TANN GROUP

# GENERAL CONDITIONS OF PURCHASE
# OF THE TANN GROUP

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TANN Holding GmbH • Fabrikstrasse 48a • Einfahrt / Gate: Fabrikstrasse 20 • 4050 Traun / Austria
T +43 7229 70700 0 • Fax +43 7229 70700 70 • info@tanngroup.com
FN 302884 v, LG Linz • ATU 63905206

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## 1. SCOPE

1.1. These General Conditions of Purchase shall be applicable to any and all contracts relating to deliveries of goods and the provision of other services of whichever nature concluded with any of the companies of the **TANN GROUP** as purchaser, unless expressly agreed otherwise between the contracting parties.

1.2. Hereinafter, the respective group company in whose name and for whose account the offer is accepted (in cases where an offer has been made by the supplier) or the order is placed (which order shall be subject to the supplier's confirmation of order) shall be referred to as "TANN". These respective current companies of the **TANN GROUP** are available at tanngroup.com.

1.3. These General Conditions of Purchase shall constitute the exclusive legal basis for any and all deliveries made and services provided to TANN. The applicability of any other terms and conditions of any supplier, in particular any general terms and conditions of business (e.g. set out on delivery notes, invoices or commercial letters of confirmation), shall be excluded. These General Conditions of Purchase shall also be applicable to ancillary contractual services, e.g. the provision of information and advice, and to any and all amendments to the contract. In any instance not regulated by these General Conditions of Purchase the applicable legal provisions shall apply exclusively.

1.4. If TANN's customers request that TANN purchases goods or other services from a specific supplier and the supplier has been informed of this circumstance, any different terms and conditions of purchase that have been agreed between the respective customer and the supplier shall be applicable only if any such terms and conditions are more favorable to TANN than the relevant provisions in the present General Conditions of Purchase. The other provisions in the present General Conditions of Purchase shall remain in full force and effect.

## 2. CONTRACTING PARTIES

2.1 The contract shall be deemed to be concluded between TANN and the supplier whose offer has been accepted by TANN by acceptance of offer or with whom TANN has placed the order and who confirmed the same by way of a confirmation of order.

## 3. REQUESTS, DUTY TO WARN

3.1 Any request for an offer, price enquiry or similar by TANN shall be non-binding and shall in particular not constitute an offer for the conclusion of a contract.

3.2 Any specifications and any materials or other resources made available by TANN for the purpose of performing deliveries or services shall be forthwith checked by the supplier, and the supplier shall inform TANN without delay of any defects and concerns identifiable to the supplier on the basis of the obligatory and professional care to be reasonably expected from the supplier.

## 4. PRICE INFORMATION, OFFERS BY THE SUPPLIER, CORRESPONDENCE

4.1 The supplier shall be bound by its offer and the details set out therein, in particular in respect of price, availability and/or delivery period, for the entire period for acceptance set out in the offer or, if no period for acceptance is indicated, in any event for a period of 60 days from receipt of the offer by TANN, and the supplier shall not have the right to unilaterally alter such details.

4.2 Price information, offers, quotations and similar shall be provided by the supplier free of charge, irrespective of any preparatory work that may be required in this context.

4.3 TANN shall have the right to stipulate specific requirements in respect of offer and contract documents, in particular as to form, type, scope and contents, and the supplier shall ensure compliance with these requirements.

4.4 All business correspondence shall be conducted exclusively with the purchasing department of TANN. The correspondence shall be exclusively in German, English or the relevant national language of TANN.

4.5 The order reference (order number) of TANN shall be indicated on all documents intended for TANN, such as bills of freight, wagon labels, railway boxes, parcel post certificates, dispatch notes, delivery notes, packing slips, invoices, notifications of change or similar, and on all correspondence; the supplier shall be liable for any disadvantage suffered by TANN as a result of any noncompliance with the aforesaid requirement.

## 5. ACCEPTANCE OF OFFER AND COUNTERSIGNATURE BY TANN FOR SUPPLIER'S OFFERS, ORDER BY TANN AND CONFIRMATION OF ORDER BY THE SUPPLIER

5.1 A contract binding on TANN shall be concluded through the written acceptance of offer by TANN of the supplier's offer. Acceptance is deemed to have been effected upon receipt by the supplier of the relevant written notice. Notices forwarded by e-mail or facsimile transmission shall also be deemed to constitute written notices. Any form of oral or implied acceptance shall be excluded to the maximum extent possible, unless such form of acceptance is separately and expressly agreed.

5.2 An order placed by TANN shall be promptly confirmed to TANN by the supplier by way of a confirmation of order. TANN reserves the right to cancel the order free of charge if TANN does not receive a duly issued confirmation of order within a reasonable delay, in any event not later than within two business days after the order has been placed. Such a cancellation shall be deemed to be in due time if it is sent prior to the receipt of the confirmation of order.

5.3 In the event of deviations from the order specifications provided by TANN in the order, the supplier shall return a confirmation of order including detailed information on the deviations promptly after receipt of the order. Changes and amendments to the order shall be subject to TANN's written confirmation and countersignature. Any unqualified acceptance of goods shall not be deemed to constitute such a confirmation.

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## 6. PRICES, TERMS OF PAYMENT

6.1 Prices shall not be subject to change and shall be exclusive of VAT. The prices shall apply in accordance with the terms and conditions of delivery set out in the acceptance of offer and in the order respectively.

6.2 All payments shall be made in accordance with the terms of payment set out in the acceptance of offer and in the order respectively. If no such terms are indicated payments shall be made with debt-discharging effect within 60 days deducting a discount of 3 % or within 90 days without deduction.

6.3 The period of time allowed for payment shall commence on the date on which the latest of the following events occurs:

- receipt by TANN of an invoice in accordance with the provisions in secs. 6 and 7;
- the agreed date of delivery;
- the actual date of delivery; or
- the passing of risk.

