

Danfoss General Terms and Conditions of Purchase

These General Terms and Conditions of Purchase ("Terms") apply to all deliveries of products and services from a party ("Supplier") to Danfoss A/S or its Affiliates (each of which is referred to as "Danfoss"). In these Terms "Affiliate" shall mean an entity directly or indirectly controlled by Danfoss A/S whether by shares or voting rights.

No terms and conditions other than the Terms shall be binding upon Danfoss and Supplier unless agreed in writing by both Danfoss and Supplier. All terms and conditions contained in any communication which are different from or in addition to the Terms shall not be binding on Danfoss unless otherwise expressly agreed in writing by both Danfoss and Supplier.

1. Ordering and Order Confirmation

Purchase orders will be issued by Danfoss in writing, by fax or electronically and will be binding at Supplier's acceptance in writing, by fax or electronically. Any modifications of or comments to the purchase order by Supplier are binding only, if accepted by Danfoss in writing. If Supplier does not reject a Danfoss purchase order within three (3) working days after receipt or if Supplier commences the performance of any part of a Danfoss purchase order the purchase order will be deemed unconditionally accepted by Supplier. A purchase order issued by Danfoss and accepted by Supplier is hereinafter referred to as an "Order". Products and/or services covered by an Order are hereinafter referred to as "Products".

2. Terms of Delivery

Delivery of Products shall be made pursuant to the Order. If the delivery terms are not specified in the Order deliveries shall be made DAP at the address designated by the ordering Danfoss entity. DAP shall be interpreted in accordance with the version of Incoterms valid on the time of Supplier's acceptance of the Order.

Danfoss is not obligated to accept early deliveries, partial deliveries or excess deliveries.

3. Delay

Supplier shall use its best efforts to avoid delay in the delivery of Products. If Supplier has reason to believe that it will not be able to deliver Products at the agreed time of delivery, Supplier shall immediately notify Danfoss thereof in writing in order to agree the right priorities. For the avoidance of doubt it is outlined that such notice shall not relieve Supplier of its responsibility and liability to deliver on time.

If Supplier does not deliver the Products on the agreed time of delivery Danfoss is entitled to liquidated damages as from the agreed delivery date, unless the delay is caused by Danfoss. The liquidated damages amount to two (2) percent of the total order sum per week or fraction of a week of the delay. The liquidated damages cannot amount to more than ten (10) percent of the total order sum. The liquidated damages shall fall due for payment at Danfoss' written demand. Part deliveries shall not exempt Supplier from liability pursuant to this provision.

Any delay beyond fourteen (14) days from the agreed delivery date is considered a material delay which entitles Danfoss to terminate the Order as well as any Order which is related to the delayed Order.

Supplier's payment of liquidated damages due to delay does not exclude the right of Danfoss to claim compensation for any direct loss in excess of the liquidated damages amount. This obligation on Supplier to compensate Danfoss' loss shall exist irrespective of whether Danfoss chooses to terminate the Order or not.

In the event of delay of products Danfoss may request Supplier to deliver the products by the fastest means of transport. If Danfoss' request is reasonable based on the potential implication on Danfoss, Supplier shall meet Danfoss' request. Any additional delivery charges in excess of those that would apply for the usual means of delivery shall be borne by Supplier.

4. Prices and Payment

Unless expressly stated to the contrary, prices stated in an Order are (i) fixed and firm, (ii) exclusive of VAT (if any), but including all other costs, including, but not limited to taxes, duties, levies, charges, travel costs, expenses, incidentals etc. and (iii) inclusive of the costs of packaging.

Payment terms are current month plus four (4) months from the date of undisputed invoice (+/- four (4) working days). Where products are invoiced, invoicing may take place upon completion of delivery. Where services are invoiced, invoicing may take place only upon finalization and acceptance of services, or on a monthly basis if so specified in the Order. All invoices shall be in English and state Danfoss' order number and the agreed terms of payment. Invoices without this information are not payable and will be returned to Supplier for correction and reissuance.

5. Confidentiality and Restricted Use

Any non-public information, including, but not limited to, drawings, descriptions, specifications and any other documents which Danfoss has made or may make available to the Supplier ("Confidential Information") shall remain the property of Danfoss and shall be treated as confidential by Supplier and its representatives and must not, without the written consent of Danfoss, be copied, reproduced, or transferred to third parties other than Affiliates or be used for other purposes than those intended when the Confidential Information was made available. Confidential Information shall be returned upon Danfoss' request.

6. Warranties Concerning Services

If Supplier provides services to Danfoss Supplier warrants that: (a) Supplier has the requisite expertise, knowledge and skills necessary to perform the services with a high standard of quality and in accordance with the terms and conditions of any Order; (b) the services will be performed in a workmanlike and professional manner in accordance with high industry standards; (c) Supplier has the right to enter into and fully perform any Order and Supplier's performance of the services will not violate any agreement or obligation between Supplier and a third party; and (e) all services shall be in conformance with all applicable laws, rules and regulations of the country where the services are performed.

