

STIHL Ferramentas Motorizadas Ltda. (hereinafter referred to as STIHL) - General Terms and Conditions of Purchase for Series Material

The legal relationship between the supplier and STIHL for the purchase of production material, spare parts and accessories (hereinafter referred to as products or deliveries) shall be governed by these Terms and Conditions of Purchase. These Terms and Conditions of Purchase shall apply exclusively; STIHL shall not recognize any terms and conditions of the supplier that conflict with or deviate from these Terms and Conditions of Purchase unless STIHL has expressly agreed to their validity in writing. These Terms and Conditions of Purchase shall also apply exclusively if STIHL accepts the supplier's delivery without reservation in the knowledge that the supplier's terms and conditions conflict with or deviate from these Terms and Conditions of Purchase.

I. General part

1. Scheduling agreements and delivery schedules, individual orders

1.1. Inquiries from STIHL are a non-binding request to submit a quotation. All inquiries are technically based on the STIHL Works Standards (SWS or SWN) stated in each case. STIHL may also demand that Supplier signs or acknowledges content regarding additional specifications to be followed by Supplier on quality and logistics. If the respective SWS or SWN or other specifications specified are not known to the supplier, he must request them from STIHL without being asked. Quotations are free of charge for STIHL. Any deviation from STIHL's inquiries must be expressly indicated in the quotation; if necessary, corresponding drawings must be enclosed.

1.2. The supplier not domiciled in Brazil shall receive a Scheduling Agreement from STIHL specifying the products and probable quantities planned by STIHL. The Scheduling Agreement shall specify the applicable Incoterms and the terms of payment. The Scheduling Agreement does not create any obligation on the part of STIHL to order the products specified therein. Delivery call-offs are issued during the term of the Scheduling Agreement. Scheduling Agreements as well as delivery call-offs constitute a forecast by STIHL to purchase the products specified in the Scheduling Agreement and may under no circumstances be construed as acceptance of an offer by the Supplier unless expressly stated. A delivery call-off is deemed to have been issued if it has been drawn up by STIHL in writing or, in the case of verbal or telephone orders, confirmed in writing. An order generated with the aid of an automatic device in which the signature and name are not reproduced shall also be deemed to be in writing within the meaning of the above provision. In the event of obvious errors, spelling mistakes or miscalculations in the delivery call-off, STIHL shall not be liable.

1.3. The Supplier domiciled in Brazil (Brazilian Supplier) will have access, through the Supplier Portal, to all Scheduling Agreements from STIHL specifying the products and probable quantities planned by STIHL. The Scheduling Agreement shall specify the applicable Incoterms, the terms of payment and all other relevant purchasing conditions, as well as the Product informations and respective codes. The Scheduling Agreement does not create any obligation on the part of STIHL to order the products specified therein. Scheduling Agreements constitute a forecast by STIHL to purchase the products specified in the Scheduling Agreement and may under no circumstances be construed as an acceptance of an offer by the supplier unless expressly stated. Purchasing orders and requests shall only be considered if in writing, through the Supplier Portal or other system that replaces it. In the event of obvious errors, spelling mistakes or miscalculations in the delivery call-off, STIHL shall not be liable.

1.3.1. "Supplier Portal" means the communication channel, through a virtual platform, in which STIHL and Supplier may communicate, by issuing and consulting all relevant documents concerning the Scheduling Agreement, such as purchasing orders, requests, offers and technical specifications.

1.3.2. Supplier shall comply with the provisions set in the Supplier Manual or "Manual de Fornecedores", which can be modified at any moment by STIHL and shall be considered valid as long as Supplier becomes aware of such alterations. The Supplier Manual is available at STIHL's website (available at <https://www.stihl.com.br/documentos-disponiveis.aspx>).

1.4. All delivery call-offs are made on the basis of the valid Scheduling Agreement and these purchasing conditions. In addition, SWNs 39001, 39003 (available on the STIHL supplier portal www.stihl-portal.com in their currently valid version) shall apply, which STIHL shall also make available to the supplier free of charge on first request. STIHL shall be entitled to change quantities in the delivery schedules according to its planning and forecast. STIHL shall not revoke the delivery call-offs. Quantities of the delivery call-offs may be changed as long as in common agreement. Quantities and delivery dates are specified exclusively in delivery call-offs. Unless otherwise agreed, STIHL's purchase obligation arising from delivery call-offs is limited to the production and material release period specified in the delivery call-off. Quantities exceeding this production and material release period are advance quantities. As for Brazilian Suppliers, STIHL's purchase obligation arising from delivery call-offs is limited to the "fixed period", which shall be available on the Supplier Portal. Unless otherwise specified below, order confirmations for delivery call-offs are not processed by STIHL and are not considered to be part of a legal transaction.