6.4 In respect of partial invoices TANN shall be entitled to deduct the discount even if the applicable requirements (sec. 6.2) are not met in respect of other partial invoices referring to the same delivery.

6.5 Any payments on account or advance payments by TANN will only be made subject to the provision by the supplier of an unconditional irrevocable bank guarantee which is issued by a renowned European credit institution and can be called on without giving a reason.

6.6 TANN shall have the right in its discretion to pay via bank transfer, in cash or by cheque, in each case in lieu of payment.

6.7 The payment deadline shall be deemed to have been met if the order for the transfer of the amount owed is made in the course of the weekly processing of payment transactions at the earliest weekly payment date following the expiry of the deadline, or if the cash amount or cheque is dispatched within the period of time allowed for payment.

6.8 In the event of a default in payment, default interest at a rate of 2 % above the three-month EURIBOR shall apply.

## 7. INVOICING

7.1 Unless agreed otherwise in the acceptance of offer and in the order respectively, invoices shall be issued at the start of the month following the respective delivery. This shall also apply to multiple deliveries (monthly summary invoice). Invoices shall comply with the applicable requirements under tax law, shall be forwarded to the billing address set out in the acceptance of offer and in the order respectively, and shall include TANN's order reference, failing which TANN will refuse to accept the invoice, and payment cannot be made. On the delivery note and invoices TANN's order number and order item and the relevant material identity number (if provided by TANN) shall be indicated for each ordered item.

## 8. PERIOD OF DELIVERY

8.1 The period of delivery or performance set out in TANN's order or acceptance of offer shall be binding and shall commence upon receipt by the supplier of the order or acceptance of offer. If no such period has been agreed the delivery or performance shall be effected immediately.

8.2 In the event a delay appears likely to occur TANN shall be informed forthwith, indicating the cause and the expected duration of the delay.

8.3 A delivery or performance before the agreed date shall be permitted only upon TANN's express approval. TANN shall not suffer any disadvantage as a result of such a delivery or performance; in particular, the period of time allowed for payment (sec. 6.3) shall not commence before the agreed date of delivery.

8.4 The supplier shall not have the right to withhold or cease performance.

## 9. DELIVERY, SHIPMENT, PLACE OF PERFORMANCE, PASSING OF RISK AND COST

9.1 The performance of deliveries or services and the shipment of goods, including the passing of cost and risk, shall be in accordance with the agreed terms and conditions of delivery. Unless any other terms and conditions of delivery have been agreed, deliveries shall be made DDP (duty delivery paid) pursuant to INCOTERMS 2020 to the place of performance designated by TANN. Therefore, unless any other contractual provisions have been agreed, the supplier shall bear the risk and the cost of shipment.

9.2 The place of performance shall be the delivery address indicated by TANN and the place where the services are to be performed respectively.

9.3 TANN refuses acceptance of COD shipments; any return shipment shall be at the expense and risk of the supplier, and the consequences of a default shall take effect.

9.4 All necessary and, dependent on the type of shipping, customary shipping documents and a separate delivery note for each order number shall be enclosed with the goods shipment. In addition, TANN shall have the right to stipulate further specific requirements as to the scope and contents of the goods and shipping documentation, which must be complied with at all times. To the maximum extent permitted by law the signing by TANN of any bills of freight or other shipping documents shall be subject to the proviso of an inspection – which may also be carried out at a later time – of the contents of the goods shipment as to defects in quantity and quality.

9.5 Unless any specific type of shipping is expressly agreed or is mandatory, the supplier shall choose the safest type of transport involving the smallest risk of damage to or loss of the goods. If several types of transport offering the same degree of transport safety are available, the fastest type of transport shall be chosen.

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9.6 Partial deliveries shall be permitted only upon express separate agreement. Over or under deliveries shall not be permitted.

9.7 The supplier shall be responsible and liable for ensuring that the goods are labelled correctly and in accordance with the applicable regulations and that all transport, packaging and other requirements are complied with.

9.8 The supplier shall ensure full and timely compliance with all ancillary duties, e.g. the provision of the required test certificates, descriptions, operating instructions, etc.

9.9 If the delivery includes technical devices and equipment the staff of TANN in charge of operating the same shall receive elementary training in the operation and handling of these devices and equipment, whereby no additional fee shall be charged. The supplier shall therefore take into account the relevant costs when stipulating the price for the delivery. If the delivered devices and equipment need to be assembled by a third party the required assembly diagrams (including all connections, the design of the base, if any, etc.) shall be enclosed with the order confirmation.

9.10 Upon delivery, labels in the national language of TANN and in English shall be attached; unless agreed otherwise in any individual case, the aforesaid shall also apply to operating instructions and requirements.

## 10. ACCEPTANCE WITHOUT RETENTION OF TITLE, RIGHT OF SET-OFF AND RIGHT OF RETENTION

10.1 The delivered goods shall be handed over to the employees of TANN authorized to receive the goods or, if applicable, to a third party designated by TANN at the place of performance.

10.2 The acceptance of goods is only possible during TANN's business hours (Mondays to Thursdays between 06:00 and 14:00 hours, Fridays between 6:00 and 12:00 hours, unless indicated otherwise in any individual case). The supplier shall bear, and shall fully indemnify TANN for, any additional costs incurred as a result of a delivery outside these business hours.

10.3 Upon handing over the goods delivered or services provided, title of ownership shall pass directly to TANN. Any retention of title by the supplier, in particular in connection with items intended for further sale or processing, shall be excluded.

10.4 The provision, if any, by TANN of staff and/or equipment for unloading shall be at the supplier's sole risk and expense. The aforesaid shall also apply if such staff are guilty of slight negligence in connection with any damage (e.g. of the delivery vehicle or the load) caused during unloading.

10.5 The supplier shall be entitled to any right of set-off or right of retention only in respect of claims acknowledged by TANN or finally determined by the courts.

