of third parties. If proprietary rights are breached, the customer shall indemnify us against all claims asserted by third parties.
- 2) If we deliver products according to our own drawings and constructions, we are liable for ensuring that those products do not breach any proprietary rights of third parties in the Federal Republic of Germany. We assume no liability regarding any proprietary rights that are registered or exist outside the Federal Republic of Germany.
- 3) Our drawings, samples, and models remain our property and must not be transferred to third parties. They must be returned at our request, which we may make at any time, and the customer has no right to retain them.
- 4) The warranty period under the keyword "Warranty" paragraph 8 applies mutatis mutandis to our liability.
- 5) If third parties assert legitimate claims within the warranty period, we may at our discretion and expense procure a usage right for the deliveries in question; or alter the deliveries, in consideration of the contractual purpose, so that proprietary rights are not infringed; or deliver comparable products that do not

infringe on the proprietary rights.

- 6) Any warranty claim against us is excluded if the customer itself negotiates with third parties or enters into agreements with them without our consent.

Tools and equipment

- 1) Tools and equipment remain our property in principle, whether or not the customer pays for some or all of the tool costs.
- 2) If it has been agreed that the customer shall assume tool costs, half of the agreed tool costs must be paid when the order is placed and the other half when the first proof sample is presented. If amortisation is agreed with the delivery, the amortisation is taken by crediting 5% of the net value of the goods in the ongoing deliveries until the tool costs have been completely settled.

Damages

- 1) We shall be liable for damages, regardless of legal grounds, only
 - if we, our statutory representatives, or our vicarious agents have acted intentionally or with gross negligence;
 - if we have given guarantees, for the fulfilment of those guarantees to the agreed extent; guarantees must use the written form and must be expressly designated as such;
 - in the event of injury to life, limb, or health;
 - in cases of compulsory statutory liability (such as the German Product Liability Act (*Produkthaftungsgesetz, ProdHaftG*), the German Environmental Liability Act (*Umwelthaftpflichtgesetz, UmweltHG*), and the like).
- 2) In cases of ordinary negligence, we shall be liable – except in the cases of No. 1 – for damages, regardless of legal grounds, only if material contract duties have been breached. If material contract duties are breached due to ordinary negligence, the amount of our liability for damages is limited to compensation for foreseeable damage that is typical of the type of contract in question. Before entering into the contract, the customer shall notify us in writing of special risks, possibilities for atypical damage, and unusual amounts of damage. Any liability for consequential damage, a lack of economic success, indirect damage, and damage arising from third-party claims, that go beyond the extent described in the previous sentence is excluded.
- 3) If an item that is defined only by its category is the subject of the purchase contract, our liability in this case is based exclusively on the preceding regulations. Any liability for damages that is irrespective of culpability is excluded.
- 4) The preceding provisions on liability also apply to statutory claims of the customer for reimbursement for expenses incurred in vain as well as for the personal liability of our salaried employees, other employees, staff, representatives, and vicarious agents.

Other rights and obligations

If obligations to provide protection or consideration for the purposes of § 241(2) BGB that do not relate directly to the delivery of the goods are breached and we are responsible, the customer may assert damages and a right of withdrawal only if we were previously given a written warning and a grace period due to the breach of duty.

No warning is required if we, our representatives, or our vicarious agents act intentionally or with gross negligence, or in the event of injury to life, limb, or health.

Supplier Code of Conduct

All contracts entered into with us contain the Supplier Code of Conduct, which is available under *steinbach-ag.de/en/company*

The regulations and obligations for the supplier that arise from the supplier code are part of the contract entered into with us.

Data protection

The data needed to process transactions are stored by us in a central location.

Miscellaneous

- 1) The place of performance and the forum is Detmold.
- 2) All orders awarded to us are governed exclusively by German law under exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 3) Finding one or more provisions of these terms to be ineffective will not render the other terms ineffective. If one or more ineffective provisions are found, the parties shall replace them with an effective agreement that comes closest to their intent.
- 4) These terms apply only for deliveries to (1) companies for the purposes of § 14 BGB or (2) legal entities under public law or (3) special funds under public law.

Steinbach AG

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