1.5. STIHL may request changes to the products to be supplied, in particular with regard to specification, drawing, design, construction and execution, within the scope of technical and economic reasonableness for the supplier. In this case, the effects, in particular with regard to additional and reduced costs, production cycles, quantities in circulation and delivery dates, must be settled by mutual agreement in an appropriate manner.

1.6. If the supplier becomes insolvent or if the supplier initiates insolvency proceedings or other proceedings due to insolvency, STIHL shall be entitled to terminate delivery call-offs without delay. Termination of a delivery call-off shall not affect any rights and obligations of the parties that have arisen up to that point or the (continued) validity of such provisions that are expressly intended to apply after termination.

1.7. Immediately, but no later than 2 weeks after receipt of the order for sample parts, prototypes or tools (individual order), the supplier must issue an order confirmation stating the price and delivery date. If the supplier fails to meet this deadline, STIHL shall be entitled to cancel the order. Deviations from the individual order shall only be deemed to have been agreed if STIHL expressly confirms these deviations in writing to the supplier.

2. Delivery dates and quantities, spare parts availability

2.1. The delivery dates and quantities specified in the delivery call-offs are binding. The receipt of the requested delivery quantities at the delivery location specified by STIHL is decisive for compliance with the delivery date. The supplier is obliged to deliver

the products to STIHL on the basis of the agreement, make the products available according to the deadlines set forth in delivery call-offs, taking into account the usual time for loading and dispatch.

2.2. The supplier shall ensure that the products called off reach STIHL within the binding delivery dates. If delays or deviating delivery quantities are to be expected, the supplier must inform STIHL of this without delay and, on request, inform STIHL in writing of any remedial measures taken, without prejudice of incurring in the penalty stipulated in clause 16, unless delays has been caused by STIHL or by force majeure.

2.3. Early deliveries, as well as partial deliveries or over- and/or under-deliveries are only permitted with the written consent of STIHL. STIHL is entitled not to accept and return such deliveries or to store them at STIHL or third parties until the delivery date at the supplier's expense and risk.

2.4. If premature deliveries, partial deliveries or over- and/or under-deliveries are nevertheless made without consent, the supplier shall reimburse STIHL for the additional costs of deliveries receipt, inspection and storage as well as a penalty of EUR 1.750 per such delivery or equivalent amount in Brazilian currency.

2.5. If the supplier itself is not supplied or is not supplied sufficiently and is therefore unable to deliver to STIHL at the agreed time and/or in the agreed quantity, the supplier may not invoke vis-à-vis STIHL that it is released from its obligation to perform; in this case, too, the supplier shall be liable for any damage incurred by STIHL as a result of non-compliance with the supply agreement as well as with penalties indicated in this contract.

2.6. The supplier may also not plead that he is released from his delivery obligation or that he can demand a price adjustment from STIHL if he himself can only be supplied at increased prices. In this respect, the supplier bears the procurement risk and the price risk.

2.7. The supplier undertakes to supply to STIHL or to third parties designated by STIHL with sufficient quantities of products for use as spare parts for a period of at least 10 years from the end of series production at STIHL. The supplier must ensure that its subcontractors comply with the provisions contained in this clause.

3. Place of performance, packaging and shipping

3.1. In principle, STIHL's registered office shall be the place of performance, unless expressly agreed otherwise. In this respect, delivery is deemed to be agreed as "free domicile" in the sense of "DDP place of performance" (Incoterms ® 2020), unless a different Incoterm is agreed upon and included at the Scheduling Agreement.

3.2. If, contrary to clause 3.1, something other than "DDP place of performance" (Incoterms ® 2020) has been agreed by way of exception, e.g. another Incoterms clause, and if the supplier initiates the transport on behalf of STIHL, the supplier must choose the mode of transport prescribed by STIHL, otherwise the mode of transport most favorable in terms of price for STIHL. The forwarder shall be previously approved by STIHL.

3.3. All products must be properly packaged, labeled and shipped with due care in a manner that ensures low transportation costs. STIHL's delivery conditions must be observed during delivery. The supplier is obliged to comply with the provisions of STIHL's delivery packaging regulations when packaging and all delivery conditions. Unless otherwise agreed, these can be viewed at http://crm.stihl.com.br/forneceadores/Manual_de_Forneceadores.pdf?_gl=1*d2arao*_ga*MjA3NTU4ODUxNi4xNjMxODg0OTky*_ga_G8ZD67Y14Z*MTY0MTgxMzA2NS4xOC4xLjE2NDE4MTM1MDguNjA.&_ga=2.261499592.454404306.1641813065-2075588516.1631884992 or will be sent to the supplier free of charge on first request. If the products require special labelling and/or packaging, Supplier shall comply with such requirements. Packaging is included in the price. If, by way of exception, something else has been agreed in writing, the packaging must be charged at cost price. In the event that the packaging selected by the supplier culpably fails to meet the requirements described here, the supplier shall reimburse STIHL for all resulting costs.