10.6 TANN reserves the right to retain or offset payments in the event any warranty claims or other claims have been raised. Any objections due to uncertainty ("Unsicherheitseinrede") on the part of the supplier that would entitle the supplier to refuse performance, shall be excluded.

## 11. PACKAGING, HAZARDOUS WASTE

11.1 Unless agreed otherwise in the contract, the goods shall be packaged as is customary in the trade, in a suitable and sufficient manner and so as to ensure adequate protection of the goods. The supplier shall in any case be liable for any damage caused by defective or unsuitable packaging, irrespective of the terms and conditions of delivery agreed in any individual case.

11.2 The cost of packaging in accordance with the contractual provisions shall be borne by the supplier. If it is agreed specifically in any individual case that TANN shall bear the cost of packaging, the supplier shall only charge the cost price and shall indicate the same separately on the invoice. It shall not be permitted to charge deposits for returnable packaging.

11.3 If there is a mandatory dispensation or contribution system in connection with the disposal and recovery of waste the supplier agrees to take care of such dispensation or payment of contributions in respect of the packaging materials and packaging aids (e.g. cardboard boxes, pallets, padding, labels, etc.) used by the supplier, and delivered to TANN, in connection with the delivery or performance, and to include all relevant costs in the price agreed for the delivery or performance. Upon request the supplier shall, if possible, provide evidence to TANN of the dispensation or payment of contributions or include a relevant reference in the delivery documents.

11.4 Packaging materials, shipping containers and similar items, as well as all items subject to the delivery or performance and/or their residue which, after having been used for the intended purpose, are to be classified as hazardous waste (i.e. waste materials for which the law requires that, due to their hazardous nature, they must be disposed of in accordance with specific waste disposal requirements; these materials shall include in particular "hazardous waste" within the meaning of Council Directive 2008/98/EC on hazardous waste) shall be disposed of by the supplier at its risk and expense or shall be returnable to the supplier free of charge for disposal by the same. If the supplier fails to comply with any of these duties TANN shall have the right to have such disposal carried out by third parties at the supplier's risk and expense.

## 12. DEFAULT, RESCISSION, CONTRACTUAL PENALTY

12.1 In the event of a default in delivery or performance TANN shall, notwithstanding any further claims, have the right to rescind the contract following the granting of a reasonable grace period. If in doubt or in case of disagreement a period of 14 days shall be considered reasonable. TANN shall also have the right instead of rescinding the contract to demand performance of the contract. The aforesaid rights shall accrue to TANN also if no fault is attributable to the supplier.

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12.2 In the event of a default TANN shall further be entitled (i) in addition to rescinding the contract (and therefore instead of demanding performance of the contract) to demand the payment of a contractual penalty irrespective of fault in the amount of 10 % of the total contract value, or (ii) to demand, in addition to delayed performance of the contract, the payment of a contractual penalty (also irrespective of fault) in the amount of 1 % of the total contract value for each full week's delay, up to a maximum amount of 10 %. The aforesaid shall not affect the right of TANN to raise claims based on any damage exceeding the amount of the contractual penalty.

**13. FORCE MAJEURE**

13.1 If, however, a default by the supplier is the result of an event of force majeure, the period of delivery shall be extended for the duration of the impediment, provided the supplier forthwith notifies TANN of these circumstances. Exclusively the following occurrences shall be deemed to constitute an event of force majeure: war, civil war, export and/or trade restrictions as a result of the political situation, and any labour disputes or industrial action, e.g. strikes, lockouts, business disruptions or restrictions, which are not attributable to the supplier and are not limited to the supplier's company.

13.2 If the event of force majeure that renders performance impossible in accordance with sec. 13.1 continues for more than four weeks, TANN shall have the right to rescind the contract with immediate effect. TANN shall be entitled to rescind the contract with immediate effect also before the expiry of the said period if compliance with the agreed delivery date is essential for ensuring the continuation of TANN's current production.

**14. WARRANTY**

14.1 The supplier expressly warrants that the delivery of goods or performance of services shall be in conformity with the contractually agreed quality and quantity and meet any and all expressly required properties, characteristics and specifications. The goods delivered or services performed shall be suitable for the intended use by TANN as stipulated in the contract. In the case of deliveries of cardboard and/or paper/print materials the supplier in particular guarantees the runnability of the delivered cardboard and/or paper/print materials on the machines used by TANN. In the absence of an explicit contractual agreement stipulating a specific quality of the goods or services, the supplier shall provide the highest quality available on the market. The goods or services shall in any case meet the properties, characteristics and specifications to be customarily expected from comparable goods or services and shall be suitable for the use customarily stipulated for the same. Moreover, the goods or services shall be in compliance with acknowledged scientific standards, the state of the art of technology, the applicable requirements in respect of employee protection, safety engineering, the transport of dangerous goods, the treatment of hazardous waste, and the applicable requirements for storage and operation.

14.2 Any noncompliance of the goods or services with the warranties undertaken by the supplier in accordance with sec. 14.1 shall constitute a defect.

14.3 TANN shall check the goods or services for defects within a reasonable period after they have been handed over. If an inspection of random samples shows that part of the goods or services is defective, acceptance of the entire delivery or performance may be refused. It is explicitly agreed that TANN shall not be under any duty to notify defects in order to protect claims based on defects. The aforesaid shall apply both to claims under this sec. 14 and to claims for damages or other claims in connection with a defect in the delivery of goods or performance of services.

14.4 The supplier shall be liable for the goods or services to be free from defects irrespective of fault and for the entire warranty period. The supplier shall therefore be liable irrespective of whether the defect already exists at the time the goods or services are handed over or occurs at a later time during the warranty period.

14.5 The period allowed for raising claims under this sec. 14 shall be 24 months and shall commence upon, respectively, the handing over of the goods or services and the acceptance of the performance by TANN. In the event the supplier attempts to correct the defect the said period shall recommence.

