



SBS Friction A/S

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FRAME PARTNERSHIP AGREEMENT

This document (FPAA) is entered into between:

SBS Friction A/S, DK-5700 Svendborg, Denmark, CVR DK-19527247 (herein after referred to as **SBS**)

and

TrykTeam Svendborg A/S, Grønnemosevej 13, DK-5700 Svendborg Company reg.: DK-10585643 (herein after referred to as the **Supplier**),

each herein after referred to as a **Party** and collectively the **Parties**.

Whereas SBS with its subsidiaries is the producer of disc brake pads and has decided to outsource production of specific components (or sub-systems) to a third party, based upon strategy in place, and is seeking to purchase certain parts and components from the Supplier.

Whereas the Supplier has experience in producing such parts and components, is interested in offering such products and services to SBS.

Now therefore, the Parties hereto agree as follows:

1 Entire Partnership Agreement

1.1 FPAA structure

This FPAA together with (i) Long Term Agreement (LTA) and (ii) Appendices, as listed in section 2, constitute the entire Agreement (hereinafter referred to as the **Agreement**) between the Parties for the supply of goods and services.

1.2 Supplier sales terms and conditions

The Supplier's general sales terms and conditions or any equivalent documentation submitted by the Supplier is expressly rejected and shall not form part of any agreement between the Parties, unless approved in writing by an authorized representative of SBS.

1.3 Parties

Parties to the Agreement shall be the Parties to this FPAA or such other group company as the Parties may agree. SBS may designate one or more companies belonging to the SBS Group of companies to the Agreement at any time.

2 Entire Partnership Agreement

The documents forming the Agreement are to be taken as mutually explanatory of one another. In the event of any discrepancy, ambiguity or inconsistency between any of the documents described in section 1, they shall take precedence in the following order:

Agreement	Version/Date	Appendix
Long Term Agreement (LTA)	Date of signature	Appendix 1
Product Specific Prices (pricelist)	Date of signature	Appendix 2
Delivery Requirements	Date of signature	Appendix 3
Payment and invoicing terms	Date of signature	Appendix 4
Customer Property Regulation	Date of signature	Appendix 5
Customer Property Overview	Date of signature	Appendix 5B
Supplier Requirement Manual – Logistics (SRM – logistics)	14.08.2019	Appendix 6
Supplier Requirement Manual – Quality (SRM – quality)	15.06.2022	Appendix 7
Supplier Code of Conduct	Date of signature	Appendix 8
Non-Disclosure Agreement	Date of signature	Appendix 9

3 Prices

The agreed mechanisms for price changes between the Parties are included in the LTA, Appendix 1. Product Specific prices (pricelist) are included in Appendix 2.

4 Volumes and delivery

Provisions regarding planning of quantities and expected delivery are set forth in the Delivery Requirements, Appendix 3 and Supplier Requirement Manual (logistics) (Appendix 6)

Volume fluctuation(s), as a consequence of the inherent seasonality of the SBS product, is a risk to the entire value chain, including SBS and the Supplier. This does not give the Supplier any rights in terms of compensation, as long as the section 7.1 (key supplier) is observed.

Should customer(s) to SBS stop buying or buy very low volumes, for one or more SBS products, to which the Supplier deliver components; or a new product fail in the market, the concerned product(s) or components can be excluded from this FPAA (regulated via Product Specific Prices – pricelist – Appendix 2).

5 Payment and invoicing

Terms and conditions for payment and invoicing are set forth in payment and invoicing terms, Appendix 4.

6 Customer property regulation

Production equipment, machinery and tooling which are the property of SBS shall only be used for production of SBS products and components. Responsibility for operating the equipment is regulated in Customer property regulation, Appendix 5.

7 Products and production

7.1 Key supplier

The Supplier is nominated a Key Supplier to SBS, provided they are competitive in respect of prices, acceptable quality and is willing to support SBS supply chain set up. The Agreement shall not limit SBS' rights to in-house production of any products and/or components.

7.2 Products and services

The Supplier shall manufacture parts and components according to specifications set by SBS. The products and/or services covered under this Agreement are listed in the LTA (Appendix 1) and Product Specific Prices (Appendix 2). The list of products and/or services may be amended from time to time by written agreement.