4. Quality, documentation and right to audit by stepping in

4.1. The supplier warrants that all products to be supplied comply with the agreed specifications (drawing, quality, logistics, technical specifications, standards, statutory provisions, the agreed SWS and other agreed guidelines) and the respective recognized rules of technology, are free from defects, in particular in design, manufacture and material, and are suitable for the purposes notified to the supplier for which they were purchased. Products which do not meet these requirements shall be deemed to be "defective products".

4.2. The supplier warrants in particular that the deliveries comply with the current Brazilian regulations for the protection of the environment and health, the relevant regulations of the countries for which the products will be sold, as well as with the STIHL Works Standard SWS 39003 applicable at the time of ordering and/or delivery call-off. Should this no longer be the case as a result of new products, a change in the composition of the products currently supplied or for other reasons, the supplier shall also inform STIHL of this independently in writing. Changes to the specifications (including manufacturing location) require the prior written consent of STIHL.

4.3. The supplier shall be responsible for ensuring the manufacture of the products as well as the control and monitoring of the production processes and ensures through suitable quality assurance measures that the products comply with the agreed specifications.

4.4. If the type and scope of the tests as well as the test equipment and methods have not been agreed between the supplier and STIHL, STIHL is prepared, at the supplier's request, to discuss the tests with the supplier within the scope of its knowledge, experience and possibilities in order to determine the respective required state of test technology. The contracting parties shall inform each other of the possibility of improving quality.

4.5. The supplier must also record in writing when, in what manner and by whom the products have been tested with regard to features requiring documentation and what the results of the required quality tests were, if this is specified in the technical documentation, in SWS 13020, SWS 13667 or by separate agreement. The test documents must be kept for 15 years and submitted to STIHL if required. The supplier must oblige sub-suppliers to the same extent within the scope of the legal possibilities.

4.6. The supplier must check the quality of the products to be supplied as part of a comprehensive outgoing products inspection in such a way that an additional incoming products inspection at STIHL can only be carried out in the form of random samples and only with regard to quantity, identity with the delivery call-off and obvious defects such as obvious transport damage, in the confidence that the supplier will carry out the quality control conscientiously.

4.7. STIHL has the right, after giving appropriate advance notice, to demand access to the supplier's production facilities and, if applicable, those of its subcontractors during normal operating hours in order to inspect the products there to ensure that they are free from defects; this includes checking the use of suitable materials and the deployment of the necessary skilled personnel. The supplier shall provide any information required for this purpose and submit the relevant documents for inspection. Insofar as necessary to protect business or trade secrets of the supplier or its sub-supplier and is requested by the supplier for this reason, such inspections must be carried out by a third party bound to secrecy, who must not pass on any information concerning business or trade secrets to STIHL. Inspections shall take place without legal effect for any formal acceptance of the deliveries.

4.8. Supplier acknowledges it complies with the STIHL Code of Conduct and all requirements established therein. Besides, Supplier shall allow access for audits and inspections to be conducted by STIHL with respect to compliance with the Code of Conduct.

5. Invoicing, payment and transfer of ownership

5.1. The prices for the products are determined according to the agreed Scheduling Agreement. Unless otherwise agreed between the supplier and STIHL, the prices represent the total price for the manufacture and delivery of the products, including all direct and indirect costs, taxes and expenses. Without prior consent from STIHL, the supplier is not entitled to adjust prices and/or charge additional costs of any kind, whereby the regulations on disruption of the basis of business remain unaffected. Payment shall be made after complete receipt of the products or complete performance and after receipt of the invoice, within the number of days established at the Supplier Portal. The dispatch of the monetary amount shall be sufficient for compliance with the agreed deadlines.

5.2. STIHL shall only provide payments on Mondays and Thursdays. If the agreed term of payment does not meet with such days, the due date of payment shall be deemed postponed to the subsequent Monday or Thursday, what occurs first. In any case, the said postponement will not be considered as breach of contract.

5.3. Unless explicitly agreed otherwise, products shall pass into the ownership of STIHL unencumbered upon delivery or, at the latest, upon payment. Assignments of claims to third parties are excluded, whereby mandatory statutory regulations remain unaffected.

5.4. If the Parties have agreed that the Supplier's invoices shall be settled by means of EDI or credit notes, the Supplier shall not be required to send additional invoices in this case, as payment shall be made on the basis of the receipt of the Products and the agreements made in the Scheduling Agreement. In any case, STIHL is entitled to request, at its sole discretion, proof that Supplier complies with Brazilian tax, labor and environmental law (e.g. valid licenses) as a condition of payment.