7. Warranty

For a period of twenty-four (24) months from the date of delivery Supplier warrants that Products delivered (i) are designed and manufactured in a professional and workmanlike manner; (ii) are fit for any normal or agreed purpose; (iii) are free from defects in design, materials and workmanship; (iv) comply with applicable law; and (v) comply with agreed specifications and requirements.

Supplier shall without undue delay - at Danfoss' discretion - credit, repair or replace defective Products at Supplier's cost and risk. Supplier shall reimburse Danfoss any documented, direct loss incurred as a result of defective Products including, but not limited to, inspection costs, dismantling and installation cost, freight, import and export duties, charges and taxes.

Defective Products that have been replaced at Supplier's cost shall be the property of Supplier and shall be returned to Supplier at Supplier's risk and cost if Supplier requests so within thirty (30) days from Supplier's receipt of Danfoss' complaint.

8. Serial Failures in Products

If the same type of defect occurs, within the warranty period of the Products and in minimum three (3) % of Products, however always at least ten (10) units, manufactured to the same design, which have been delivered by Supplier to Danfoss during any three (3) months' period, such defect is considered a "Serial Failure". All such Products delivered to Danfoss within the three months' period are referred to as "Serial Failure Products".

Supplier shall without undue delay - at Danfoss' discretion - repair or replace Serial Failure Products at Supplier's cost and risk. Supplier shall compensate Danfoss any documented loss incurred as a result of a Serial Failure including, but not limited to, project management costs, analysis costs, advertising costs, inspection costs, recall costs, freight, import and export duties, charges and taxes.

Serial Failure Products that have been credited or replaced at Supplier's cost shall be the property of Supplier and shall be returned to Supplier at Supplier's risk and cost if Supplier requests so within thirty (30) days from Supplier's receipt of Danfoss' complaint.

9. Product Liability

Supplier shall defend, indemnify and hold Danfoss harmless from all claims and losses arising from personal injury or damage to property, provided that these are caused by defects in the Products. Supplier shall furthermore defend, indemnify and hold Danfoss harmless for losses and expenses incurred by Danfoss in the course of averting risk for death, personal injury or damage to property caused by Products, e. g. issuing warnings or initiating preventive recall actions.

Supplier shall assume the defense of claims or losses with counsel approved by Danfoss, such approval not to be unreasonably withheld or delayed. Danfoss may, at its option and expense, be represented by counsel of its choice in any action or proceeding with respect to any such claims or loss. Supplier shall not settle any claim or loss without Danfoss' written consent, which shall not be unreasonably withheld or delayed.

If a product liability claim relating to Products is lodged by a third party against one of the Parties, the latter Party shall without undue delay inform the other Party thereof in writing.

Supplier is obliged to let itself be summoned to the court or arbitral tribunal examining claims for damages lodged against Danfoss on the basis of damage allegedly caused by a Product.

10. Insurance

Supplier shall maintain and keep in force adequate business and products liability insurance and products and completed operations coverage. If Supplier delivers products to Danfoss Supplier's insurance shall include recall covering such products. The insurance is to be in effect at a minimum for the term of the Parties' business co-operation and for a period of five (5) years hereafter. As proof of such insurance Supplier shall prior to Supplier's acceptance of a Danfoss purchase order provide Danfoss with an insurance certificate. Coverage for injuries to persons or damage to property must be worldwide including USA and Canada, with not less than EUR 4,000,000.00 per injury/damage and not less than EUR 8,000,000.00 per calendar year. Furthermore, if Supplier delivers products to Danfoss Supplier's insurance shall cover liability for damages to or losses concerning objects (including objects belonging to Danfoss) that Supplier's products are (i) made part of, mixed with, incorporated in, joint with, used for packing of or in any other way connected with; or (ii) worked up with or used for working up of; or (iii) used for production or working up of or any kind of handling of.

11. Secondary Damage

Except for any liability under clauses 5 and 9 above and clause 12 below all claims for consequential losses, loss of profit, loss of goodwill and any other indirect losses are expressly excluded. This limitation shall not apply in the event of (i) willful misconduct or fraud, (ii) gross negligence, or (iii) in case of death or bodily injury.

12. Intellectual Property Rights

Supplier shall ensure that the Products, or the use or transfer thereof, shall not infringe any intellectual property rights of any third party (including, without limitation, any patent, trademark, industrial design, copyright or license right or trade secret). If claims based on the Products' infringement of intellectual property rights are made by a third party against Danfoss and/or Danfoss' customers and/or end-users of the Products or Danfoss products of which the Products form part, Supplier shall indemnify Danfoss for all damages, costs and expenses arising out of or in connection with such claim or infringement. Danfoss shall without undue delay notify the Supplier of any such claim and allow the Supplier to either independently plead or to intervene in the proceedings regarding such infringement claim.