14.6 If the goods or services are defective TANN shall have the right in its sole discretion to demand from the supplier either the correction of the defect (free place of use) or a replacement and new delivery of goods or performance of services free from defects.

14.7 In the event neither a correction nor a replacement is possible, or the supplier refuses to effect such a correction or replacement or fails to effect it within a reasonable grace period, or such a correction or replacement causes considerable inconvenience to TANN or is unacceptable for TANN for good reasons that are attributable to the supplier, TANN shall be entitled to a price reduction. If the relevant defect is other than a minor defect TANN shall have the right, alternatively, to rescind the contract without granting a grace period. If an inspection of the goods delivered or services performed reveals a defect attributable to the supplier, the supplier shall in any case be obliged to provide indemnification for the cost of the inspection. This shall also apply in respect of the cost of any assembly and/or disassembly incurred as a result of the defect.

14.8 If the supplier is in default in removing the defect TANN shall also be entitled to have a substitute performance carried out at the supplier's expense and risk without giving prior notice. TANN shall be fully indemnified for the cost of such a substitute performance also if it exceeds the cost that would have been incurred if the supplier had removed the defect.

14.9 In respect of defects in title, and within the framework of the right to correction, the supplier agrees that if any goods delivered or services performed by the supplier or any part thereof should be subject to a third party's infringement claim the supplier either shall ensure that TANN obtains the right to continue using the relevant goods or services, or shall replace or modify such goods or services in a way to ensure that the third party's rights are no longer infringed.

14.10 TANN shall moreover be entitled without limitation to any and all claims (in particular warranty claims and claims for damages) out of material defects and defects in title to the extent provided by law.

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14.11 The supplier shall be obliged to inform TANN in detail about any and all requirements regarding the handling or storage of the goods delivered or services performed, unless the relevant details are self-evident or are already known from the previously existing business relationship.

**15. DAMAGES, PRODUCT LIABILITY, LIABILITY INSURANCE**

15.1 In addition to the claims out of the contractual warranties pursuant to sec. 14 and the statutory warranty, TANN's right to claim damages based on a defect in delivery or performance shall be expressly reserved.

15.2 In this regard the supplier shall be fully liable for any damage suffered by TANN (i.e. in particular for lost profits, lost income, the cost of product recalls, loss of reputation and other consequential damage caused by a defect and/or property damage) even in cases of slight negligence.

15.3 The supplier shall be liable for any agents employed by it in the performance of the contract (e.g. subcontractors or sub- suppliers) and any fault attributable to such agents to the same extent as for the supplier's own conduct and fault.

15.4 TANN shall bear the burden of proof only as to the existence of a damage and causality. The burden of proof as to the absence of fault on the supplier's part shall be on the supplier.

15.5 In respect of the goods delivered and services performed the supplier shall indemnify TANN against any and all product liability claims raised by third parties and shall in particular indemnify TANN for any and all costs incurred in connection with the defence against product liability claims, with carrying out or cooperating in product recalls or with indemnifying third parties. In this regard the supplier shall fully indemnify TANN against claims for damages forthwith upon TANN's first request. Where possible and reasonable, TANN shall inform the supplier about the scope and content of any product recall and afford the supplier the opportunity to comment on the issue.

15.6 In the case of deliveries of cardboard and/or paper/print materials, if the supplied cardboard and/or paper/print materials do not show the required runnability on the machines used by TANN or by TANN's customers and, as a result, the machines used for production do not achieve full performance, the supplier further agrees to fully indemnify TANN in respect of any disadvantage that may be caused as a result of the inadequate runnability of the supplied cardboard and/or paper/print materials. The above described liability to indemnify shall also apply in the event the supplied cardboard and/or paper/print materials meet the agreed specifications and shall also apply in respect of individual delivery batches and shall also apply, without limitation, to losses in production, additional expenditure and additional cost, as well as warranty claims and claims for damages raised by customers. Furthermore, the said liability to indemnify shall apply notwithstanding the performance of any tests on the runnability of the supplied cardboard and/or paper/print materials prior to or in the course of the commencement of deliveries.

15.7 In respect of the goods delivered and services performed the supplier shall further be obliged, upon TANN's request, to name the manufacturer, importer or sub-supplier and to support TANN in the defence against product liability claims raised by third parties, in particular by making available records and documentations relating to production and design as well as other evidence.

15.8 Any and all claims for damages of TANN against the supplier shall come under the statute of limitation in accordance with the relevant legal provisions, however, in no event prior to the expiry of 36 months after handing over the goods or services or (ii) 12 months after becoming aware of the damage and the liable party, whichever occurs later.

15.9 The supplier agrees to maintain liability insurance, including product liability, with a minimum coverage of EUR 10 million throughout the relevant business relationship, i.e. until the expiry of the period set out in sec.

**16. SPARE PARTS STOCKING**

16.1 The supplier shall ensure that in respect of the goods delivered and services performed, spare parts are kept in stock for a minimum period of ten years from the date the goods or services are handed over. Within the said period, and subject to any other rights of TANN, the supplier shall make available spare parts at reasonable and customary prices.

**17. EACH REGULATION**

17.1 The supplier shall be liable for the goods delivered or services performed by it to be in compliance with the provisions of regulation (EC) no 1907/2006 concerning the registration, evaluation, authorization and restriction of chemicals (hereinafter, the "REACH Regulation").

17.2 To the extent required under the provisions of the REACH Regulation, the supplier shall in particular be liable for the substances contained in the products delivered by it to have been pre-registered or, after the expiry of the transition periods, registered and for relevant safety data sheets in accordance with the provisions of the REACH Regulation indicating the specific use and/or the information required pursuant to art. 32 of the REACH Regulation to be made available to TANN. In the event the supplier delivers an article within the meaning of art. 3 of the REACH Regulation the supplier shall in particular also be liable for complying with the duty to provide specific information in accordance with art. 33 of the REACH Regulation.