5.5. In the event of defective delivery, error, fault or divergence in the invoice or non-compliance with tax, labor or environmental law, if applicable, STIHL is entitled to withhold payment in proportion to the value until proper performance, as well as to return the defective products, situation in which costs shall be borne by Supplier. In the events above, the term of payment shall only start as of the date Supplier presents the duly rectified invoice, and/or proper performance, without any accrual to the amounts due.

5.6. For some specific situations, the Parties may agree for advanced payment that shall remain effective as agreed unless (i) STIHL's credit insurance refuses to cover the order or parts of the order with the supplier or (ii) if the supplier only insufficiently fulfills its contractual obligations towards STIHL or third parties or pays late or (iii) the insurance company indicated by Supplier to ensure the advanced payment is disapproved by STIHL and/or is not considered as first-rate. In such cases, payment in advance shall be replaced by payment concurrently against delivery and performance.

6. Product labeling

6.1. The supplier shall mark the products in accordance with STIHL's contractual specifications.

6.2. The supplier may only deliver products which bear a mark protected in favor of STIHL or corresponding equipment or which are packaged in original STIHL packaging to STIHL or a third party designated by STIHL. If appropriately marked products or packaging are rejected as defective and the supplier decides not to repair them, the supplier must render the items unusable at his own expense if they bear the mark protected in favor of STIHL and notify STIHL of this in writing.

6.3. In the event of breach of one of the above obligations, STIHL is entitled to withdraw from the contract or to demand surrender of the products obtained from the breach, as well as compensation for the damage incurred by STIHL.

7. Secrecy, advertising

7.1. The supplier undertakes to treat as confidential all commercial and technical details that are not in the public domain, such as in particular drawings, specifications, drafts including copies thereof, which become known to the supplier as a result of the business relationship with STIHL and not to allow them to come to the knowledge of third parties. This confidentiality obligation does *not* cover information which has been disclosed to the supplier by a third party by legally permissible means and information which is freely available to the public, which was demonstrably already known to the supplier at the time of disclosure, or of which the supplier is subject to a legal or official obligation to disclose. The confidentiality obligation shall also not cover the disclosure of the information to sub-suppliers which is absolutely necessary for the fulfillment of the contractual obligation by the supplier, insofar as the supplier obligates its sub-suppliers to confidentiality to the same extent as in this provision.

7.2. The use of STIHL's order/business relations for advertising purposes is only permitted with the prior written consent of STIHL.

8. Force majeure

8.1. If either Party is prevented by force majeure from fulfilling its contractual obligations, in particular from supplying or accepting the products, STIHL or Supplier shall be released from its obligation to perform for the duration of the impediment plus a reasonable start-up period, without the other Party being entitled to withdraw from the delivery contract or claim damages.

8.2. If these obstacles last for more than four months, either Party has the right to withdraw from existing supply obligations and from this Contract.

8.3. Unforeseeable circumstances unknown to the Parties at the time of the execution of the Contract or Supply, for which Parties are not responsible and which make it unreasonably difficult or temporarily impossible to fulfill its contractual obligations are equivalent to force majeure.

9. Property rights

9.1. The supplier shall grant STIHL the non-exclusive, irrevocable and transferable right of use of the products that contain any protected property rights that belong to Supplier, unlimited in time and space, to all deliveries eligible for protection, in order to integrate them into other products, to distribute them and to make them publicly available on the Internet. This includes in particular the right to modify, edit or otherwise redesign the deliveries for the purpose of integration and to distribute the deliveries in their original or modified, edited or redesigned form.

9.2. The supplier shall indemnify STIHL against all claims by third parties arising from the infringement of patents, copyrights, design rights, trademark rights, rights to a name and other commercial property rights and applications for property rights (hereinafter referred to as "property rights") in the event of contractual use of the deliveries, unless the supplier is not responsible for the infringement. The same shall apply to all expenses necessarily incurred by STIHL in connection with such a claim by a third party, in particular the costs of legal defense. Furthermore, in the event of liability under this clause, the supplier shall be liable for all consequential damage incurred by STIHL, in particular as a result of delivery bottlenecks and production disruptions.

9.3. STIHL shall be exclusively entitled to industrial property rights created by developments on the basis of special orders by STIHL, or based on drawings or specifications provided by STIHL or by joint development with the supplier if they are based on STIHL's secret know-how and/or if STIHL bears the development costs. To this end, the supplier hereby assigns to STIHL all industrial property rights to these developments at the latest at the moment they arise. If it is not possible to transfer the industrial property rights thus created to STIHL, the supplier shall transfer to STIHL at the latest at the moment of their creation an exclusive right of use for comprehensive exploitation, in particular unrestricted in terms of time, space and content.