Should Products be found to infringe the intellectual property rights of a third party, Supplier shall, without cost to Danfoss, modify the Products to be non-infringing or shall obtain and maintain such license and rights from the third party as are required for the unrestricted, continuous use of the Products.

13. Force Majeure

Neither party can be held responsible for non-fulfillment of an Order, provided the non-fulfilling party proves that this is caused by force majeure, including but not limited to labor conflict involving other than Supplier's employees, fire, export and import prohibitions, currency restrictions or other obstructions beyond its control, which could not reasonably have been avoided or limited.

The party intending to claim relief due to force majeure shall, in writing, without delay inform the other party of the obstruction(s) and the implication of this for the fulfillment of the Order. This party is furthermore obligated loyally to co-operate in mitigating the consequences of a force majeure situation.

In case the specific force majeure situation has not been terminated within two (2) months, the other party is entitled to terminate the Order by written notice with immediate effect without further liability.

14. Termination

Danfoss may terminate the Order in whole or in part for convenience. Danfoss must pay Supplier for work carried out according to the Order until the date of termination. In case of such termination for convenience Danfoss is entitled to delivery of any Products or part hereof produced by Supplier until the date of termination.

The Order may be terminated with immediate effect, in whole or in part, by either party in the following events:

- in the event of a material breach of the Order by the other party, if the material breach is not remedied to the non-breaching party's reasonable satisfaction within fourteen (14) days of notice of such breach; or
- if not restricted by the applicable law, a party becomes insolvent or any resolution or proceedings for liquidation (voluntary or involuntary) are instituted by or against a party or in the event of the appointment with or without consent of an administrator, assignee or agent for the benefit of a creditor or creditors or of a receiver for a party; or

In case of termination for cause, Danfoss is entitled to demand repayment of the instalments already paid or demand delivery of any Products produced or received by Supplier against payment of the agreed price of the Products performed until the date of termination. Danfoss is, furthermore, entitled to damages in accordance with applicable law.

15. Sustainability

Supplier will in its manufacturing and supply of Products conduct its business with a minimum consumption of raw materials, energy and water, the fewest possible undesirable health, safety and environmental effects and the most effective utilization of natural resources.

16. Compliance with Requirements and Danfoss Negative List

Supplier shall ensure that the Products, Supplier processes, and Supplier services conform to applicable law in the country/countries of manufacture, shipment, delivery, and (if provided to Supplier) the country of destination. Supplier shall cascade all applicable requirements down the supply chain to the point of manufacture.

Supplier shall as a minimum fulfill all applicable environmental and safety rules valid in the manufacturing country at the time of manufacturing. Supplier shall at all times comply with the most recent version of the Danfoss Negative List. Supplier shall ensure that restricted substances on the Danfoss Negative List are not present in Products or Product packaging or used in Supplier's or its sub-suppliers' manufacturing processes. Supplier shall immediately inform Danfoss in writing if Products contain declarable substances.

The Danfoss Negative List in force at any given time is available at:

<https://www.danfoss.com/en/about-danfoss/company/procurement/supplier-requirements/>

17. Danfoss Code of Conduct for Suppliers

Danfoss has joined the United Nations' Global Compact initiative, which means that Danfoss has agreed to live up to The Ten Principles of the United Nations Global Compact on human rights, employees' rights, the environment and corruption. The Ten Principles are incorporated in the Danfoss Code of Conduct for Suppliers available at:

<https://www.danfoss.com/en/about-danfoss/company/procurement/supplier-requirements>
Supplier shall comply with Danfoss Code of Conduct for Suppliers in force at the time in question. Supplier's breach of this obligation is considered a material breach of the Order.

18. Conflict Minerals

Danfoss or its customers may be subject to due diligence and reporting requirements regarding Conflict Minerals. If the Products contain tin, tantalum, tungsten or gold Supplier shall i) adopt policies and management systems with respect to Conflict Minerals and require its sub-suppliers of tin, tantalum, tungsten or gold to adopt similar policies and systems; ii) On Danfoss' request exercise due diligence and without undue delay upload a populated and validated conflict minerals report ("CMR") according to the Responsible Minerals Initiative Conflict Minerals Reporting Template ("CMRT") to a platform designated by Danfoss; iii) Request CMR from its sub-suppliers of tin, tantalum, tungsten or gold as part of Supplier's due diligence; and iv) support Danfoss, as reasonably required, to help Danfoss or its customers comply with reporting obligations. The CMRT-reporting template is available at:

<http://www.responsiblemineralsinitiative.org/conflict-minerals-reporting-template/>

19. Gifts and Gratuities

All Danfoss employees are bound by a corporate standard governing ethics for all employees with contact to suppliers.