17.3 Compliance with the provisions of the REACH Regulation shall not release the supplier from the general duty to keep TANN informed professionally and without delay about any changes to the goods delivered or services performed.

**18. FIRE PROTECTION, ENVIRONMENTAL PROTECTION, OCCUPATIONAL SAFETY**

18.1 If, within the framework of the contractual relationship, the supplier performs work or makes deliveries within business premises of TANN the supplier shall strictly comply with all internal rules applicable at the relevant business premises (in particular regarding safety,

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environmental, fire protection and hygiene requirements) and shall ensure that its staff/employees and subcontractors strictly comply with such rules.

18.2 The supplier shall obtain these rules from the relevant business premises in advance and shall instruct and train its staff accordingly.

18.3 The supplier shall be liable for any culpable infringement of these internal rules committed by any of its staff members/employees and subcontractors. The supplier acknowledges that the current version of the applicable internal rules is available for inspection at all business premises.

**19. TANN SECURITY REQUIREMENTS**

19.1 The supplier warrants compliance with TANN's Security Requirements as set forth in Annex 1, if the Supplier (i) accesses TANN's facilities, networks and/or information systems; or (ii) accesses, processes or stores TANN's information/data; or (iii) provides IT infrastructure services and/or standard software or develops software.

**20. INTELLECTUAL PROPERTY RIGHTS, SOFTWARE, DRAWINGS, TOOLS AND MODELS**

20.1 The supplier warrants that it has acquired all rights of third parties required in connection with the delivery of goods and performance of services and that such delivery and performance does not infringe any rights of third parties. The supplier shall fully indemnify TANN against any disputes relating to intellectual property in connection with rights of third parties, in particular disputes relating to patents, copyrights, trademarks and design rights, and guarantees that the goods delivered and services performed can be used without restrictions.

20.2 If the supplier supplies software products that were not developed specifically for TANN the supplier shall grant TANN a transferable non-exclusive right of use, which shall be unlimited in time and territory, in such products.

20.3 In respect of goods and services developed specifically for TANN, including in particular layouts, drawings, designs, documentations, data and software products, the supplier shall grant TANN an exclusive transferable right of use, adaptation right, distribution right and processing right for all present and future types of use, which shall also be unlimited in time.

20.4 Any and all drawings, sketches, tools, aids, samples, models etc. made available by TANN for purposes of performance of the contract shall remain the property of TANN. They shall not be made accessible to third parties or used for any purpose other than the performance of the contract (such as e.g. the performance of contracts with third parties) and shall in particular not be used for advertising purposes. Upon delivery or performance or the revocation of the acceptance of the contract or the rescission of the contract, they shall be returned to TANN forthwith upon request.

**21. CONFIDENTIALITY**

21.1 The supplier undertakes to treat as a trade secret, and keep confidential, any and all commercial or technical details that are not in the public domain and become known to the supplier as a result of the business relationship.

21.2 The Supplier shall ensure that only those of its employees have access to such trade secrets who absolutely need them for the purpose of fulfilling the contract.

21.3 The Supplier shall ensure that all persons authorized to process trade secrets and belonging to its sphere have committed themselves to confidentiality or are subject to a corresponding legal obligation.

21.4 The supplier shall not be entitled to refer to the business relationship with TANN for advertising purposes without prior written approval.

**22. ASSUMPTION OF CONTRACT, ASSIGNMENT**

22.1 Without TANN's written approval it shall not be permitted to transfer contractual duties in whole or in part to a third party for performance.

22.2 It shall not be permitted to assign, pledge or otherwise transfer claims without TANN's prior written approval.

**23. PLACE OF PERFORMANCE, JURISDICTION, GOVERNING LAW**

23.1 Any litigation arising out of the contract shall be subject to the substantive law applicable at the place of TANN's registered office, whereby the applicability of the conflict of laws rules and of the CISG shall be excluded.

23.2 Any and all disputes arising out of or in connection with this contract shall be subject to the exclusive jurisdiction of the competent court at the place of TANN's registered office. TANN shall however also have the right to bring actions arising out of the contract before the competent court at the place of the supplier's registered office.

**24. WRITTEN FORM, PROVISIONS SEVERABLE, WAIVER**

24.1 Any statements on behalf of TANN shall be legally binding only if they are issued by the required number of duly authorized representatives, i.e. managing directors, authorized signatories or proxies.

24.2 Any and all agreements between TANN and the supplier must be made in writing. Oral agreements shall not be valid. This requirement shall also be deemed to be met in the case of facsimile or e-mail transmissions.

24.3 If any individual provisions of a contract or in these General Conditions of Purchase should be invalid in whole or in part, the remaining provisions shall remain valid. In the event of such a partial invalidity the contracting parties undertake to replace the invalid provisions with valid provisions that reflect the intention of the invalid provisions as closely as possible.

25. Any failure by TANN to exercise or enforce any of its rights hereunder shall not be deemed to constitute a waiver thereof; therefore the right to exercise or enforce the relevant right at a later time is expressly reserved.

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## 26. CODE OF CONDUCT

26.1 The supplier undertakes to comply with TANN's Code of Conduct, which is available at tanngroup.com.

## 27. DATA PROTECTION AND DATA SECURITY

27.1 The supplier shall perform the contract in accordance with all applicable data protection requirements. The supplier shall further ensure that its employees and subcontractors, if any, undertake to comply with the relevant data protection requirements. TANN shall not be held liable for any failure of the supplier to comply with relevant data protection requirements.

27.2 The supplier shall ensure and shall be liable that personal data for which the supplier is considered to be the controller in accordance with Art. 4 (7) General Data Protection Regulation (GDPR) may legitimately be delivered to TANN, and that there is no reason to believe that the processing by TANN, in the foreseeable scope and for the foreseeable purposes, is prohibited. The supplier shall ensure that the data subjects are informed about the processing activities by TANN to the extent required by law.