9.4. The supplier may only use products manufactured, services rendered or other work performed with knowledge or operating resources (e.g. designs, drawings, specifications) originating from STIHL which contain industrial property rights or STIHL's secret technical knowledge or manufacturing processes for the purpose of fulfilling the contract with STIHL.

10. Protection of trademarks and intellectual property

10.1. Products which the supplier manufactures in whole or in part in accordance with STIHL's specifications may only be supplied to third parties with STIHL's written consent. This also applies to products which STIHL has legitimately refused to accept from the supplier. In the event of infringements, STIHL shall be entitled to withdraw from all delivery call-offs not yet delivered, without the supplier being entitled to claim a contractual penalty or damages. In addition, the supplier must pay a contractual penalty of up to 25% of the net invoice value paid by the third party for the delivered products, depending on the severity of the consequences and the degree of fault. The contractual penalty shall be set off against further claims for damages, which shall remain unaffected.

10.2. The agreements between STIHL and the supplier do not give rise to any rights on the part of the supplier to the trademarks under which STIHL sells the products manufactured by the supplier. Should the supplier nevertheless acquire rights to these trademarks on a legal basis, the supplier is obliged to transfer all such rights to STIHL without delay and free of charge.

10.3. The supplier undertakes not to register any of the trademarks under which STIHL sells the products it manufactures or supplies as its own trademarks or to cause another to register such trademarks.

10.4. If improvements are made by the supplier in connection with the products, STIHL shall have a free, non-exclusive right of use for the commercial exploitation of the improvement and any industrial property rights. Any improvements or new developments made solely based on the drawings and specifications provided by STIHL shall be STIHL's intellectual property and shall not be used by Supplier without Stihl's consent.

11. Property provided and obligation to hold in reserve

11.1. All tools and material or equipment provided for manufacturing, such as molds, devices, samples, models, drawings, artwork or technical instructions, if (i) provided to the supplier by STIHL, (ii) paid for or amortized by STIHL, (iii) and all substitutions or additions, attachments, accessories or maintenance ("Provided Property") are and shall remain the property of STIHL. Any processing or transformation of the "Provided Property" by the supplier shall be done upon STIHL's consent. If the "Provided Property" is processed for STIHL with its consent with other items not belonging to STIHL, STIHL shall acquire co-ownership of the new item in the ratio of the value of STIHL's items (purchase price plus VAT) to the other processed items at the time of processing.

11.2. The supplier is obliged to use the "Provided Property" exclusively for the manufacture of the products ordered by STIHL; duplication and transfer to third parties is prohibited. Unless this obligation is waived by STIHL, Supplier is further obliged to insure the "Provided Property" at replacement value against loss or damage at his own expense. The supplier assigns to STIHL all claims for compensation arising from this insurance; STIHL hereby accepts the assignment. The supplier shall notify STIHL immediately of any defects in the "Provided Property"; if no notification is given, the "Provided Property" shall be deemed to be in conformity with the contract.

11.3. Beginning with the termination of series production at STIHL, the supplier shall, irrespective of ownership, keep the

production equipment necessary for the production of the respective delivery items in a functional condition, ready for the continued supply of spare parts to STIHL for a period of 10 years.

12. Legal product requirements, obligation to provide evidence, customs, origin and export control

12.1. The Supplier shall be responsible for the marketability of the products in all countries to where product will be commercialized. He must comply with the relevant regulatory and statutory provisions in the version valid at the time of delivery. In particular, he must present the products in such a way that it is possible for STIHL to manufacture marketable products from the products in accordance with the regulatory provisions. STIHL shall inform the supplier of the intended use of the products.

12.2. The Supplier is - to the extent permitted by law and not otherwise agreed between the parties - the manufacturer of the products within the meaning of the relevant standards and laws.

12.3. Notwithstanding Clauses 12.1 and 12.2, the Supplier shall in particular be responsible for ensuring that the delivered products, including custom-made products, as well as their packaging, comply with the relevant statutory provisions, the safety recommendations of the competent professional bodies or associations (VDE, DIN, TÜV, INMETRO, etc.) and the current state of the art as well as DIN, EN, ISO, VDE, VDI or equivalent standards and industry standards. The protective devices required by the accident prevention regulations as well as any instructions of the manufacturer must be supplied.

12.4. Notwithstanding Clauses 12.1 and 12.2, the Supplier shall affix to the products, including custom-made products, as well as their packaging, the (product) markings (such as CE marking, WEEE marking) required by law, as well as batch numbers, warning and care instructions, whenever applicable. If, due to the complexity of the products or for other reasons, certain rules must be observed when using, supplementing or maintaining the products in order to ensure the protection of the safety and health of persons, the supplier shall also enclose appropriate instructions for use.