It is the Parties intention to expand scale and/or the scope of the work, under this Agreement, subject to it being beneficial to both Parties. If the Supplier becomes able to deliver other products or components, the Parties will negotiate with a view to extending the product range listed in the LTA.

7.3 Product quality

The Supplier shall deliver products in accordance with the SBS technical specification and SBS Supplier Requirement Manual (quality) (Appendix 7). Provisions regarding guarantees and liability for loss sustained by SBS due to non-conforming products are set forth in the Supplier Requirement Manual (quality) (Appendix 7).

7.4 Cooperation regarding product development & production processes

The Parties shall cooperate in order to design production processes to the highest standard and efficiency. This includes activities in connection with pre-production, end-of-production, improvement of existing products and development of new products.

The Parties shall cooperate in order to develop new and improved products of the right quality, and competitive cost, based on specifications set by SBS. SBS shall involve the supplier in new projects as early as possible. The Supplier shall apply sufficient resources to the work and shall follow SBS product development process with respect to specified activities, analysis and validation, timeline and expected deliverables. The Parties emphasize close collaboration in this work.

7.5 Cost reductions and competitiveness

In order to meet SBS' customers' demands for cost reductions, the Supplier must remain competitive and continuously work with rationalizations in their production, such as product change proposals and improvements of the production process.

Cost reduction potentials should be presented to SBS on a regular basis, or at business review meetings, and the Supplier and SBS shall work together on these issues. The cost savings implemented should benefit the Parties in accordance to the LTA, and the LTA should be revised accordingly (Appendix 1).

Even if the Supplier has been nominated as a Key Supplier to SBS, the Supplier must remain competitive, and if not, show a plan for improvements within a reasonable time frame. SBS will benchmark the Supplier against other suppliers and/or with current cost level for existing and similar products. The Parties agree that open book calculation is essential to create trust and common understanding in these discussions.

7.6 Sub-contracting

The Supplier may with SBS' prior written consent subcontract production and/or services. The Supplier is responsible for the performance of any sub-contractor or any affiliate of the Supplier being involved in the design, production and delivery of any product or service work.

8 Governance – Business Review

The Parties shall, at least twice a year, or when requested by either Party, arrange a business review, in order to evaluate the business performance of both Parties, and when needed, define corrective actions. The purpose is to ensure continuous improvement in the partnership.

A key element of the business review is operational performance and cost. The Supplier shall be transparent on performance indicators that the Parties have agreed upon and which are subject to regulation in the LTA.

9 Intellectual property rights, know-how and proprietary information

Any invention, design, technology, know-how, patent or other intellectual property right which is owned by SBS or the SBS Group or which thereafter becomes the property of SBS or the SBS Group, shall remain the property of SBS. The Supplier undertakes to keep such information confidential and adequately protected against disclosure to third party.

The Supplier warrants that the Supplier will solely manufacture the SBS component for SBS during the validity of this Agreement. The Supplier furthermore warrants that the production of the SBS component, does not infringe on any third party IPR. The Supplier shall bear the cost of any third-party claims and keep SBS harmless in respect of any such claims or any other action, including legal costs and any attempt of confiscation, which may be initiated by any third party against SBS.

The Supplier may only use above mentioned information for the benefit of SBS. Application of above-mentioned rights and information in relation to production for other customers is subject to SBS' prior written consent.

10 Confidentiality

Confidentiality is regulated by the Non-disclosure Agreement (NDA) – Appendix 9. All information received in connection with this Agreement shall be covered by the obligations in the NDA.

11 Non-competition obligation

SBS accepts that the Supplier supply product(s) similar to the product(s) supplied to SBS, to other customers, but only in so far as this does not impinge negatively on the Supplier's capacity to supply the contracted product(s) to SBS, and provided the Supplier produces according to the specifications set out by aforementioned customers, and do not use know-how, proprietary information and other intellectual property rights acquired either directly from SBS or indirectly through production of SBS products.

11.1 Third party liability

The Supplier must maintain an effective insurance for product liability. SBS also holds product liability insurance.