27.3 If the supplier processes personal data of TANN on the latter's behalf, the parties shall enter into a commissioned data processing agreement.

27.4 The supplier complies with all data protection principles and guarantees the confidentiality, integrity, security and accuracy of all personal data received from TANN and processed by the supplier in connection with the performance of the contract.

## 28. COMPLIANCE WITH SANCTIONS

28.1 None of the supplier and its subsidiaries is, or is owned or controlled by, any Sanctioned Person (meaning any person or entity that is listed on any EU / UK / US / UN Sanctions list or any other Sanctions list applicable to the respective business or owned or controlled by such person or entity owned or controlled by such person or entity), and no officer, director nor any employee, agent, representative or affiliate of any such person, is a Sanctioned Person.

28.2 The supplier, its subsidiaries, respective directors and officers and their respective employees and agents (acting on their behalf), are in compliance with EU / UK / US / UN Sanctions (meaning any economic or financial sanctions laws, export control laws, or trade embargoes imposed, administered or enforced by the EU and any member state thereof, UK, US or UN or any other Sanctions applicable to the respective business) in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the supplier and/or **TANN GROUP** being designated as a Sanctioned Person.

28.3 The supplier and its subsidiaries will not directly or indirectly provide or otherwise use the funds / payments provided by **TANN GROUP** for the benefit of any Sanctioned Person to the extent that this would lead to a violation of any EU / UK / US / UN Sanctions or any other Sanctions applicable to the respective business.

28.4 The supplier has implemented and maintains policies and procedures designed to ensure compliance by the supplier and its subsidiaries, as well as business partners appointed for the performance of the delivery and provision of goods and services to **TANN GROUP**, with applicable EU / UK / US / UN Sanctions or any other Sanctions applicable to the respective business.

28.5 The supplier will inform **TANN GROUP** in writing without undue delay if the supplier or any of its affiliates becomes a Sanctioned Person or in the case the supplier or an affiliate has been found to be in violation of EU/ UK /US / UN Sanctions or any other Sanctions applicable to the respective business in relation to this its business relationship with **TANN GROUP**.

28.6 **TANN GROUP** is entitled to terminate any business relationship and cancel any obligations towards the supplier with immediate effect if the supplier or any of its subsidiaries becomes a Sanctioned Person or if the supplier has been found to be in violation of EU/ UK /US / UN Sanctions or any other Sanctions applicable to the respective business in relation to this its business relationship with **TANN GROUP**.

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ANNEX 1

# TANN Security Requirements for Suppliers of the TANN GROUP

Security of supply and safe services are key corporate strategy elements of **TANN GROUP** (Tann Holding GmbH and its affiliated companies; those affiliated companies - hereinafter referred to as „TANN" or "we"- are available at tanngroup.com. It is important to us to protect data, systems, and applications with security measures in accordance with leading industry standards, as is expected of one of the leading Austrian groups in the manufacturing sectors. Managing Supplier relationships with regard to security is an important part of our internal risk management, a common practice under international standards (e.g., ISO 27000 series, NIST Cybersecurity Framework).

TANN´s Bidder, Processor, Contractor or Contracting Party (hereinafter referred to as „Supplier) represents and warrants that it has fulfilled all necessary due diligence obligations, is familiar with and acknowledges these Security Requirements, and agrees to comply with them when:

- accessing TANN facilities, networks and/or information systems; or
- accessing, processing, or storing TANN information/data; or
- providing IT infrastructure services and/or standard software, or developing software.

Any reference herein to „Customer" is a reference not only to TANN data (or systems, services, etc.), but also to the data of TANN Customers and Partners. Additional security requirements may be specified in individual agreements (e.g.: SLA, requirements catalog). These Security Requirements supplement the provisions on confidentiality and security in the General Terms and Conditions of Purchase of the **TANN GROUP**. Individual agreements between Supplier and Customer which replace or supplement this Agreement in whole or in part shall take precedence over this Agreement. However, General Terms etc. by the Supplier shall not take precedence over this Agreement.

## 1 GOVERNANCE

### 1.1 GUIDELINES

The Supplier operates an information security management system that is subject to a continuous improvement process based on recognized standards.

Information security policies, procedures, roles, responsibilities, and accountabilities are stipulated in accordance with the Supplier's business requirements, relevant laws, regulations, and common security standards. Information security policies are approved by management, published, and communicated to employees and relevant external parties.

The Supplier agrees to verify its compliance with the established information security policies and standards, and all other information security requirements, on a regular basis.

### 1.2 RISK MANAGEMENT

The Supplier has implemented an information security risk management program. The Supplier ensures that risks that have a direct or indirect effect on the Customer's services and/or data are assessed and that risk mitigation measures are taken and documented. Risks that directly or indirectly affect the Customer must be reported on request.

### 1.3 INFORMATION CLASSIFICATION

As not all information has the same sensitivity, information must be classified into degrees of confidentiality. The confidentiality classes can be seen as a measure of the impact any misuse of information can have. If the Customer provides the Supplier with information, it shall be classified as follows.

Classification is into 4 classes (public, internal, confidential, and strictly confidential), which regulate how the respective information is to be handled.

- public: Information that is publicly available and where its publication has no detrimental effect on the activities, assets or image of the Customer.
- internal: Information that is used within the Customer by internal or authorized personnel, which if communicated externally, could have a minor detrimental effect on the activities, assets or image of the Customer.
- confidential: Information that is known only to a limited number of individuals and if revealed, could be detrimental to the commercial activities, assets or image of the Customer; sensitive personal data treated as confidential Information.
- strictly confidential: business-critical Information that could seriously damage the activities, assets or image of the Customer if released inappropriately; prototypes, among other things, prototypes, recipes, production processes are treated as strictly confidential.

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1.4 CONTRACTUAL AGREEMENTS

The Supplier agrees to include responsibility for information security in the contractual agreements with its employees and contractors.