12.5. Notwithstanding Clauses 12.1 and 12.2, the Supplier shall comply with the provisions of the law on materials, chemicals, environmental protection and occupational health and safety applicable at the time of delivery when delivering and manufacturing the products. If necessary, the supplier shall provide the required accompanying documents (safety data sheets, etc.) at its own expense.

12.6. The supplier must prove compliance with the requirements defined in the above clauses for the products, in particular by means of test reports and/or marketability certificates from independent and accredited testing institutes at its own expense, unless STIHL exceptionally waives such proof in writing or such proof is disproportionate to the production costs as a whole.

12.7. The supplier is responsible for observing and ensuring proof and accompanying documents (e.g. EU confirmation of receipt).

12.8. For customs purposes, whenever applicable, the supplier must enclose a commercial invoice in English and in duplicate with the documents accompanying the products and, in the case of deliveries subject to customs duties, provide STIHL in good time after dispatch with all necessary information and documents required under customs regulations or other applicable government regulations. These are, in particular, duty drawback documents, all documents relating to the commercial and preferential origin of the products, and proof of origin. All commercial invoices must include a corresponding reference to the STIHL purchase order and Scheduling Agreement number as well as a clear indication of the STIHL part number.

12.9. The supplier must provide a declaration of origin for the products supplied. In doing so, the supplier must observe STIHL's contractual and legal requirements.

12.10. The supplier is not permitted to submit a proof of origin to STIHL on its own business documents without the prior consent of STIHL. Insofar as the supplier supplies products which may receive preferential treatment in the importing country, the supplier must enclose a corresponding proof of origin. The supplier must notify STIHL immediately in writing of any changes to the origin of the products.

12.11. The supplier undertakes to support STIHL with all necessary and economically reasonable means that may lead to the reduction or minimization of customs duties.

12.12. The supplier must inform STIHL of any possible export restrictions with regard to the products supplied. In particular, the supplier shall inform STIHL in writing if the products are subject to an export/re-export license in accordance with US law/US regulations or if the products supplied are subject to a licensing requirement for dual-use products and military equipment in accordance with the European export restrictions and their national implementations. The supplier must also provide STIHL with all classification numbers of the relevant export lists for each product covered by the export control at the latest with the delivery.

13. Prohibition of assignment and set-off

13.1. The supplier may not assign rights and obligations arising from deliveries to STIHL to third parties, either in whole or in part, without the prior consent of STIHL. The right to assign undisputed or legally established claims or monetary claims remains unaffected. In the event of extended retention of title, consent shall be deemed to have been granted.

13.2. The supplier is only entitled to offset against claims of STIHL or to exercise a right of retention insofar as the counterclaim is recognized by STIHL or has been legally established; a right of retention must also arise from the same legal relationship.

14. Contract amendments and supplements

14.1. Amendments to the contract and/or changes must be made in writing; this also applies to the waiver of the written form requirement.

14.2. Should individual parts of these terms and conditions be or become invalid, this shall not affect the validity of the remaining provisions. Invalid provisions shall be replaced by provisions that come as close as possible to the economic intent according to reasonable discretion.

15. Term and Termination

15.1. If not agreed otherwise in the Scheduling Agreement, the Scheduling Agreement shall be valid for indefinite period of time. In this case, either Party shall terminate the Scheduling Agreement without cause within a 180 days notice, period in which all conditions of the Scheduling Agreement must be complied with and shall be enforced. Supplier is not entitled to claim any indemnification or compensation because of the termination, regardless any investments made during the Supply.

15.2. If either Party breaches any clause herein, the injured Party is entitled to terminate the contract on the grounds of non-performance, if the breaching Party does not rectify the non-conformity after proper notice in writing;

15.3. The breaching Party is subject to a termination penalty of 5% (five percent) over the Price, without prejudice to the other Party's right to an indemnification for its losses and damages resulting from the termination.

II. Special part

16. Delay

In the event of non-compliance with the delivery dates and/or quantities specified in the delivery call-offs, STIHL is entitled to claim a fine of 0,5% over the price, weekly accrued, taking into account the date when the obligation should have been fulfilled until proper correction. Without prejudice, STIHL is entitled to demand additional compensation from the supplier for the exceeding losses and damages in the event of default; this applies in particular to consequential losses, such as loss of profit, downtime costs, retooling costs, additional costs from covering purchases, and increased costs for an accelerated shipping method that become necessary as a result of exceeding the deadline due to the delay. This does not apply insofar as there is a delay and deviation in the delivery quantity through no fault of our own. Any kind of delay or deviation in the delivery quantity for which the supplier is not responsible shall be deemed to be non-culpable. STIHL shall be entitled to offset any penalty from any payment owed to Supplier, without prejudice of the right to terminate the supply contracts, on the grounds of clause 15.2.