The insurance shall include the payment of damages to SBS against all claims for which the Supplier is responsible. The Supplier must hand over a copy of the insurance policy to SBS, prior to product realization.

The Supplier shall, at the request of SBS, assist SBS in any case regarding product liability.

12 Force Majeure

Neither Party shall be liable to the other for any failure to perform or delay in performing any of its obligations under this Agreement where such failure or delay arises directly as a consequence of an act beyond the reasonable control of the Party, including (but not limited to) strike, lockout or any other industrial dispute, riot, civil unrest or war, act of government, fire, flood or other act of God. The Parties shall be released from the obligation to perform their tasks and obligations under the Agreement that is subject to force majeure event.

If either of the Parties seek to rely on such an event of force majeure, the Party in question shall forthwith immediately notify the other.

The Parties shall in good faith discuss the impact of the force majeure event of the other Party to the Agreement and seek to agree on how the impact of the force majeure event may be mitigated.

Should an event of force majeure continue for more than three (3) months, SBS shall have the right to terminate the Agreement. In such a case, SBS shall pay the Supplier the price of the products delivered up to the date of termination.

13 Duration and termination

13.1 Duration

The FPAA and the Appendices enter into force on the individual dates of signing and continue in effect for 12 months after the entry comes into force of the FPAA. The FPAA is automatically rolled forward and renewed once a year, unless due notice of termination has been received by either Party to this Agreement. After the initial 12 months, either Party may, upon 3 months written notice to the other Party, terminate this Agreement.

13.2 Termination

Each Party shall have the right to terminate this Agreement with immediate effect if:

- The other Party is in material breach or grossly neglect its obligations under this Agreement, and fails to correct such breach or neglect, within 30 days following written notice of the breach or neglect has been received.
- The other Party is declared bankrupt, enters into composition proceedings or liquidation or in any other way is considered to experience financial problems that may affect the Agreement.

Termination of the Agreement will not relieve the Supplier from any undertaking, obligations, warranties or liabilities relating to the goods delivered by the Supplier under the terms of this Agreement.

By termination of this Agreement by SBS, SBS accepts to purchase the Suppliers stock of the SBS specific designed products as well as any SBS specific packaging the Supplier might have at that time. Stock levels to be mutually agreed to ensure adequate delivery rates. Stock of both to be informed to SBS every year in December.

14 Miscellaneous

14.1 Transfer of Agreement

SBS' rights and obligations can anytime be transferred to another company within the SBS Group or another company where SBS or SBS Group hold the controlling influence. If the Supplier wishes to transfer this Agreement to third Party, a written consent by SBS, must be in place.

The Supplier shall not assign, sub-contract or otherwise transfer the whole or any part of the Agreement or benefit or interest or burden or obligation under this Agreement, without the prior written approval of SBS, which cannot be withheld without cause.

To be binding any amendments and additions to the FPAA shall be made in writing and be signed by both Parties to this Agreement.

14.2 Waiver

If nothing else is explicitly stated in this Agreement, a failure of one of the Parties to enforce a condition in this Agreement or to exert its right(s) in relation thereto, shall not be deemed to constitute a waiver from such right(s).

15 Governing Law and Arbitration

The Parties to this Agreement shall attempt to settle any disputes amicably and by negotiation. If such negotiations do not lead to any result, the dispute must be settled through arbitration. Should a dispute arise, the disputing Party must advise the other Party, to this

Agreement, in writing of the dispute. All disputes arising in connection with the Agreement shall be settled in final under the Rules of Conciliation and Arbitration of the international Chamber of Commerce by one or more arbitrators, appointed in accordance with the said rules. The arbitration shall take place in Copenhagen, Denmark, and the arbitrators shall have the powers of amiable compositors. The law in force in Denmark shall be applicable for the settlement of the dispute. All arbitration proceedings shall be conducted in the English language.

This FPAA has been executed in two original copies, one for each party, as of the date written below.

Place:

Place:

Svendborg

Date:

Date:

14.10.22

SBS Friction A/S

Supplier

Britt M. Hvass
Purchase Manager

Torben Jeppesen
Managing Director