1.5 BACKGROUND CHECKS

Background checks of candidates for employment are conducted in accordance with applicable laws and regulations. The extent of such checks must be proportionate to the risk associated with the candidate's role. Example: In Austria, criminal record certificate, or similar verification mechanisms in other countries (criminal record extract).

1.6 AWARENESS PROGRAM

All of the Supplier's employees and, where relevant, contractors, undergo awareness-raising and training measures appropriate to their role. In addition, employees will also be informed of updates to the Supplier's policies and procedures. All employees must have the skills required for their roles and responsibilities.

## 2 CHANGE MANAGEMENT

2.1 ASSET LIFECYCLE

The Supplier ensures information security to be an integral part of information systems throughout their lifecycle (acquisition to decommissioning and disposal of equipment and systems). The Supplier ensures that the provided components and their operating systems, middleware (e.g., Java) and applications are supported and receive the latest security updates. The Supplier provides regular security updates in good time throughout the term of the contract.

After termination of the contractual relationship the Supplier ensures the returning to the Customer of components (e.g., devices, media) provided to it.

2.2 SOFTWARE CHANGE MANAGEMENT

The Supplier has implemented formal policies regarding change management and secure software development lifecycle that also define security-related checks. Cybersecurity reviews of new system designs or system changes, as well as security testing prior to their implementation must be part of the processes. Prior to being released for production, changes are appropriately requested, authorized, tested, and approved.

2.3 SECURE SOFTWARE DEVELOPMENT LIFECYCLE

The Supplier includes information security aspects in its product documentation. Such documentation must include instructions for the configuration of the service and/or the environment to ensure secure operation. The software developed must be tested in a controlled environment in order to detect flaws before it is made available to the Customer.

The Supplier ensures that the software development lifecycle contains appropriate security measures (Secure Software Development Lifecycle). These includes, but are not limited to:

- employing internationally recognized secure software development methods (including agile processes such as Scrum, Kanban, etc.) as integral elements of the secure software development process; - secure coding guidelines based on international standards;
- ensuring the integrity of the source code;
- regular secure code reviews (static and dynamic application security tests);
- vulnerability scans that include third-party code and open-source components (e.g., libraries) in use;
- security and penetration tests performed by an independent third party;
- appropriate training for internal and external software developers.
- Detected and known vulnerabilities are eliminated before release for production.

## 3 OUTSOURCING

3.1 SUB-OUTSOURCING

The Supplier has clear contractual agreements with all subcontractors of services in order to establish their responsibility for the security of the Customer data they process/store/transmit on behalf of the Customer. The Supplier ensures that the security measures implemented by the subcontractors match or exceed the level specified herein and in the main contract. The Supplier, as part of the Supplier management process, verifies the effectiveness of these measures.

## 4 SECURE SYSTEM OPERATION

4.1 IDENTITY AND ACCESS MANAGEMENT

The Supplier has implemented access controls to verify identities and restrict access to authorized users. Access rights are based on the principle of minimum access and the function-based necessity of access. In addition, the principle of „segregation of duties" is respected.

The Supplier has implemented best-practice authentication mechanisms to protect system access that include, but are not limited to:

- password policy (minimum 14 characters, complexity, no reuse);
- unique user identification (avoid generic and joint users);
- secure storage/management/transmission of login credentials.

The Supplier ensures the protection of accounts that can be accessed via the Internet by strong authentication mechanisms, at least multi-factor authentication.

The Supplier has implemented strict privileged account controls (e.g., accounts for system administrators) through strong authentication requirements (e.g., multi-factor authentication), restriction to a minimum and closely monitored usage.

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The Supplier reviews employee access rights at regular intervals (at least once a year) and modifies (i.e., restricts/revokes) them if need be. The Supplier informs the Customer of the end/termination of employment of employees with access rights. All means of access (e.g., keys, access cards, remote access tokens) are to be returned to the Customer without delay.

4.2 PATCH MANAGEMENT

The Supplier performs regular system analyses (operating systems, applications, network components) for known vulnerabilities. Patches are applied in a consistent and standardized manner, prioritized according to their criticality. If the root of vulnerabilities cannot be remedied within a reasonable period of time, alternative risk mitigation measures must be taken until remediation has been achieved. The Supplier has implemented an emergency change process.

4.3 NETWORK SECURITY

The Supplier has implemented and maintains network security infrastructure components such as firewalls, intrusion detection/prevention systems (IDS/IPS), or other security controls that enable detection, continuous monitoring, and restriction of network traffic to limit the impact of attacks. Stricter measures must be in place for systems posing higher risk (e.g., systems for access from external networks).

The Supplier ensures the implementation of a formal remote access policy. The Supplier's remote access to the Customer's networks and systems is subject to the terms and conditions and security specifications communicated to that effect by the Customer and contingent upon the conclusion of a separate remote access agreement.

The Supplier ensures industry-standard segregation and segmentation of environments if:

- environments are shared with other Customers; and/or
- the Supplier sets up test, quality and production environments.

4.4 ENCRYPTION

The Supplier ensures adequate protection of the confidentiality of the data. The Supplier must also consider specific measures for data in transit and in volatile and non-volatile memory, such as the use of encryption technologies in combination with an appropriate key management architecture. Encryption is in accord with leading standards and guidelines or equivalents (e.g., National Institute of Standards and Technology - NIST).

The Supplier protects mobile devices and external electronic media (e.g., USB flash drives, portable hard disks, tapes) from unauthorized access through appropriate physical and logical security measures. The encryption of data stored on such devices must be ensured.

4.5 PROTECTION FROM MALWARE

The Supplier uses adequate and continuously updated blocking tools to protect servers and end devices from malware. The software must be able to detect if the antivirus/malware software on devices has been disabled or is not updated regularly.