17. Liability for defects

17.1. In the event of delivery of defective products, STIHL may demand the following under the conditions listed below:

17.2. Before commencing production (machining or installation), STIHL shall first give the supplier the opportunity to remedy the defect - at STIHL's discretion by rectifying the defect (subsequent improvement) or by supplying a defect-free item (replacement delivery) - within a reasonable period, no longer than 30 (thirty) days, unless formally agreed otherwise. If the supplier fails to meet the above obligation to remedy the defect within a reasonable period set by STIHL, or if the setting of a deadline is dispensable for legal reasons, STIHL shall be entitled to remedy the defect itself or have it remedied by third parties and to demand reimbursement from the supplier of the expenses required for this or a corresponding advance payment. STIHL shall also be entitled to rectify the defect itself or have it rectified by third parties at the supplier's expense if setting a deadline is unreasonable for STIHL in order to avoid downtime costs or damage resulting from supply bottlenecks, as well as to avert risks to operational safety or the threat of disproportionately high damage to STIHL or third parties. The supplier must be informed immediately in such cases.

17.3. If the delivery of defective products is not discovered until after the start of production, STIHL is entitled, even without setting a deadline, to rectify the defect itself or have it rectified by third parties and to demand reimbursement from suppliers for the expenses required for this, in particular transport and travel costs, labor costs and material costs, or a corresponding advance payment.

17.4. With the supplier's consent, STIHL may immediately remedy the defect itself or have it remedied by a third party at the supplier's expense, without prejudice to other claims. In the case of minor defects (10% of the net order value), the supplier shall be deemed to have given its consent.

17.5. Subsequent performance shall include, irrespective of disproportionality, compensation for the costs of removing the defective products and re-installing them, provided that the products have been installed in another item or attached to another item in accordance with their nature and intended use.

17.6. The supplier shall also bear the expenses required for the purpose of inspection and subsequent performance if it transpires that there was actually no defect, but STIHL had sufficient indications of the existence of a defect.

17.7. If individual random samples in a delivery show defective products, STIHL may assert claims for the entire delivery or withdraw from the delivery contract in accordance with the specifications in this clause.

17.8. Products delivered by suppliers shall also be deemed defective if the packaging regulations agreed upon or specified in the delivery conditions or the regulations on delivery packaging are not complied with.

17.9. Unless otherwise agreed between the supplier and STIHL (e.g. documented waiver of inspection), delivered products will only be inspected by STIHL for quantity, identity with the delivery call-off and for obvious defects such as obvious transport damage.

17.10. Insofar as acceptance has been agreed, there shall be no obligation to inspect. Otherwise, it depends on the extent to which an inspection is feasible in the ordinary course of business, taking into account the circumstances of the individual case.

17.11. STIHL shall notify the supplier of any visible defects within 14 days of delivery and of any hidden defects within 14 days of discovery. In this respect, the supplier waives the objection of late notification of defects.

17.12. Unless otherwise agreed, the period of warranty applicable to the products supplied to STIHL shall be of 36 months from handling over the products to the final customer. The period of warranty expires in 48 months after delivery of the products to STIHL at the latest.

In case of the Supplier provide the warranty services, they shall be rendered with no cost to STIHL.

17.13. Acceptance of the products and processing, payment and reordering cannot be construed as approval of the delivery or waiver of claims for defects.

18. Recourse

18.1. STIHL shall be entitled without restriction to the legally defined rights of recourse within a supply chain in addition to the claims for defects. In particular, STIHL is entitled to demand from the supplier precisely the type of subsequent performance (rectification or replacement delivery) that STIHL owes its customers in the individual case. Without prejudice, STIHL is still entitled to claim for the rights mentioned in the clause 17 above.

18.2. Before STIHL acknowledges or fulfills a claim for defects asserted by its customer (including reimbursement of expenses), STIHL shall notify the supplier and request a written statement, briefly explaining the facts. If a substantiated statement is not made within a reasonable period of time and if no amicable solution is reached, STIHL shall be reimbursed for all payments, costs, attorney fees and expenses paid during or stemming from the lawsuit, including those resulting from an agreement, according to clause 20 hereof. In this case, the supplier has the burden of proof to the contrary.

18.3. STIHL's claims under supplier recourse also apply if the defective products have been further processed by STIHL or another contractor, e.g. by incorporation into another product.