Supplier not make any secret payment of commissions of money, substantial gifts, services, dining, entertainment and travels or other similar gratuities or benefits to any employee of Danfoss or such employee's family directly or through a third party for the purpose of inducing the employee to do or omit any action or simply to look favorably on Supplier.

Supplier acknowledges that a breach of this provision is considered a material breach of the Order and Danfoss shall be entitled to terminate the Order with immediate effect.

20. Export Control and Customs

Export Control Regulations

Supplier shall inform Danfoss about any applicable (re-) export license requirements for the Products under local (the country from which Supplier will export the Products), European or US export control law and customs regulations as well as the export control law and customs regulations of the

country of origin of the Products. Therefore, at least in its offers, order confirmations and invoices Supplier shall provide the following information with respect to the Products:

- (i) ECCN (Export Control Classification Number) for European and/or US-goods (including technology and software) pursuant to the European Export Control regulations and/or US Export Administration Regulations (EAR);
- (ii) country of origin of the Products and of the components thereof, including technology and software;
- (iii) any transport of the Products through USA, manufacture or stocking of the Products in the USA and whether the Products have been manufactured by using US technology; and
- (iv) a contact person in Supplier's organization to provide further information to Danfoss upon request.

Customs

Supplier must satisfy all requirements of the applicable national and international customs and foreign trade legislation ("Foreign trade legislation"). Supplier must notify Danfoss in writing of all data and information that the ordering party needs in order to comply with the Foreign trade legislation in exports, imports and re-exports, in particular, but not limited to: the commodity code according to the current commodity classification for trade statistics and customs purposes based upon the Harmonized System (HS); and the country of origin (non-preferential origin). If requested by Danfoss the following must also be supplied: a certificate proving the non-preferential origin; and supplier declarations of preferential origin or preferential certificates (in the case of suppliers from countries where electronic origin statements do not apply).

Upon Danfoss' request Supplier shall provide any other foreign trade data with respect to the Products and their components in written form and shall inform Danfoss of all changes to such data without undue delay and prior to supply to Danfoss.

21. Data Privacy

To the extent necessary for carrying out an Order each Party acknowledges and authorizes global exchange, use and processing of relevant Contact Data by the receiving Party. "Contact Data" means names and business contact details of employees, business contacts persons and representatives of each Party, such as title, name, email address, telephone number etc., received by the other Party. As Contact Data is regulated by applicable laws on data privacy, each Party shall process and treat Contact Data in accordance with applicable laws, in accordance with specific instructions from the other Party, and in any event in a safe and secure manner preventing unauthorized access, use or disclosure. Each Party will use adequate contractual and technical mechanisms to protect Contact Data. Unless a special Data Processing Agreement is made, neither Party authorizes any exchange, use or processing of personal data other than Contact Data.

Personal Data of individual contacts of Supplier such as name and business contact details may be processed and stored globally outside of Supplier's country by Danfoss, its Affiliates or authorized third party providers. "Personal Data" means any information relating to an identified or identifiable natural person unless defined otherwise in applicable law. Danfoss will use Personal Data to perform its contractual obligations, such as administration of supplier relations and of payment transactions. Where consent is required by law, Supplier hereby agrees to the Personal Data being used and transferred as described above, and acknowledges that Personal Data will be subject to the foreign law of the country where it is being held/server is located. Danfoss will use adequate contractual and technical mechanisms to protect Personal Data. Danfoss will keep Personal Data for the duration of the contractual relationship. Where required by mandatory law and provided that the necessary conditions are satisfied, an individual contact of Supplier may as a natural person have the right to access, rectify, inquire about or, object to the processing of the Personal Data.

22. Security in the Supply Chain

Supplier shall provide the necessary organizational instructions and take measures, particularly with regard to the following types of security: premises security, packaging, handling and transport, business partner, personnel and information - in order to guarantee the security in the supply chain according to the requirements of respective internationally recognized initiatives based on the WCO SAFE Framework of Standards (e.g. AEO, CTPAT). Supplier shall protect Products against unauthorized access and manipulation. Supplier shall only deploy reliable personnel for manufacture, packaging, handling and transport of Products and shall obligate its sub-suppliers to take equivalent security measures.

23. Partial Invalidity

If one or more of the terms and conditions in these Terms or any part of a term is deemed invalid, unenforceable, illegal or inoperable, the validity,

enforceability, legality or operability of all further terms and conditions shall not be affected or diminished thereby.

24. Disputes

Any dispute between the parties arising from or in connection with an Order shall be settled pursuant to the substantive law of the country where the ordering Danfoss entity is situated.

Venue for any litigation related to an Order shall be the venue of the ordering Danfoss entity.