4.6 SECURITY REVIEW & MONITORING

The Supplier has implemented appropriate security measures (with regard to cyber threats in particular) for data, applications and systems. The Supplier regularly evaluates the effectiveness of security measures with regard to known cyber threats and fraud as well as corresponding models (e.g., based on current threat catalogs published by the National Institute of Standards and Technology [NIST] and Federal Office for Information Security [BSI].).

The Supplier plans and conducts vulnerability assessments and penetration tests at regular intervals for all systems used to provide Customer services.

On these systems, penetration tests must be performed:

- at least once a year;
- whenever there is a major release/update of applications/software/ information services;
- only by sufficiently knowledgeable, skilled, and experienced testers who were not involved in the security measures development.

Any vulnerabilities detected and the results obtained must be managed in an appropriate manner: analysis, classification, and remediation. Remedial actions must be implemented in accordance with criticality near to the time of detection. Upon request, the Supplier provides summary vulnerability assessment and/or penetration test result reports.

The Supplier ensures that security issues reported by the Customer are remedied within a reasonable period.

The Customer reserves the right to demand written proof of safety measures in accordance with Section 11 (1) (2) in conjunction with Annex 1 NISV. Evidence based on the following standards will be accepted for this purpose:

- ÖISHB: Cooperation with external parties, evaluation of certifications, supplier relations
- ISO/IEC 27001: Information security in supplier relationships
- IEC 62443 2-1: Supply chain security
- CIS CSC v8.0: Service provider management
- KSÖ Cyber Risk Rating: Requirements for A or B Rating

The Customer reserves the right to conduct security assessments and reviews in order to verify compliance with the requirements set forth herein. The Customer agrees to notify the Supplier in advance and ensures the audit is conducted during regular business hours with minimal disruption of the Supplier's business. Upon request, the

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Supplier confirms in writing its compliance with the requirements set forth herein and answers in writing any questions the Customer may ask the Supplier regarding its security procedures.

4.7 SYSTEM HARDENING

The Supplier configures and deploys its IT resources (e.g. databases, applications, operating systems, network devices) using a secure baseline (hardening). The secure baseline is in compliance with best practices (e.g., CIS standards) or equivalent standards. The configurations for the IT assets are regularly reviewed and updated.

## 5 OPERATION

5.1 DATA MANAGEMENT

The Supplier ensures that measures are taken against data loss and leakage.

The Supplier must neither replicate Customer production data nor use them in non-production environments. Any use of Customer data in non- production environments is contingent upon the Customer's explicit and documented consent.

The Supplier ensures that, after termination of the contractual relationship, upon request information (physical, digital) is securely deleted or information carriers are returned.

5.2 BACKUP & RECOVERY

The Supplier ensures the existence of backup and data retention concepts for each relevant platform/component it is responsible for. Retention periods are checked and backups as well as recovery tests are performed. The backup concepts and recovery procedures are of a nature that ensures the agreed availability levels.

5.3 LOGGING & MONITORING

The Supplier has taken appropriate measures to ensure transparency and traceability of all operations carried out. Logs must be sufficiently detailed in order to assist in the identification of the source of a (security) issue and to enable a sequence of events to be recreated. Logs must be made available to the Customer if the Customer has justified reasons. Logs must record access attempts, information about system and network security events, alerts, failures, and errors.

Log file integrity must be guaranteed. Log file access must be restricted.

5.4 INCIDENT MANAGEMENT & REPORTING

The Supplier must have implemented documented information security incident procedures enabling the effective and orderly management of security incidents. The procedures must cover the reporting, analysis, monitoring, resolution, and documentation of security incidents, as well as response and recovery processes following a security incident.

The Supplier agrees to notify the Customer immediately upon becoming aware of any incident directly or indirectly related to the Customer's services and data by email to **supplier-incident@tanngroup.com**, and to provide any information known to it to assist the Customer in fulfilling its obligations. The Supplier provides such information step by step as it becomes available. After verification of a security incident related to the Customer's services or data, the Supplier:

i. agrees to notify in addition the Customer's business units in writing;

ii. ensures that such notification contains at least the following information; if initially not all information is available, the Supplier should provide details - in the event of time-critical cases or imminent danger as soon as available - in a series of notifications:

- Contact information on the person at the Supplier responsible for the incident
- What occurred?
- How did it occur?
- Why did it occur?
- Affected components/systems/assets
- Affected Customer services/data
- Date and time of occurrence of the incident
- Date and time of discovery of the incident
- Impact on the business / impact on Customer services/data
- Incident resolution
- Measures taken to resolve the incident - Measures planned to resolve the incident

iii. makes every reasonable effort to detect and prevent such incidents;

iv. informs the Customer on an ongoing basis of the measures taken/planned to be taken by the Supplier;

v. obtains the Customer's prior written consent under applicable law in connection with any notification or public information relating to such breach; and

vi. coordinates all further activities with the Customer.

vii. This reporting requirement also applies to subcontractors.

## 6 PHYSICAL SECURITY

6.1 PHYSICAL ACCESS

The Supplier's premises have been categorized into different protection zones corresponding to the security measures and access rights in accordance with the relevant security requirements.

Physical access to IT systems, such as servers, is further restricted by special protection zones to which only authorized personnel has access.

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## 7 BUSINESS CONTINUITY MANAGEMENT

7.1 BCM

The Supplier has implemented current and continuously maintained disaster recovery and business continuity plans. Disaster recovery plans and business continuity plans must be designed to prevent, to the largest possible extent, any negative impacts from unplanned interruptions and to allow the Supplier, also in case of interruptions, to continue operating and providing services in accordance with its contract with the Customer. Upon request, the Supplier provides the Customer with written summaries of its disaster recovery and business continuity plans.

At least once a year, the Supplier conducts appropriate tests of its own business continuity and disaster recovery plans. Service-relevant test results are made available to the Customer upon request, but at least after such tests have been performed.

The Supplier has ensured that the scope of the business continuity and disaster recovery plans covers all locations, employees, and information systems used to provide services to the Customer.