18.4. In the event of claims by STIHL arising from supplier recourse, the supplier may not invoke the defense of disproportionality of the compensation for the expenses.

18.5. The extent to which STIHL itself invokes the objection of disproportionality against its customer is left to STIHL's discretion.

19. Statute of Limitations

19.1. The mutual claims of the contracting parties shall become statute-barred in accordance with the Brazilian law.

20. Liability, insurance

20.1. The supplier shall indemnify and hold STIHL harmless from and against all liabilities, third party claims, costs, damages and expenses (including court costs and reasonable and customary legal costs) caused by the culpable delivery of a defective product or by the culpable failure to comply with any obligation under the supply contracts with STIHL or other laws and safety regulations applicable to the supply.

20.2. If a claim is made against STIHL on the basis of strict liability towards third parties on the basis of non-mandatory law, the supplier shall be liable to STIHL to the extent that the supplier would also be directly liable towards the third party. Supplier shall, to the extent of its responsibility, hold STIHL harmless of such claim either by defending STIHL or settling the claim, or by indemnifying STIHL in full for such claim, including any expense to arrange for its defense.

20.3. Claims by STIHL are excluded to the extent that the damage is attributable to violations of operating, maintenance and installation instructions attributable to STIHL, unsuitable and improper use, faulty or negligent handling, natural wear and tear or faulty repair.

20.4. If STIHL is obliged to carry out a warning or recall action due to a defect in a product supplied by the supplier, the supplier shall reimburse STIHL for the usual and reasonable costs incurred, under the requirements of Brazilian law, unless the defect does not fall within the supplier's area of responsibility, in particular due to incorrect instructions from STIHL or faulty overall design of the end product. Further legal claims by STIHL remain unaffected. STIHL shall inform the supplier and coordinate the measures with the supplier. The supplier will be given the opportunity to investigate the warning or recall action.

20.5. The supplier must take out insurance at his own expense covering the supplier's liability towards STIHL arising from the Supply. STIHL is entitled to require the supplier to take out insurance with a specific level of cover and to recommend first-rate insurance companies. Prior to the execution of the insurance contract, STIHL is entitled to demand approval as to its terms, either through the certificate or contract. Once approved, STIHL must be provided with a current confirmation of insurance showing the sum insured, the contract number (number of the insurance policy) and the duration of the insurance. The existence of insurance does not lead to a limitation of the supplier's liability.

20.6. Should Supplier, for any reasons, do not provide and/or maintain valid insurance to cover its liability towards STIHL and STIHL is served in a lawsuit based on Supplier's fault or obligations; STIHL shall be entitled to retain the due payments in the same amount as the risk of liability.

20.7. If founded that the claim has no grounds, STIHL shall reimburse the Supplier the full amount once the *res iudicata* thereof is certified.

21. Place of jurisdiction, choice of law

21.1. The exclusive place of jurisdiction for all disputes arising from or in connection with deliveries by the supplier to STIHL shall be the registered office of STIHL. STIHL also reserves the right to take legal action against the supplier at the supplier's general place of jurisdiction or at the place of performance of the delivery obligation. Instead of bringing a claim before an ordinary court, STIHL may, at its own discretion - as plaintiff - bring a dispute arising in connection with these terms and conditions or the business relationship to be settled by arbitration, administered by the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada ("CAM-CCBC"), under its Rules and the Arbitral Tribunal shall consist of one arbitrator appointed in accordance with the said Rules. The seat of arbitration shall be in São Leopoldo, Rio Grande do Sul, Brazil. The arbitration proceedings shall be conducted in English. The costs of the arbitration shall be borne by the losing party in proportion to its loss.

21.2. If the supplier's registered office is in the People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purposes of these Terms and Conditions of Purchase), all disputes arising out of or in connection with deliveries by the supplier to STIHL, or in connection with these Terms and Conditions of Purchase and their validity shall be finally settled without recourse to, and in lieu of, the ordinary courts of law by arbitration by the China International Economic and Trade Arbitration Commission (CIETAC) in

accordance with the following rules. Arbitration shall be conducted in accordance with the applicable arbitration rules of CIETAC at the time the request for arbitration is made by one or more arbitrators appointed in accordance with such rules and subject to the following: (i) the language of the arbitration shall be the English language and the award shall be in both the English and Chinese languages; (ii) the place of arbitration shall be Shanghai, China; (iii) the costs of the arbitration and of the parties shall be borne by the losing party in proportion to its loss.

21.3. Brazilian law shall apply exclusively to all relations between the supplier and STIHL Ferramentas Motorizadas Ltda. The application of the provisions of the UN Convention on Contracts for the International Sale of Goods (CSIG) and the conflict-of-law rules of private international law, which would require the application of a different law, are expressly excluded.

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